



Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2016
[J-GAAP]

August 6, 2015

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Holding of quarterly earnings announcement: No

(Amounts under one million yen have been rounded down.)

1. Consolidated financial results for the first three months ended June 30, 2015
(April 1, 2015 – June 30, 2015)

(1) Consolidated financial results

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2015	358,975	1.1	11,419	(2.4)	15,332	4.7	8,113	7.7
Three months ended June 30, 2014	355,193	1.7	11,700	1.9	14,643	2.5	7,534	6.7

Note: Comprehensive income: For the first three months ended June 30, 2015: ¥12,787 million (48.8%)
For the first three months ended June 30, 2014: ¥8,592 million (-60.9%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2015	12.65	12.51
Three months ended June 30, 2014	11.70	11.53

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2015	1,782,101	1,115,910	60.0
As of March 31, 2015	1,809,462	1,124,093	59.6

Note: Stockholders' equity as of June 30, 2015: ¥1,069,570 million As of March 31, 2015: ¥1,078,828 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2015	–	16.00	–	16.00	32.00
Year ending March 31, 2016	–	–	–	–	–
Year ending March 31, 2016 (Forecasts)	–	16.00	–	16.00	32.00

Note: Revisions to the most recently announced dividend forecasts during the current quarter: No

3. Consolidated earnings forecasts for the year ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,510,000	3.3	52,000	7.9	55,000	2.3	30,000	11.4	47.42

Note: Revisions to the most recently announced earnings forecasts during the current quarter: No

Other information

(1) Changes in significant subsidiaries during the current quarter (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1) Changes in accounting policies with revision of accounting standards: Yes

2) Changes in accounting policies other than the 1) above: No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

Note: For further details, see the section titled, "2. Summary information (notes), Changes in accounting policies, changes in accounting estimates, and restatement of revisions," on page 4.

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)

As of June 30, 2015	680,480,693 shares	As of March 31, 2015	700,480,693 shares
As of June 30, 2015	44,755,868 shares	As of March 31, 2015	56,647,614 shares
Three months ended June 30, 2015	641,278,967 shares	Three months ended June 30, 2014	643,892,261 shares

2) Number of treasury shares at end of each period

3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Consolidated Financial Results, and the quarterly review procedure based on the Financial Instruments and Exchange Act was completed as of the release of these Consolidated Financial Results.

Explanation regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was prepared. Actual results may differ significantly due to a variety of factors.

See the "1. Qualitative information on the consolidated results for the current quarter, (3) Explanation of the consolidated earnings forecasts" on page 3 for information about earnings forecasts.

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1. Qualitative information on the consolidated results for the current quarter

(1) Explanation of the consolidated financial results

Japan's economy maintained a gradual recovery trend during the first three months of the fiscal year, aided by the economic and monetary policies of the Japanese government and Bank of Japan. However, the economy has still not reached a full-fledge recovery, due partly to sluggish consumer spending and higher prices for imported products due to the weak yen.

The printing industry continued to face a tough business environment, due partly to a decline in order prices on account of weak printing demand and stiffer competition, and higher raw material prices.

In this environment, the DNP Group (DNP), based on its P&I Solutions business vision, worked to expand its business by creating products and services that respond to societal changes from consumer and global perspectives under the slogan, "Today's Innovation is Tomorrow's Basic."

As a result of these efforts, consolidated net sales for the first three months grew 1.1% year on year to ¥358.9 billion, consolidated operating income fell 2.4% to ¥11.4 billion, consolidated ordinary income grew 4.7% to ¥15.3 billion, and net income attributable to parent company shareholders grew 7.7% to ¥8.1 billion.

Business segment results are presented below.

DNP changed its reportable business segments effective from the first quarter of the current fiscal year, and comparison and analysis of first quarter performance are based on the new reportable business segments.

[PRINTING]

Information Communication

In the Books and Magazines business, amid a continued slump in the publications market, sales of both books and magazines decreased year on year, despite aggressive sales promotion activities.

In the Commercial Printing business, sales were on par with the previous year, despite sluggish sales of flyers, pamphlets, and other printed materials, due to growth for POP and other sales promotion-related tools.

In the Business Forms business, sales increased year on year on firm sales for smart cards for financial institutions and electronic money, and for Information Processing Services (IPS; ranging from data entry to printing and shipment of personalized mail and other items).

In the Imaging Communication business, which transferred to this segment from the Lifestyle and Industrial Supplies segment in April 2015, sales rose sharply from the previous year due to strong sales in North American and European markets for dye-sublimation thermal transfer printing media for photo printers (color ink ribbons and receiver paper), and to a focus on cultivating demand in Southeast Asian markets.

In the Education and Publications Distribution business, sales increased over last year thanks to efforts to expand the library support business and the "honto" hybrid bookstore network that combines physical bookstores, online bookstores, and e-book sales services.

As a result of the above, overall segment sales grew 2.8% year on year to ¥199.8 billion and operating income grew 24.6% to ¥7.3 billion.

Lifestyle and Industrial Supplies

In the Packaging business, paper packaging fell below year-ago levels, but overall sales increased from the previous year on firm sales for plastic film packaging and paper cups, and sales growth for PET bottle aseptic filling systems.

In the Lifestyle Materials business, DNP focused on sales of eco-friendly products and other products that use its proprietary Electron Beam coating technology, but sales decreased year

on year, affected by a reaction to front-loaded demand resulting from the consumption tax hike.

In the Industrial Supplies business, sales increased from the previous year on strong sales for photovoltaic module components and lithium-ion battery components.

As a result of the above, overall segment sales grew 3.3% year on year to ¥95.1 billion and operating income grew 7.2% to ¥3.2 billion.

Electronics

In the LCD Color Filter business, DNP worked to acquire demand for small- and medium-sized filters for smartphones and tablets, but sales fell below year-ago levels on sluggish sales for TV filters.

Semiconductor photomask sales decreased from last year, despite tapping into firm overseas demand, as a result of sluggish sales in Japan.

In the Optical Films business, sales increased for LCD polarizing plate films, but overall sales decreased year on year on declines for films used in other applications.

As a result of the above, overall segment sales fell 8.2% year on year to ¥52.9 billion and operating income fell 15.9% to ¥5.4 billion.

[BEVERAGES]

Beverages

The soft drink industry continued to face a tough market environment, due partly to price competition among manufacturers. However, DNP worked to expand sales by releasing new products and stepping up efforts in the vending machine business.

As a result of the above, sales increased for tea beverages and I LOHAS, a brand of mineral water that uses a lightweight PET bottle, and overall segment sales grew 2.9% year on year to ¥12.4 billion and operating losses totaled ¥0.1 billion, versus a loss of ¥0.2 billion a year earlier.

(2) Explanation of the consolidated financial position

Total assets at the end of the first quarter decreased by ¥27.3 billion from the end of the previous fiscal year to ¥1,782.1 billion, due mainly to a decrease for cash and time deposits.

Total liabilities decreased by ¥19.1 billion from the end of the previous fiscal year to ¥666.1 billion, due mainly to decreases in short-term bank loans and reserve for bonuses.

Net assets decreased by ¥8.1 billion from the end of the previous fiscal year to ¥1,115.9 billion, due mainly to a decrease in retained earnings.

As a result of the above, the equity ratio rose from 59.6% at the end of the previous fiscal year to 60.0%.

(3) Explanation of the consolidated earnings forecasts

Our earnings forecasts for the fiscal year ending March 2016 are unchanged from the forecasts announced on May 14, 2015.

2. Summary information (notes)

Changes in accounting policies, changes in accounting estimates, and restatement of revisions

(Changes in accounting policies)

Starting in the first quarter of the current fiscal year, DNP is applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), and other accounting standards. As a result, DNP now records any differences resulting from changes in its ownership interests in subsidiaries subject to ongoing control under capital surplus, and records acquisition-related costs as expenses in the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter of the current fiscal year, DNP now reflects the updated acquisition cost allocation based on finalization of the provisional accounting treatment in the quarterly consolidated financial statements for the fiscal quarter in which the business combination occurs. In addition, DNP has made changes in the presentation of quarterly net income and other items and has changed from presenting minority interests to presenting non-controlling interests. To reflect these changes in presentation, DNP has restated the quarterly consolidated financial statements and full-year consolidated financial statements for the first quarter of the previous fiscal year and for the full previous fiscal year.

DNP is applying the Accounting Standard for Business Combinations and other accounting standards in line with transitional measures stipulated in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and this application is effective from the start of the first quarter of the current fiscal year and into the future.

These changes have an immaterial impact on the quarterly financial statements for the first quarter of the current fiscal year.

3. Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2015	As of June 30, 2015
ASSETS		
Current assets		
Cash and time deposits	210,979	179,793
Notes and trade receivables	366,068	347,682
Merchandise and finished products	97,231	100,486
Work in progress	28,278	29,323
Raw materials and supplies	22,395	24,194
Other	38,990	37,164
Allowance for doubtful accounts	(822)	(1,012)
Total current assets	763,122	717,631
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	184,639	182,708
Machinery and equipment, net	98,913	95,958
Land	154,093	154,082
Construction in progress	41,457	46,785
Other, net	33,686	33,174
Total property, plant and equipment	512,790	512,710
Intangible fixed assets		
Other	30,583	31,687
Total intangible fixed assets	30,583	31,687
Investments and other assets		
Investment securities	397,116	411,319
Other	114,364	117,165
Allowance for doubtful accounts	(8,514)	(8,413)
Total investments and other assets	502,966	520,072
Total fixed assets	1,046,340	1,064,470
TOTAL ASSETS	1,809,462	1,782,101

(Million yen)

	As of March 31, 2015	As of June 30, 2015
LIABILITIES		
Current liabilities		
Notes and trade payables	258,887	259,984
Short-term bank loans	53,370	43,111
Reserve for bonuses	17,428	6,566
Other	105,717	104,106
Total current liabilities	435,404	413,769
Long-term liabilities		
Bonds	103,750	103,625
Long-term debt	20,585	18,884
Net defined benefit liability	32,348	33,342
Deferred tax liabilities	65,860	69,366
Other	27,419	27,203
Total long-term liabilities	249,964	252,421
TOTAL LIABILITIES	685,368	66,190
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,359
Retained earnings	737,241	701,622
Treasury stock	(94,386)	(71,561)
Total stockholders' equity	902,217	888,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	147,914	156,106
Net deferred gains (losses) on hedges	(0)	5
Foreign currency translation adjustments	7,247	5,711
Remeasurements of defined benefit plans	21,449	18,861
Total accumulated other comprehensive income	176,610	180,685
Stock acquisition rights	16	16
Non-controlling interests	45,248	46,324
TOTAL NET ASSETS	1,124,093	1,115,910
TOTAL LIABILITIES AND NET ASSETS	1,809,462	1,782,101

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income
First three months of the fiscal years

(Million yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	355,193	358,975
Cost of sales	286,573	289,489
Gross profit	68,620	69,485
Selling, general and administrative expenses	56,919	58,066
Operating income	11,700	11,419
Non-operating income		
Interest and dividend income	2,498	3,357
Equity in earnings of affiliates	1,114	1,120
Other	1,351	1,088
Total non-operating income	4,965	5,566
Non-operating expense		
Interest expense	612	634
Other	1,410	1,019
Total non-operating expenses	2,022	1,653
Ordinary income	14,643	15,332
Extraordinary gains		
Gain on sale of fixed assets	25	40
Gain on sale of investment securities	3,665	-
Other	1	83
Total extraordinary gains	3,692	123
Extraordinary losses		
Loss on sale or disposal of fixed assets	427	234
Loss on business integration	4,342	-
Other	232	71
Total extraordinary losses	5,002	305
Income before income taxes and non-controlling interests	13,332	15,150
Current income taxes	1,902	1,564
Deferred income taxes	3,022	4,688
Total income taxes	4,925	6,252
Net income	8,407	8,897
Net income attributable to non-controlling shareholders	873	784
Net income attributable to parent company shareholders	7,534	8,113

Quarterly consolidated statements of comprehensive income
First three months of the fiscal years

(Million yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net income	8,407	8,897
Other comprehensive income		
Valuation difference on available-for-sale securities	786	8,033
Net deferred gains on hedges	6	40
Foreign currency translation adjustments	(581)	(2,285)
Remeasurements of defined benefit plans	(925)	(3,552)
Share of other comprehensive income of affiliates accounted for using equity method	898	1,654
Total other comprehensive income	184	3,890
Comprehensive income	8,592	12,787
Attributable to:		
Shareholders of parent company	7,528	12,187
Non-controlling shareholders	1,063	600

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

Treasury stock increased by ¥10,597 million during the first quarter of the current fiscal year, due mainly to share repurchases based on a resolution passed by the Board of Directors on May 14, 2015.

Additionally, retained earnings decreased by ¥33,422 million and treasury stock decreased by ¥33,422 million during the first quarter of the current fiscal year due to the cancellation of treasury stock on May 28, 2015 based on a resolution passed by the Board of Directors on May 14, 2015.

[Segment information, etc.]

I. First three months of previous fiscal year (April 1, 2014 – June 30, 2014)

Information on sales and income/loss by reporting segment

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	193,570	91,877	57,648	12,095	355,193	–	355,193
Inter-segment	898	251	–	2	1,152	(1,152)	–
Total	194,469	92,129	57,648	12,097	356,345	(1,152)	355,193
Segment income (loss)	5,864	3,018	6,444	(275)	15,051	(3,351)	11,700

Notes: 1. Segment income (loss) is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income (loss) is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

II. First three months of current fiscal year (April 1, 2015 – June 30, 2015)

1. Information on sales and income/loss by reporting segment

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	198,617	94,977	52,934	12,445	358,975	–	358,975
Inter-segment	1,277	196	–	8	1,482	(1,482)	–
Total	199,895	95,174	52,934	12,454	360,457	(1,482)	358,975
Segment income (loss)	7,307	3,235	5,420	(180)	15,782	(4,363)	11,419

Notes: 1. Segment income (loss) is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income (loss) is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

2. Changes in reportable business segments, etc.

DNP changed its reportable business segments effective from the first quarter of the current fiscal year.

DNP transferred the Imaging Communication business (includes photo printing) from the Lifestyle and Industrial Supplies segment to the Information Communication segment in April 2015.

Segment information for the first three months of the previous fiscal year has been prepared based on the new reportable business segments.