



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

November 10, 2015

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 Stock exchange listing: Tokyo
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 Preparation of quarterly earnings presentation material: No
 Holding of quarterly earnings announcement: No

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

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

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2015	722,933	1.0	20,235	(9.7)	24,993	(1.2)	18,541	22.3
Six months ended September 30, 2014	715,734	0.9	22,411	(6.6)	25,309	(6.3)	15,154	1.9

Note: Comprehensive income: For the first six months ended September 30, 2015: ¥1,942 million (-90.2%)
 For the first six months ended September 30, 2014: ¥19,869 million (-49.9%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2015	29.15	28.97
Six months ended September 30, 2014	23.54	23.32

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2015	1,751,476	1,095,169	59.9
As of March 31, 2015	1,809,462	1,124,093	59.6

Note: Stockholders' equity: As of September 30, 2015: ¥1,049,277 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	—	16.00			
Year ending March 31, 2016 (Forecasts)			—	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 Parent Company Shareholders		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 first six months (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 September 30, 2015	680,480,693 shares	As of March 31, 2015	700,480,693 shares
As of September 30, 2015	51,898,384 shares	As of March 31, 2015	56,647,614 shares
Six months ended September 30, 2015	636,041,735 shares	Six months ended September 30, 2014	643,884,365 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 is underway 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 "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 gradually recovered during the first six 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 overseas economic slowdowns, including in China.

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 prices for imported raw materials due to a weaker yen.

In this environment, the DNP Group (DNP) reviewed its group vision as its basic management policy and prepared the DNP Group Vision 2015, which defines its corporate philosophy as: "The DNP Group connects individuals and society, and provides new value." As part of this vision, DNP establishes the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy," and the entire group is working to expand its business by creating new value.

As a result of these efforts, consolidated net sales for the first six months grew 1.0% year on year to ¥722.9 billion, consolidated operating income fell 9.7% to ¥20.2 billion, consolidated ordinary income fell 1.2% to ¥24.9 billion, and net income attributable to parent company shareholders grew 22.3% to ¥18.5 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 the first six-month performance are based on the new reportable business segments.

[PRINTING]

Information Communication

In the Books and Magazines business, DNP aggressively pursued planning proposals and sales activities, but the publication market continued to slump and sales of books and magazines both decreased year on year.

In the Commercial Printing business, flyers, pamphlets, and other printed materials were sluggish, but sales increased from last year for point-of-purchase promotional materials (POP) and other sales promotion-related tools and for business process outsourcing (BPO), which handles customer center operations and other outsourced services.

In the Business Forms business, sales of ledger books and smart cards decreased from last year, but overall sales increased year on year on steady sales for Information Processing Services (IPS; handling data entry, printing and shipment of personalized mail and other items).

In the Imaging Communication business, sales rose sharply from the previous year due to strong sales in North American and European markets for dye-sublimation thermal transfer printing media (color ink ribbons and receiver paper) used for photo printers, and to growth in Southeast Asian markets. Additionally, DNP launched the DNP Imaging Mall service as a web-based platform to deliver the capabilities needed for image content printing services.

In the Education and Publications Distribution business, sales increased year on year thanks to business expansion in the "honto" hybrid bookstore network that combines physical bookstores, online bookstores and e-book sales services, and in the library operations outsourcing business in tandem with regional revitalization initiatives.

As a result of the above, overall segment sales grew 4.0% year on year to ¥400.7 billion and operating income grew 16.0% to ¥11.3 billion.

Lifestyle and Industrial Supplies

In the Packaging business, plastic film packaging was firm and sales increased for paper cups and molded plastic goods, but overall sales decreased year on year on declines for paper packaging and PET plastic bottle aseptic filling systems.

In the Lifestyle Materials business, DNP focused on developing overseas markets and sales of environmentally conscious products and other products that use its proprietary Electron Beam coating technology. However, sales decreased year on year, affected by a slow recovery from a reactionary pullback after the consumption tax hike.

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

As a result of the above, overall segment sales grew 0.3% year on year to ¥189.7 billion and operating income fell 19.6% to ¥5.0 billion.

Electronics

In the LCD Color Filter business, sales decreased year on year on declines for both small- and medium-sized filters for smartphones and tablets and large filters for TVs.

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

In the Optical Films business, sales decreased year on year on declines for both films used in LCD polarizing plates and films used in other applications.

As a result of the above, overall segment sales fell 7.6% year on year to ¥107.6 billion and operating income fell 4.7% to ¥12.3 billion.

[BEVERAGES]

Beverages

The soft drink industry continued to face a tough market environment, due partly to price competition among manufacturers. However, DNP reorganized its sales division to enhance professionalism and ability to respond to regional characteristics, and sought to expand market share through the release of new products. It also worked to expand sales by strengthening online delivery services and focusing on new customer acquisition.

As a result of the above, sales increased for tea and I LOHAS, a brand of mineral water that uses a lightweight PET plastic bottle. Overall segment sales grew 1.0% year on year to ¥27.7 billion and operating income grew 402.6% to ¥0.2 billion.

(2) Explanation of the consolidated financial position

Total assets at the end of the second quarter decreased by ¥57.9 billion from the end of the previous fiscal year to ¥1,751.4 billion, due mainly to a decrease for cash and time deposits.

Total liabilities decreased by ¥29.0 billion from the end of the previous fiscal year to ¥656.3 billion, due mainly to a decrease in short-term bank loans.

Net assets decreased by ¥28.9 billion from the end of the previous fiscal year to ¥1,095.1 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 59.9%.

Consolidated cash flow provided by operating activities during the first six months totaled ¥38.7 billion, due mainly to ¥27.9 billion in income before income taxes and non-controlling interests and ¥31.1 billion in depreciation.

Cash flow used in investing activities totaled ¥38.0 billion, due mainly to ¥28.1 billion in payments for purchases of property, plant and equipment. Cash flow used in financing activities totaled ¥47.5 billion, due mainly to a ¥12.3 billion decrease in debt, ¥20.0 billion for payments for purchases of treasury stock, and ¥10.6 billion in dividends paid.

As a result, cash and cash equivalents at the end of the second quarter totaled ¥166.0 billion, a decrease of ¥46.7 billion from the end of the previous fiscal year.

(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 six months of the previous fiscal year and for the full previous fiscal year.

In the quarterly consolidated statements of cash flows for the first six months of the current fiscal year, DNP lists cash flows related to the purchase or sale of stock in subsidiaries not resulting in a change in the scope of consolidation in the category of cash flows from financing activities, and cash flows related to acquisition-related costs for stock in subsidiaries resulting in a change in the scope of consolidation or expenses arising in relation to the purchase or sale of stock in subsidiaries not resulting in a change in the scope of consolidation in the category of cash flows from operating activities.

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.

DNP is not reclassifying comparable information in the quarterly consolidated statements of cash flows, in line with transitional measures stipulated in Paragraph 26-4 of the Practical Guidelines on Accounting Standards for Preparing Consolidated Statements of Cash Flows.

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

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

(Million yen)

	As of March 31, 2015	As of September 30, 2015
ASSETS		
Current assets		
Cash and time deposits	210,979	165,531
Notes and trade receivable	366,068	348,569
Merchandise and finished products	97,231	98,352
Work in progress	28,278	32,095
Raw materials and supplies	22,395	26,557
Other	38,990	35,077
Allowance for doubtful accounts	(822)	(1,147)
Total current assets	763,122	705,037
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	184,639	206,179
Machinery and equipment, net	98,913	94,420
Land	154,093	155,583
Construction in progress	41,457	26,069
Other, net	33,686	34,581
Total property, plant and equipment	512,790	516,834
Intangible fixed assets		
Other	30,583	37,112
Total intangible fixed assets	30,583	37,112
Investments and other assets		
Investment securities	397,116	383,176
Other	114,364	117,417
Allowance for doubtful accounts	(8,514)	(8,101)
Total investments and other assets	502,966	492,491
Total fixed assets	1,046,340	1,046,438
TOTAL ASSETS	1,809,462	1,751,476

(Million yen)

	As of March 31, 2015	As of September 30, 2015
LIABILITIES		
Current liabilities		
Notes and trade payable	258,887	254,776
Short-term bank loans	53,370	42,898
Reserve for bonuses	17,428	17,308
Other	105,717	97,186
Total current liabilities	435,404	412,170
Long-term liabilities		
Bonds	103,750	103,395
Long-term debt	20,585	19,435
Net defined benefit liability	32,348	33,635
Deferred tax liabilities	65,860	60,269
Other	27,419	27,400
Total long-term liabilities	249,964	244,136
TOTAL LIABILITIES	685,368	656,306
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,274
Retained earnings	737,241	712,049
Treasury stock	(94,386)	(81,000)
Total stockholders' equity	902,217	889,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	147,914	133,231
Net deferred gains (losses) on hedges	(0)	6
Foreign currency translation adjustments	7,247	8,011
Remeasurements of defined benefit plans	21,449	18,238
Total accumulated other comprehensive income	176,610	159,488
Stock acquisition rights	16	16
Non-controlling interests	45,248	45,875
TOTAL NET ASSETS	1,124,093	1,095,169
TOTAL LIABILITIES AND NET ASSETS	1,809,462	1,751,476

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

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

(Million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	715,734	722,933
Cost of sales	578,890	583,968
Gross profit	136,843	138,964
Selling, general and administrative expenses	114,432	118,728
Operating income	22,411	20,235
Non-operating income		
Interest and dividend income	2,824	3,654
Equity in earnings of affiliates	721	1,885
Other	2,956	2,802
Total non-operating income	6,503	8,342
Non-operating expense		
Interest expense	1,193	1,243
Other	2,410	2,339
Total non-operating expenses	3,604	3,583
Ordinary income	25,309	24,993
Extraordinary gains		
Gain on sale of fixed assets	206	93
Gain on sale of investment securities	3,946	6,400
Other	1	83
Total extraordinary gains	4,154	6,577
Extraordinary losses		
Loss on sale or disposal of fixed assets	943	785
Loss on business integration	4,342	—
Production restructuring costs	—	2,434
Other	740	383
Total extraordinary losses	6,026	3,603
Income before income taxes and non-controlling interests	23,437	27,967
Current income taxes	6,742	5,524
Deferred income taxes	879	3,185
Total income taxes	7,622	8,709
Net income	15,815	19,257
Net income attributable to non-controlling shareholders	661	716
Net income attributable to parent company shareholders	15,154	18,541

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

(Million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net income	15,815	19,257
Other comprehensive income		
Valuation difference on available-for-sale securities	6,506	(14,741)
Net deferred gains on hedges	6	36
Foreign currency translation adjustments	(2,075)	(621)
Remeasurements of defined benefit plans	(1,443)	(4,149)
Share of other comprehensive income of affiliates accounted for using equity method	1,060	2,160
Total other comprehensive income	4,053	(17,315)
Comprehensive income	19,869	1,942
Attributable to:		
Parent company shareholders	19,474	1,418
Non-controlling shareholders	395	523

(3) Quarterly consolidated statements of cash flows

(Million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and non-controlling interests	23,437	27,967
Depreciation	32,882	31,136
Increase of doubtful receivables, net	275	13
Increase of net defined benefit asset	(7,115)	(10,309)
Increase (Decrease) of net defined benefit liability	(121)	201
Equity in gains of affiliates	(721)	(1,885)
Amortization of consolidation goodwill, net	1,057	794
Interest and dividend income	(2,824)	(3,654)
Interest expense	1,193	1,243
Net gains on sales of investment securities	(3,910)	(6,376)
Net losses on devaluation of investment securities	35	69
Net losses on sales or disposal of fixed assets	757	719
Net decrease in trade receivables	2,134	18,321
Increase in inventories	(10,106)	(9,772)
Increase (Decrease) in trade payables	3,101	(4,146)
Other	15,671	74
Sub-total	55,745	44,398
Payments for extra retirement payments	(153)	(16)
Payment of income taxes	(7,337)	(5,639)
Net cash provided by operating activities	48,254	38,742
Cash flows from investing activities		
Net decrease (increase) in time deposits	387	(1,249)
Payments for purchases of property, plant and equipment	(26,450)	(28,196)
Proceeds from sales of property, plant and equipment	2,976	1,283
Payments for purchases of investment securities	(1,605)	(5,319)
Proceeds from sales of investment securities	6,863	7,601
Payments from purchase of stock in subsidiaries resulting in change in scope of consolidation	(248)	(8,981)
Payments for purchase of intangible fixed assets	(4,079)	(4,240)
Interest and dividends received	3,250	4,050
Other	(2,314)	(2,980)
Net cash used in investing activities	(21,219)	(38,031)

(Million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from financing activities		
Net decrease in short-term bank loans	(5,873)	(10,419)
Proceeds from long-term debt	3,652	21,930
Repayments of long-term debt	(6,059)	(23,859)
Proceeds from issuance of bonds	1,963	–
Payments for redemption of bonds	(425)	(525)
Payments for purchase of stock in subsidiaries not resulting in change in scope of consolidation	–	(151)
Payments for purchases of treasury stock	(27)	(20,036)
Payments for purchases of treasury stock of subsidiaries	(0)	(0)
Interest paid	(1,190)	(1,251)
Dividends paid	(10,311)	(10,313)
Dividends paid to non-controlling shareholders	(276)	(366)
Other	(3,339)	(2,596)
Net cash used in financing activities	(21,887)	(47,589)
Effect of exchange rate changes on cash and cash equivalents	(1,114)	151
Net increase (decrease) in cash and cash equivalents	4,033	(46,727)
Cash and cash equivalents at beginning of year	199,813	212,762
Increase in cash and cash equivalents resulting from change of scope of consolidation	64	–
Decrease in cash and cash equivalents resulting from the merger of consolidated subsidiaries	(1,274)	–
Cash and cash equivalents at end of period	202,636	166,035

(4) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

Treasury stock increased by ¥20,036 million during the first six months 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 six months 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 six months of previous fiscal year (April 1, 2014 – September 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	382,953	188,836	116,513	27,430	715,734	–	715,734
Inter-segment	2,281	407	7	2	2,698	(2,698)	–
Total	385,235	189,243	116,520	27,433	718,432	(2,698)	715,734
Segment income	9,820	6,292	12,948	53	29,115	(6,703)	22,411

Notes: 1. Segment income 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 is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

II. First six months of current fiscal year (April 1, 2015 – September 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	398,212	189,341	107,688	27,690	722,933	–	722,933
Inter-segment	2,525	381	6	18	2,930	(2,930)	–
Total	400,738	189,722	107,694	27,709	725,863	(2,930)	722,933
Segment income	11,392	5,059	12,343	266	29,062	(8,826)	20,235

Notes: 1. Segment income 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 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 six months of the previous fiscal year has been prepared based on the new reportable business segments.