

**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2017 (unaudited)
(Based on Japanese GAAP)**

November 10, 2017

Company name: Daio Paper Corporation
 Stock exchange listing: Tokyo
 Stock code: 3880 URL <http://www.daio-paper.co.jp>
 Representative: President and Chief Executive Officer Masayoshi Sako
 Inquiries: Executive Officer and General Manager, Accounting Department Masashi Yano TEL 03-6856-7513
 Scheduled date to file Quarterly Securities Report: November 10, 2017
 Scheduled date to commence dividend payments: December 5, 2017
 Availability of supplementary material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 1, 2017–September 30, 2017)

(1) Consolidated Operating Results (cumulative)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	252,775	10.6	2,681	(76.0)	5,247	(35.4)	4,164	15.7
September 30, 2016	228,540	(0.6)	11,176	11.4	8,125	(8.1)	3,598	(14.4)

Note: Comprehensive income

Six months ended September 30, 2017 5,883 million yen —%
 Six months ended September 30, 2016 (1,395) million yen —%

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2017	28.57	24.94
September 30, 2016	24.69	21.54

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	673,937	196,939	27.0
As of March 31, 2017	657,747	191,079	26.8

Reference: Equity As of September 30, 2017 181,848 million yen
 As of March 31, 2017 176,525 million yen

2. Dividends

	Annual Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	5.00	—	5.50	10.50
Fiscal year ending March 31, 2018	—	5.00			
Fiscal year ending March 31, 2018 (Forecast)			—	5.50	10.50

Note: Changes to latest dividends forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017–March 31, 2018)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	540,000	13.2	11,000	(53.3)	12,000	(43.8)	6,000	(50.6)	41.17

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the six months ended September 30, 2017

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New One company (Company name: Daio Paper Products Corporation)

Eliminated — (Company name:)

[2] Application of special accounting methods for preparing quarterly consolidated financial statements: No

[3] Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

[4] Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)

As of September 30, 2017 149,348,785 shares

As of March 31, 2017 149,348,785 shares

2) Number of treasury shares at the end of the period

As of September 30, 2017 3,619,565 shares

As of March 31, 2017 3,619,350 shares

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

Six months ended September 30, 2017 145,729,317 shares

Six months ended September 30, 2016 145,730,046 shares

*This report is not subject to quarterly review procedures.

*Regarding the appropriate use of financial results forecast and other notes

1. The earnings forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions the Company considers reasonable. The actual results may differ significantly from these forecasts due to a wide range of factors.

2. The supplementary material on quarterly financial results will be posted on the Company's following website.
<http://www.daio-paper.co.jp/index.html>

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	89,201	47,203
Notes and accounts receivable - trade	92,698	106,639
Inventories	63,587	73,965
Other	11,563	15,129
Allowance for doubtful accounts	(1)	(8)
Total current assets	257,048	242,928
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,993	74,222
Machinery, equipment and vehicles, net	134,263	134,404
Land	74,042	79,710
Other, net	21,886	23,249
Total property, plant and equipment	299,184	311,585
Intangible assets		
Goodwill	48,865	55,954
Other	4,213	8,026
Total intangible assets	53,078	63,980
Investments and other assets	48,268	55,304
Total non-current assets	400,530	430,869
Deferred assets	169	140
Total assets	657,747	673,937

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,446	59,124
Short-term loans payable	26,360	25,760
Current portion of long-term loans payable	72,706	57,867
Income taxes payable	5,210	3,253
Provision	4,808	5,420
Other	38,758	43,825
Total current liabilities	196,288	195,249
Non-current liabilities		
Bonds payable	15,300	15,300
Convertible bond-type bonds with subscription rights to shares	30,105	30,090
Long-term loans payable	192,521	201,856
Net defined benefit liability	20,127	22,753
Provision	463	445
Other	11,864	11,305
Total non-current liabilities	270,380	281,749
Total liabilities	466,668	476,998
Net assets		
Shareholders' equity		
Capital stock	39,707	39,707
Capital surplus	39,817	39,817
Retained earnings	94,067	97,432
Treasury shares	(2,909)	(2,909)
Total shareholders' equity	170,682	174,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,815	13,764
Deferred gains or losses on hedges	—	26
Foreign currency translation adjustment	(4,432)	(5,556)
Remeasurements of defined benefit plans	(540)	(433)
Total accumulated other comprehensive income	5,843	7,801
Non-controlling interests	14,554	15,091
Total net assets	191,079	196,939
Total liabilities and net assets	657,747	673,937

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Net sales	228,540	252,775
Cost of sales	171,785	197,186
Gross profit	56,755	55,589
Selling, general and administrative expenses	45,579	52,908
Operating income	11,176	2,681
Non-operating income		
Interest income	69	120
Dividend income	335	395
Subsidy income	289	3,513
Other	1,117	1,238
Total non-operating income	1,810	5,266
Non-operating expenses		
Interest expenses	1,952	1,670
Foreign exchange losses	2,151	—
Other	758	1,030
Total non-operating expenses	4,861	2,700
Ordinary income	8,125	5,247
Extraordinary income		
Gain on sales of non-current assets	92	20
Gain on sales of investment securities	—	1,200
Gain on bargain purchase	—	1,034
Other	43	28
Total extraordinary income	135	2,282
Extraordinary losses		
Loss on sales and retirement of non-current assets	769	221
Loss on valuation of investment securities	164	113
Impairment loss	279	8
Loss on disaster	180	36
Other	108	28
Total extraordinary losses	1,500	406
Profit before income taxes	6,760	7,123
Income taxes - current	3,619	3,349
Income taxes - deferred	(395)	(228)
Total income taxes	3,224	3,121
Profit	3,536	4,002
Loss attributable to non-controlling interests	(62)	(162)
Profit attributable to owners of parent	3,598	4,164

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Profit	3,536	4,002
Other comprehensive income		
Valuation difference on available-for-sale securities	531	3,075
Deferred gains or losses on hedges	—	26
Foreign currency translation adjustment	(5,598)	(1,327)
Remeasurements of defined benefit plans, net of tax	136	107
Total other comprehensive income	(4,931)	1,881
Comprehensive income	(1,395)	5,883
Comprehensive income attributable to		
Owners of the parent	(436)	6,121
Non-controlling interests	(959)	(238)