



Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 [J-GAAP]

May 14, 2015

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7912 URL: <http://www.dnp.co.jp/>
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 General meeting of shareholders: June 26, 2015
 Dividend payment date: June 29, 2015
 Securities report issuing date: June 26, 2015
 Preparation of earnings presentation material: None
 Holding of earnings announcement: None

*Amounts under one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2015	1,462,118	0.9	48,173	(3.8)	53,759	0.9	26,923	5.0
Year ended March 31, 2014	1,448,550	0.1	50,098	40.0	53,285	32.2	25,641	33.4

Note: Comprehensive income: Year ended March 31, 2015: ¥165,683 million (197.4%)
 Year ended March 31, 2014: ¥55,717 million (32.3%)

	Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2015	41.82	41.44	2.7	3.2	3.3
Year ended March 31, 2014	39.82	39.65	2.8	3.4	3.5

Reference: Equity in earnings of affiliates: Year ended March 31, 2015: ¥2,171 million
 Year ended March 31, 2014: ¥742 million

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2015	1,809,462	1,124,093	59.6	1,675.63
As of March 31, 2014	1,574,753	976,386	59.2	1,447.96

Reference: Stockholders' equity: As of March 31, 2015: ¥1,078,828 million As of March 31, 2014: ¥932,329 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2015	85,730	(50,540)	(23,864)	212,762
Year ended March 31, 2014	120,108	(58,370)	(80,038)	199,813

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends to Net Assets Ratio (Consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2014	–	16.00	–	16.00	32.00	20,623	80.4	2.3
Year ended March 31, 2015	–	16.00	–	16.00	32.00	20,620	76.5	2.0
Year ending March 31, 2016 (Forecast)	–	16.00	–	16.00	32.00		68.7	

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	%	
Full year	1,510,000	3.3	52,000	7.9	55,000	2.3	30,000	11.4	Yen 46.60

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): Yes
 Newly included: – Excluded: 1 DNP Photomask Technology Taiwan Co., Ltd.
 Note: For further details, see the section titled, “5. Consolidated financial statements, (5) Notes regarding consolidated financial statements [Basis of presenting consolidated financial statements],” on page 24.

(2) 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, “5. Consolidated financial statements (5) Notes regarding consolidated financial statements [Changes in accounting policies],” on page 27.

(3) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of March 31, 2015	700,480,693 shares	As of March 31, 2014	700,480,693 shares
2) Number of treasury shares at end of each period	As of March 31, 2015	56,647,614 shares	As of March 31, 2014	56,586,830 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2015	643,867,888 shares	Year ended March 31, 2014	643,945,619 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2015

(April 1, 2014 – March 31, 2015)

(1) Non-consolidated financial results

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

	Net Sales		Operating Income (Loss)		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2015	999,023	8.7	(469)	–	24,424	(7.8)	21,863	74.2
Year ended March 31, 2014	919,016	(0.8)	3,447	–	26,483	33.2	12,547	(16.0)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2015	33.93	–
Year ended March 31, 2014	19.47	–

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2015	1,429,806	768,424	53.7	1,192.50
As of March 31, 2014	1,228,480	666,162	54.2	1,033.71

Reference: Stockholders' equity: As of March 31, 2015: ¥768,424 million As of March 31, 2014: ¥666,162 million

* Presentation of audit status

These consolidated financial results are exempt from auditing procedures based on the Financial Instruments and Exchange Act. The financial statements are being audited based on the Financial Instruments and Exchange Act at the time of the disclosure 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. Analysis of operating results and financial position (1) Analysis of operating results" on pages 2–4 for information about earnings forecasts.

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1. Analysis of operating results and financial position

(1) Analysis of operating results

1) Operating results for the fiscal year ended March 31, 2015

Japan's economy maintained a gradual recovery trend during the fiscal year ended March 31, 2015, aided by government economic policies and monetary easing by the Bank of Japan. However, the economy has still not reached a full-fledged recovery, due partly to sluggish consumer spending after the consumption tax hike and higher prices for imported products due to the continued weak yen.

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

In this environment, the DNP Group (DNP), based on its P&I Solutions business vision, aggressively pursued domestic and overseas business from consumer and social perspectives under the catchphrase "Today's Innovation is Tomorrow's Basic." It also worked to improve earnings by implementing structural reforms, including business structure reorganization from the standpoint of overall optimization.

In the Information Communication segment, amid weak demand for paper printed material, DNP reorganized and consolidated its nationwide organizational structure in July 2014 with the aim of enhancing competitiveness. It formed a business and capital alliance with MK Smart Joint Stock Company, Vietnam's leading manufacturer of smart cards, in March 2014, and worked to bolster the competitiveness of the smart card business in Southeast Asia.

In the Lifestyle and Industrial Supplies segment, DNP reorganized and consolidated its nationwide sales divisions in the Packaging business to facilitate quick and precise planning proposals and optimal sales activities. In the Industrial Supplies business, DNP made Foto Fantasy Inc., which operates an automated photograph printing systems business in the US, a subsidiary in December 2014. It also accelerated the global expansion of its photo printing dye-sublimation thermal transfer printing media business (color ink ribbons and receiver paper).

In the Electronics segment, DNP transferred the Optical Films business from the Lifestyle and Industrial Supplies segment in April 2014 in an effort to promote new product development and enhance competitiveness. It also sought to improve earnings by reworking production lines, consolidating production facilities, and rebuilding its organizational structure.

As a result of these activities, consolidated net sales grew 0.9% year on year to ¥1,462.1 billion, consolidated operating income fell 3.8% to ¥48.1 billion, consolidated ordinary income grew 0.9% to ¥53.7 billion, and consolidated net income grew 5.0% to ¥26.9 billion.

Business segment results are presented below.

DNP changed its reportable business segments effective from the current fiscal year, and comparison and analysis of this fiscal year's performance are based on the new 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, pamphlet sales were on par with the previous year, but overall sales decreased on weak sales of flyers, catalogs, and other products.

In the Business Forms business, smart card sales increased for financial institutions and

electronic money, and settlement services expanded favorably, including international brand prepaid card systems. However, Information Processing Services (IPS; ranging from data entry to printing and shipment of personalized mail and other items) were sluggish, and overall sales fell below year-ago levels.

In the Education and Publications Distribution business, DNP worked to expand business in the “honto” hybrid bookstore network that combines physical bookstores, online bookstores, and e-book sales services, including by releasing “honto pocket” as an e-reader pre-loaded with e-book content and launching “honto with” as a smartphone application that allows users to search bookstore inventories. Moreover, the library support, publishing, and other businesses also performed well, and overall sales increased from the previous year.

As a result of the above, overall segment sales fell 0.2% year on year to ¥698.9 billion and operating income fell 36.7% to ¥7.5 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 and worked to increase domestic market share and aggressively expand to overseas markets. However, sales decreased year on year, affected by a decline in domestic housing starts caused by the consumption tax hike.

In the Industrial Supplies business, sales of photovoltaic module components increased from last year. Dye-sublimation thermal transfer printing media for photo printing had strong sales in the North American and European markets, and as the Malaysian plant launched full operations in Southeast Asian markets, sales in this business rose sharply from last year.

As a result of the above, overall segment sales grew 2.5% year on year to ¥479.4 billion and operating income grew 10.5% to ¥23.9 billion.

Electronics

In the LCD Color Filter business, TV filters were firm, but sales fell below year-ago levels on declines for PC and mobile device 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, overall sales increased year on year, buoyed by growth for LCD polarizing plate films.

As a result of the above, overall segment sales fell 0.7% year on year to ¥230.3 billion and operating income fell 2.7% to ¥24.4 billion.

[BEVERAGES]

Beverages

The soft drink industry continued to face a tough market environment, as manufacturers vied for market share through price competition. However, DNP worked to expand market share by releasing new products and strengthening sales of core brand products. It also focused on acquiring new customers by developing in-store sales points and expanding home delivery services.

As a result of the above, sales rose sharply for I LOHAS, a brand of mineral water that uses a lightweight PET bottle, and overall segment sales grew 8.8% year on year to ¥59.6 billion while operating income grew 65.2% to ¥1.0 billion.

2) Forecast for the fiscal year ending March 31, 2016

Concerning the future outlook, DNP expects various measures taken by the government and Bank of Japan to contribute to raising corporate earnings, improving the employment and income environment, and sustaining a gradual economic recovery. However, it is also concerned about the impact of overseas economic slowdowns. In the printing industry, DNP expects conditions to remain difficult amid a rise in raw material prices and decline in order prices due to weak domestic demand and stiffer competition.

During the fiscal year ending March 31, 2016, DNP intends to work to expand its business under the catchphrase “Today’s Innovation is Tomorrow’s Basic,” based on its P&I Solutions business vision. This entails the development of new products and services that solve the problems that face companies, consumers, and society, and making these products and services a natural part of their everyday lives. DNP will leverage its strengths in the aggressive pursuit of its business activities to create this new value. It will also work to raise productivity further to establish a more robust business foundation.

For the fiscal year ending March 31, 2016, DNP forecasts consolidated net sales of ¥1,510.0 billion, consolidated operating income of ¥52.0 billion, consolidated ordinary income of ¥55.0 billion, and consolidated net income attributable to parent company shareholders of ¥30.0 billion.

(2) Analysis of financial position

1) Assets, liabilities, and net assets

Total assets at the end of the current fiscal year increased by ¥234.7 billion from the end of the previous fiscal year to ¥1,809.4 billion, due mainly to an increase in investment securities.

Total liabilities increased by ¥87.0 billion from the end of the previous fiscal year to ¥685.3 billion, due mainly to an increase in deferred tax liabilities.

Net assets increased by ¥147.7 billion from the end of the previous fiscal year to ¥1,124.0 billion, due mainly to an increase in valuation difference on available-for-sale securities.

2) Cash flows

Consolidated cash flow provided by operating activities totaled ¥85.7 billion (¥120.1 billion in the previous fiscal year), due mainly to ¥51.0 billion in income before income taxes and minority interests and ¥67.0 billion in depreciation.

Cash flow used in investing activities totaled ¥50.5 billion (¥58.3 billion in the previous fiscal year), due mainly to ¥52.6 billion in payments for purchases of property, plant and equipment. Cash flow used in financing activities totaled ¥23.8 billion (¥80.0 billion in the previous fiscal year), due mainly to ¥20.9 billion in dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year increased by ¥12.9 billion from the end of the previous fiscal year to ¥212.7 billion.

The trends in DNP's cash flow indicators are shown below.

	Year ended March 2011	Year ended March 2012	Year ended March 2013	Year ended March 2014	Year ended March 2015
Equity ratio (%)	55.1	54.2	56.6	59.2	59.6
Market value-based equity ratio (%)	39.6	33.9	36.1	40.4	41.6
Debt-to-cash flow ratio (year)	1.6	2.1	2.3	1.5	2.2
Interest coverage ratio (times)	52.6	33.2	28.8	40.6	35.1

Notes: Equity ratio: Total stockholders' equity / Total assets
Market value-based equity ratio: Market capitalization / Total assets
Debt-to-cash flow ratio: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest paid

- * The above indicators are calculated based on consolidated financial figures.
- * Market capitalization is calculated as: Fiscal year-end share price × fiscal year-end number of shares outstanding (excluding treasury stock)
- * Cash flow: Cash flow provided by/used in operating activities on the consolidated statements of cash flows
Interest-bearing debt: All liabilities on the consolidated balance sheet that accrue interest charges
Interest paid: Interest paid on the consolidated statements of cash flows

(3) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2015 and year ending March 31, 2016

An important policy of Dai Nippon Printing Co., Ltd. (the Company) is to pass on profits to shareholders.

Profits are allocated based on a policy of paying stable dividends to shareholders and with consideration for financial results and the dividend payout ratio. For future business expansion, the Company strives to retain profits and strengthen its financial constitution and management base.

Retained earnings are used to invest in research and development related to new products and technologies, to invest in equipment needed for developing new businesses, and to implement strategic alliances, including mergers and acquisitions. At the same time, the Company considers flexible capital policies while also taking into consideration market trends as well as its need for capital. The Company believes that these efforts will contribute to higher profits that can then be passed on to shareholders in the future.

Based on this policy, the Company intends to pay a year-end dividend of ¥16 per share, which together with the interim dividend of ¥16 per share brings the full-year dividend to ¥32 per share, the same as in the previous fiscal year. As a result, the consolidated dividend payout ratio will be 76.5%.

The forecast dividend for the fiscal year ending March 31, 2016 is ¥32 per share, the total of a ¥16 interim dividend and a ¥16 year-end dividend.

(4) Business risks

The performance and the results of DNP could be significantly affected by a variety of factors and circumstances that might arise in the future. Because DNP is aware of these risk factors, its policy is to strive to minimize their potential effects.

The following are the major factors that the DNP management views as risks.

1) The Japanese and overseas economies and consumption trends

DNP engages in a wide range of businesses with an extremely large number of corporate customers, and steadily conducts its business so as not to overly depend on specific customers. DNP does most of its business in the Japanese market, but if consumer spending and other components of domestic demand slump, owing to domestic economic weakness in sympathy with global economic trends, declines in order volume and unit prices may affect its corporate performance.

Additionally, DNP could be directly or indirectly affected by market trends in various industries in Japan or overseas. In particular, electronics-related industries are susceptible to global declines in unit prices caused by an expansion of production in emerging countries and changes in demand, and DNP's performance could be affected by major changes in market trends.

2) Overseas business activities

DNP conducts overseas business activities in the Americas, Europe, Southeast Asia, and elsewhere, and these activities face risks including social and political turmoil caused not only by economic factors such as unexpected changes in law and regulations, stricter environmental laws and regulations, fragility of industrial infrastructure, and difficulty of hiring and securing personnel, but also by terrorism, war, and other factors. DNP's performance could be affected if its overseas business activities are obstructed as a result of these risks materializing.

3) Development of new products and services

DNP uses its printing and information technologies to develop and provide to a broad range of industries products and services that solve problems facing companies, consumers, and society. The pace of technological innovation in these areas has been accelerating, and customers' needs have been rapidly diversifying. We believe that, in the future, competition in the area of product development will become more intense than ever before in Japan and overseas, and it is possible that DNP's performance could fluctuate significantly due to unforeseeable changes in market trends or a shortening of product life cycles.

4) Strategic business and capital alliances and corporate acquisitions

DNP engages in strategic business and capital alliances and corporate acquisitions, and its performance could be affected if it is unable to achieve initially expected results and synergies as a result of deterioration in the business environment affecting the companies and businesses involved in these alliances and acquisitions.

5) Fluctuations in raw material procurement

We work hard to secure stable supplies and maintain optimal price by procuring raw materials such as printing paper and film from multiple suppliers in Japan and overseas. However, there is some potential for temporary imbalances between supply and demand due to sharp fluctuations in petroleum prices, sudden surges in demand from emerging markets, the impact of major disasters, the depletion of natural resources, and climate change. DNP will respond during such times by negotiating with client companies and business partners, but its performance could be affected if raw materials procurement becomes extremely difficult or if purchasing prices rise sharply.

6) Currency fluctuations

Particularly in fields such as Lifestyle and Industrial Supplies, and Electronics, we are expanding our dealings in products and services with overseas customers. Because we expect the effects of currency rates to gradually become more important, we use such means as foreign exchange forward contracts to hedge the risks of currency fluctuations. Nevertheless, it is possible that radical swings in currency values could have a more serious effect on DNP's performance.

7) Environmental protection and stricter environmental regulations

DNP is affected by legal regulations in Japan and other countries related to energy conservation, climate change prevention (e.g., reduction of greenhouse gas emissions), reduction of the use of harmful substances, air pollution prevention, water quality protection, waste treatment, and product recycling. These regulations could possibly be strengthened or changed in the future. In addition, DNP's business could be substantially affected if faced with a situation in which soil is contaminated by harmful substances and it is held responsible for assessment and cleanup.

8) Information security and personal information protection

Computer networks and information systems have become essential tools for conducting business, and there are now greater risks of software and hardware defects, computer virus infections, and personal data leaks. DNP regards the protection of data and personal information as a top priority. It is doing all it can to protect and maintain systems and data by strengthening its organization and training employees, but if problems arise in these areas, then its business activity could be affected.

9) Respond to changes in legal regulations, etc.

We conduct our business based on strict compliance with the law and social ethics. Wherever we operate, in Japan or overseas, we are subject to a wide variety of legal regulations and restrictions, including laws related to product liability, monopoly prohibitions, the protection of personal information, patents, taxes, imports and exports, etc. We can imagine that in the future such regulations could become even more restrictive. On the other hand, market and industry trends may change substantially as a result of deregulation. If that should occur, it is possible that DNP's business performance could be affected by limitations on its business activities, the burden of responding to regulatory changes, or increased costs.

10) Disasters

DNP takes steps to protect production equipment and other major facilities from fires and earthquakes, seeks to disperse production facilities, and works to minimize production shutdowns and product supply disruptions caused by disasters. We also use various types of insurance to transfer risk. Nevertheless, DNP's performance could be substantially affected in the event of major earthquakes, natural disasters such as heavy rainfall or flooding caused by climate change, disease outbreaks, or other unexpected events that cause production shutdowns or significantly damage or impair social infrastructure.

11) Lawsuits and fines

DNP works to establish corporate ethics throughout the group and earn the trust of society by each and every employee complying with laws and regulations in conducting business activities, maintaining higher ethical standards than required by society, and contributing to maintaining and advancing orderly and freely competitive markets with a consistently fair attitude. Nevertheless, DNP's performance could be affected in the event of being subject to lawsuits and resulting fines in Japan or overseas.

2. Information on DNP

DNP Group includes the Company, 144 subsidiaries, and 19 affiliated companies. Its two main businesses are Printing and Beverages. The former encompasses Information Communication, Lifestyle and Industrial Supplies, and Electronics.

The businesses and segments of DNP are broadly outlined below. The four business segments cited below are the same as the reporting segment categories.

[PRINTING]

Information Communication

Production/sale of textbooks, books, weekly/monthly/quarterly magazines, promotional materials, securities certificates, business forms, cards, settlement-related services, and business equipment and systems; and planning/design/construction/management of stores and advertising media

Major companies

Production	OGUCHI BOOK BINDING & PRINTING CO., LTD. DNP AV Center Co., Ltd., DNP SP Tech Co., Ltd. DNP Graphica Co., Ltd., DNP Book Factory Co., Ltd. DNP Digitalcom Co., Ltd., DNP Data Techno Co., Ltd. DNP Multi Print Co., Ltd., DNP Media Art Co., Ltd. DNP Media Create Co., Ltd., DNP Media Support Co., Ltd.
Production and sales	Tien Wah Press (Pte.) Ltd. *MK Smart Joint Stock Company
Sales and services	Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC. BUNKYODO GROUP HOLDINGS CO., LTD. SHUFUNOTOMO Co., Ltd., 2Dfacto, Inc. DNP Art Communications Co., Ltd., DNP Social Links Co., Ltd. mobilebook.jp, Inc., Maruzen Co., Ltd. MARUZEN PUBLISHING CO., LTD. MaruzenJunkudo Bookstores Co., Ltd. Toshokan Ryutsu Center Co., Ltd., Yushodo Co., Ltd. honto Book Services Co., Ltd., BUNKYODO Co., Ltd. * Nihon Unisys, Ltd., BOOKOFF CORPORATION LIMITED All About, Inc., Kyoiku Shuppan Co., Ltd.

The shares of Maruzen CHI Holdings Co., Ltd., Nihon Unisys, Ltd. and BOOKOFF CORPORATION LIMITED are traded on the Tokyo Stock Exchange, and the shares of INTELLIGENT WAVE INC., BUNKYODO GROUP HOLDINGS CO., LTD. and All About, Inc. are traded on the Tokyo Securities Exchange's JASDAQ market.

Lifestyle and Industrial Supplies

Production/sale of containers and packaging products, packaging equipment and systems, interior and exterior construction materials, photographic materials, and industrial supplies

Major companies

Production	DNP Technopack Co., Ltd., Sagami Yoki Co., Ltd. DNP Imagingcomm Co., Ltd., DNP Ellio Co., Ltd. DNP Advanced Materials Co., Ltd., DNP Lifestyle Materials Co., Ltd. DNP Hosono Co., Ltd.
Production and sales	Aseptic Systems Co., Ltd., DNP Fine Chemicals Utsunomiya Co., Ltd. DNP Imagingcomm Asia Sdn. Bhd., DNP Imagingcomm Europe B.V. DNP Imagingcomm America Corporation, Foto Fantasy, Inc. PT DNP Indonesia, DNP Vietnam Co., Ltd.
Sales and services	DNP ID System Co., Ltd., DNP Lifestyle Materials Marketing Co., Ltd. DNP Field Eyes Co., Ltd., DNP Photo Imaging Japan Co., Ltd. LIFESCAPE MARKETING CORPORATION DNP Photo Imaging Europe SAS

Electronics

Production/sale of precision electronic components and other products

Major companies

Production	DNP LSI Design Co., Ltd., DNP Signage Technology Co., Ltd. DNP Fine Optronics Co., Ltd., DNP Precision Devices Himeji Co., Ltd.
Production and sales	DNP Color Techno Kameyama Co., Ltd., DAP Technology Co., Ltd. DT Fine Electronics Co., Ltd. DNP Denmark A/S, DNP Photomask Europe S.p.A. *Photronics DNP Mask Corporation
Sales	DNP Taiwan Co., Ltd.

Companies with multiple types of businesses

Production and sales	DNP Fine Chemicals Co., Ltd., D.N.K. Co., Ltd., DNP Shikoku Co., Ltd. * DIC Graphics Corporation
Sales and services	DNP Logistics Co., Ltd., DNP Trading Co., Ltd. DNP Accounting Services Co., Ltd. DNP Information Systems Co., Ltd. DNP Human Services Co., Ltd., DNP Facility Services Co., Ltd. DNP Hokkaido Co., Ltd., DNP Tohoku Co., Ltd. DNP Chubu Co., Ltd., DNP Nishi Nippon Co., Ltd. DNP Asia Pacific Pte. Ltd., DNP Corporation USA DNP America, LLC, DNP Holding USA Corporation

[BEVERAGES]

Beverages

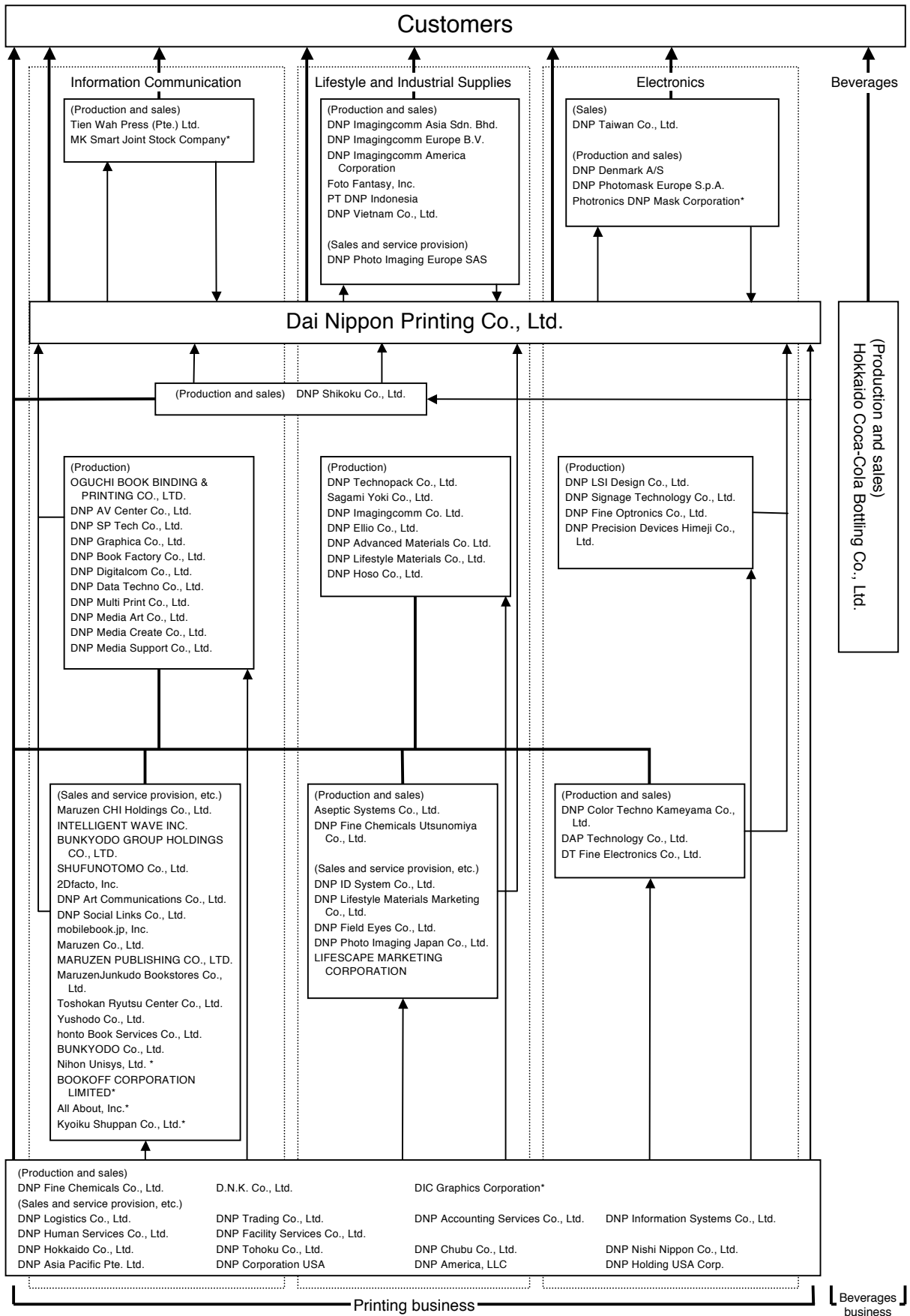
Centered on Hokkaido Coca-Cola Bottling Co., Ltd.; manufacture/sale of soft drinks and juices

The shares of Hokkaido Coca-Cola Bottling Co., Ltd. are traded on the Tokyo Stock Exchange and Sapporo Securities Exchange.

* Equity-method affiliated companies

Organizational chart

The businesses noted above are shown in the organizational chart below.



Notes: * : Equity-method affiliated companies (Otherwise, subsidiaries)

← : Flow of products, materials and services

3. Management policies

(1) Core policies

DNP has been striving to contribute to the sustainable growth of society by providing new value-added products and services through its business activities, based on a management concept of contributing to the emergently evolving society of the 21st century. With a business vision of P&I Solutions (P&I stands for “Printing Technology” and “Information Technology”) to realize its management concept, DNP will continue to solve the problems of corporate clients, consumers, and society by making the most of its strengths in printing and information technologies.

Additionally, to promote fair and appropriate corporate activity and fulfill its corporate social responsibilities (CSR), DNP strictly complies with laws and social ethics based on the DNP Group Code of Conduct and ensures proper business activities through an internal control system. DNP strives to conduct business in good faith to earn the deep trust of its various stakeholders, including shareholders, customers, consumers, and employees.

(2) Medium- and long-term management strategy and key issues

DNP is working to expand its business over the medium to long term through the aggressive pursuit of business activities under the catchphrase “Today’s Innovation is Tomorrow’s Basic,” based on its P&I Solutions business vision. To create the new value implied by its catchphrase, DNP has organized and analyzed social problems and identified the four growth domains of “knowledge and communication,” “food and healthcare,” “environment and energy,” and “lifestyle and mobility.”

In the “knowledge and communication” domain, DNP endeavors to support people’s lives and promote culture through the secure and reliable transmission of information in an information society. In addition to the production of information media and content, the company seeks to facilitate two-way communication by providing information platforms enabling the secure and reliable exchange of information that people want, at the time they want, and in the format they want.

In the “food and healthcare” domain, DNP seeks to help maintain healthy, high-quality, and secure lifestyles in a super-aging society. In addition to life sciences and foods, it intends to expand to agriculture and other areas of business.

In the “environment and energy” domain, DNP will work to achieve a society of low environmental impact that combines economic growth and environmental preservation. It seeks to develop environmentally friendly products in terms of resource saving, energy saving, and recycling, and to provide energy management and other solutions.

In the “lifestyle and mobility” domain, DNP endeavors to create more comfortable living spaces by providing advanced materials with a variety of functions for homes and automobiles.

DNP will pursue aggressive business activities to deliver products, services, and platforms that leverage its strengths, mainly in these domains. It will also work to raise productivity further to establish a more robust business foundation.

Initiatives in the different businesses and segments

[PRINTING]

Information Communication

The Information Communication segment is broadly involved with the optimal expression of information and expansion into a diverse range of media. It provides new solutions from the standpoints of consumers and companies.

The DNP Kashiwa Data Center offers a high level of information security, and we opened the

facility in December 2013 to strengthen the foundation of our information business. We deployed the cloud computing technology of our capital partner Nihon Unisys, Ltd., connected the data centers of both companies, and built the largest scale of service infrastructure in Japan. We are using this infrastructure to deliver a variety of solutions, including the “honto” hybrid bookstore that offers both paper books and e-books, integrated payment services, e-flyer services, and business process outsourcing (BPO). We seek to expand information communication business that draws on the perspective of consumers

In the Commercial Printing and Business Forms businesses, we consolidated and reorganized our nationwide sales, planning, and production organization in July 2014. We are pursuing overall optimization based on the new structure, and seek to expand earnings and raise capital efficiency through greater production efficiency and other means. We also strive to increase competitiveness and develop new business models.

In the Imaging Communication business (includes photo printing), we expect demand to expand for value-added services that are better tailored to consumer needs, including photo printing systems and photo book production. We are moving aggressively to offer new solutions that leverage IT. To facilitate solutions development, we transferred this business from the Lifestyle and Industrial Supplies segment in April 2015. We are working to expand business based on a global production and sales network for dye-sublimation and resin-type thermal transfer printing media.

Lifestyle and Industrial Supplies

The Lifestyle and Industrial Supplies segment provides products and services in Japan and overseas that respond precisely to the diverse needs of companies and consumers, including through efforts to protect the global environment and support universal design.

In the Packaging business, we are working to expand market share for high-performance products, including the Innovative Barrier (IB) film series of transparent films with excellent barrier properties to keep out oxygen and moisture, and the Biomatech series of biomass plastic packaging materials as environmentally friendly products that use biomass as raw material. Amid ongoing economic growth in ASEAN, we have been manufacturing and selling packaging in Indonesia since 1972, and have top market shares for daily goods, foods, and other product segments. Leveraging this experience, we opened a new plant in Vietnam in May 2013. We are using these facilities to deliver high-value-added products and services to global companies, including Japanese companies expanding overseas.

In the Lifestyle Materials business, we seek to address a full range of needs related to comfortable living space. These include high-valued-added products such as wall and floor coverings that use DNP’s proprietary Electron Beam coating technology; the proposal of living space designs through space planning, living environment assessment, and Kansei (emotional) engineering; and the development of simple construction methods. Additionally, the DNP Sumai Mirai Lab, established in October 2014, leads our efforts to create new products and services to realize the “home of the future” through the pursuit of comfort and richness in a variety of living spaces, including homes, offices, and transportation, based on cooperation between industry, government, and academia.

Electronics

In the Electronics segment, we integrated the business unit responsible for display products and semiconductor photomasks and the business unit responsible for optical films including LCD surface films in April 2014. By combining the technology and expertise of these two business units, we seek to respond to the rapidly changing needs of companies and consumers by developing new products (including advanced products) and rigorously cutting costs.

Under this structure, in the LCD Color Filter business, we will draw on DNP’s strength in

processing and materials technologies to develop new products for high-definition smartphones and 4K and 8K TVs, for which demand is expected to expand.

In the Photomasks business, to support the miniaturization and cost-saving needs of semiconductor makers, we are focusing on preparing a development and supply structure for cutting-edge products with a line width of 15nm and commercializing next-generation microfabrication technologies such as nanoimprinting. We revamped our sales and production structure in the semiconductor production photomask business in Taiwan in April 2014. Going forward, we seek to increase competitiveness in the rapidly changing semiconductor market, especially in Southeast Asia.

For optical films, we are focusing on developing new products, mainly for flat-panel displays, that leverage converting technologies for processing materials in a clean work environment.

[BEVERAGES]

Beverages

In the beverage industry, we expect a tough business environment amid continued market share competition. Under these conditions, we are working to execute the three strategies of increasing market share, overwhelming the competition, and cutting groupwide costs based on the vision outlined in our new medium-term business plan. Leveraging the global brand strength of our Coca-Cola business, we intend to beat our competition based on our local capabilities as a true Hokkaido company, contribute to local Hokkaido communities by consistently delivering new value and services, and establish a business foundation capable of sustained growth.

Additionally, with the goal of being a company that is trusted and recognized by local communities, we are working to bolster corporate governance by building and operating internal control systems and to maintain and improve quality, safety, and the environment based on Coca-Cola's proprietary integrated management system called KORE.

Expansion of contact with consumers

DNP is working to deepen communication with consumers from their perspective to gain a better understanding of their various problems and then develop products and services that address these problems.

As part of these efforts, we have conducted campaigns using DNPenguin as an original advertising character since 2012. We also opened the "Communication Plaza dot DNP" in Shinjuku-ku Tokyo in January 2013, and have held planning exhibitions, events, and workshops for consumers. This facility has been used by a large number of people, and has attracted around 100,000 visitors during the two years since opening. We opened "The Lab. CAFE Lab." in April 2013 as a communication cafe in which consumers can try reading e-books. It is located in Knowledge Capital, a multi-use facility inside Grand Front Osaka where companies, universities, and research institutes pursue cross-sector collaboration.

Strengthened organization

DNP aims to increase its overall group strength by further reinforcing cooperation among business divisions and to offer a wide range of solutions by deepening *taiwa* (exchange of viewpoints and ideas that leads to identification and resolution of problems) with companies and consumers to actively develop new products and services that contribute to accurate problem-solving.

To expand DNP's business, we have formed strategic alliances with other companies and conducted mergers and acquisitions in such businesses as information communication, publications

distribution, digital photos, and electronics products. In the future, we will work to cooperate with other companies possessing various strengths both domestically and overseas. We will also move forward in redeveloping the Ichigaya district of Tokyo as a foothold for pursuing our business vision of providing P&I Solutions under the catchphrase “Today’s Innovation is Tomorrow’s Basic.” The project planning and sales offices of various business units are now scattered across the Tokyo Metropolitan Area, and we intend to concentrate these together with the group’s headquarter functions in the Ichigaya district in an effort to leverage their various strengths and bolster cooperation.

Reinforcing DNP’s business continuity plan (BCP)

Aiming for a “disaster-proof DNP Group,” we established the “DNP Group Basic Code for Disaster Response” and we implement disaster prevention and preparedness measures on a daily basis in line with our disaster prevention plan. Since the Tohoku–Pacific Ocean Earthquake, we have worked to minimize the potential impact that a disaster or abnormal weather conditions could have on our business by reviewing our business continuity plan (BCP) and by enhancing distribution and alternative production systems and reconfiguring our production bases in Japan and overseas to strengthen our overall product supply chain. In addition, in response to power shortages and price hikes, we will continue to carefully conserve energy and introduce in-house power generation equipment.

Contributing to the realization of a sustainable society

Global climate change is a growing concern, including rising temperatures and water shortages. DNP’s various environmental initiatives to build a sustainable society that coexists with nature include a proprietary environmental management system, global warming prevention, zero waste emissions, water use reduction, biodiversity protection, thorough management of volatile organic solvents and chemical substances, development of environmentally friendly products, and green purchasing.

DNP calculates greenhouse gas emissions (Scope3) in Japan and overseas not only for our manufacturing operations, but also indirect emissions throughout our entire supply chain, and is working toward a global reduction of greenhouse gas emissions. We have also established targets for the fiscal year ending in March 2031 in order to step up our efforts to prevent global warming. To protect biodiversity, we have prepared procurement guidelines and are cooperating with suppliers, given that our business activities depend heavily and greatly impact the ecosystem and that paper is closely related to climate change and forest resources. We are also using company sites to create green spaces connecting the surrounding environment and living creatures.

Thanks to these initiatives, DNP was chosen as a sector leader for the prevention of forest destruction in an assessment by CDP, which attracts interest from global institutional investors.

4. Basic approach in the choosing of accounting standards

DNP Group uses Japanese GAAP in preparing consolidated financial statements. It plans to consider IFRS going forward and respond appropriately based on domestic and overseas circumstances.

5. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Year ended March 31, 2014 (As of March 31, 2014)	Year ended March 31, 2015 (As of March 31, 2015)
ASSETS		
Current assets		
Cash and time deposits	203,212	210,979
Notes and trade receivable	356,981	366,068
Merchandise and finished products	91,681	97,231
Work in progress	28,509	28,278
Raw materials and supplies	19,464	22,395
Deferred income taxes	8,677	8,540
Other	27,319	30,450
Allowance for doubtful accounts	(2,791)	(822)
Total current assets	733,054	763,122
Fixed assets		
Property, plant and equipment		
Buildings and structures	536,978	537,358
Accumulated depreciation	(341,652)	(352,718)
Buildings and structures, net	195,326	184,639
Machinery and equipment	787,368	774,271
Accumulated depreciation	(668,465)	(675,358)
Machinery and equipment, net	118,903	98,913
Land	153,159	154,093
Construction in progress	27,577	41,457
Other	138,791	138,307
Accumulated depreciation	(105,220)	(104,621)
Other, net	33,571	33,686
Total property, plant and equipment	528,538	512,790
Intangible fixed assets		
Goodwill	4,477	3,276
Software	25,026	25,281
Other	2,246	2,024
Total intangible fixed assets	31,751	30,583
Investments and other assets		
Investment securities	217,059	397,116
Long-term loans	9,078	8,958
Net defined benefit asset	19,234	65,930
Deferred income taxes	11,083	6,600
Other	30,801	32,875
Allowance for doubtful accounts	(5,848)	(8,514)
Total investments and other assets	281,409	502,966
Total fixed assets	841,699	1,046,340
TOTAL ASSETS	1,574,753	1,809,462

(Million yen)

	Year ended March 31, 2014 (As of March 31, 2014)	Year ended March 31, 2015 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes and trade payable	249,604	258,887
Short-term bank loans	48,961	53,370
Current portion of long-term debt	12,480	10,241
Income taxes payable	8,942	8,074
Reserve for bonuses	17,310	17,428
Other	81,122	87,401
Total current liabilities	418,422	435,404
Long-term liabilities		
Bonds	101,800	103,750
Long-term debt	17,505	20,585
Deferred tax liabilities	2,231	65,860
Net defined benefit liability	29,550	32,348
Other	28,857	27,419
Total long-term liabilities	179,945	249,964
TOTAL LIABILITIES	598,367	685,368
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	727,070	737,241
Treasury stock	(94,322)	(94,386)
Total stockholders' equity	892,110	902,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,597	147,914
Net deferred gains (losses) on hedges	3	(0)
Foreign currency translation adjustments	144	7,247
Remeasurements of defined benefit plans	5,473	21,449
Total accumulated other comprehensive income	40,218	176,610
Stock acquisition rights	16	16
Minority interests	44,040	45,248
TOTAL NET ASSETS	976,386	1,124,093
TOTAL LIABILITIES AND NET ASSETS	1,574,753	1,809,462

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Net sales	1,448,550	1,462,118
Cost of sales	1,176,077	1,182,954
Gross profit	272,472	279,163
Selling, general and administrative expenses	222,374	230,989
Operating income	50,098	48,173
Non-operating income		
Interest and dividends income	3,738	4,138
Equity in earnings of affiliates	742	2,171
Foreign exchange transaction gain	1,068	1,754
Other	4,958	4,472
Total non-operating income	10,507	12,536
Non-operating expenses		
Interest expense	2,914	2,453
Contributions	1,074	1,348
Other	3,331	3,148
Total non-operating expenses	7,320	6,950
Ordinary income	53,285	53,759
Extraordinary gains		
Gain on sale of fixed assets	1,009	245
Gain on sale of investment securities	348	4,442
Other	960	157
Total extraordinary gains	2,318	4,845
Extraordinary losses		
Loss on sale or disposal of fixed assets	4,870	2,186
Loss on business integration	-	4,342
Other	2,125	1,014
Total extraordinary losses	6,995	7,543
Income before income taxes and minority interests	48,608	51,061
Current income taxes	14,588	14,096
Deferred income taxes	7,224	8,474
Total income taxes	21,813	22,571
Income before minority interests	26,794	28,490
Minority interests	1,153	1,566
Net income	25,641	26,923

Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Income before minority interests	26,794	28,490
Other comprehensive income		
Valuation difference on available-for-sale securities	15,124	113,163
Net deferred gains (losses) on hedges	1	(30)
Foreign currency translation adjustments	13,098	6,991
Remeasurements of defined benefit plans	–	15,199
Share of other comprehensive income of associates accounted for using equity method	697	1,868
Total other comprehensive income	28,923	137,192
Comprehensive income	55,717	165,683
Attributable to:		
Shareholders of parent company	54,456	163,315
Minority interests	1,260	2,367

(3) Consolidated statements of changes in net assets

The year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	144,898	722,057	(94,226)	887,193
Changes of items during the period					
Cash dividends paid			(20,624)		(20,624)
Net income			25,641		25,641
Change of scope of equity method			(3)		(3)
Purchases of treasury stock				(97)	(97)
Disposal of treasury stock			(0)	1	0
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	–	5,012	(95)	4,916
Balance at the end of current period	114,464	144,898	727,070	(94,322)	892,110

	Accumulated other comprehensive income					Stock acquisition rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	18,908	8	(12,986)	–	5,930	16	43,915	937,055
Changes of items during the period								
Cash dividends paid								(20,624)
Net income								25,641
Change of scope of equity method								(3)
Purchases of treasury stock								(97)
Disposal of treasury stock								0
Net changes in items other than stockholders' equity	15,689	(5)	13,131	5,473	34,288	–	125	34,413
Total changes of items during the period	15,689	(5)	13,131	5,473	34,288	–	125	39,330
Balance at the end of current period	34,597	3	144	5,473	40,218	16	44,040	976,386

The year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	144,898	727,070	(94,322)	892,110
Cumulative impact of accounting changes			4,000		4,000
Balance at the beginning of current period reflecting accounting changes	114,464	144,898	731,070	(94,322)	896,111
Changes of items during the period					
Cash dividends paid			(20,621)		(20,621)
Net income			26,923		26,923
Change of scope of consolidation			(140)		(140)
Change of scope of equity method			9		9
Purchases of treasury stock				(66)	(66)
Disposal of treasury stock			(1)	2	1
Other		0		0	0
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	0	6,170	(64)	6,106
Balance at the end of current period	114,464	144,898	737,241	(94,386)	902,217

	Accumulated other comprehensive income					Stock acquisition rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	34,597	3	144	5,473	40,218	16	44,040	976,386
Cumulative impact of accounting changes							(505)	3,494
Balance at the beginning of current period reflecting accounting changes	34,597	3	144	5,473	40,218	16	43,534	979,881
Changes of items during the period								
Cash dividends paid								(20,621)
Net income								26,923
Change of scope of consolidation								(140)
Change of scope of equity method								9
Purchases of treasury stock								(66)
Disposal of treasury stock								1
Other								0
Net changes in items other than stockholders' equity	113,316	(3)	7,102	15,976	136,392	–	1,713	138,105
Total changes of items during the period	113,316	(3)	7,102	15,976	136,392	–	1,713	144,212
Balance at the end of current period	147,914	(0)	7,247	21,449	176,610	16	45,248	1,124,093

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	48,608	51,061
Depreciation	73,458	67,033
Impairment loss	140	79
Increase (Decrease) of doubtful receivables, net	(515)	700
Increase of net defined benefit asset	(7,478)	(14,798)
Increase of net defined benefit liability	718	150
Equity in gains of affiliates	(742)	(2,171)
Amortization of consolidation goodwill, net	3,648	1,989
Interest and dividend income	(3,738)	(4,138)
Interest expense	2,914	2,453
Net gain on sales of investment securities	(384)	(4,455)
Net loss on devaluation of investment securities	488	67
Net losses on sale or disposal of fixed assets	3,898	1,980
(Increase) Decrease in trade receivables	15,084	(12,507)
(Increase) Decrease in inventories	3,042	(5,711)
Increase (Decrease) in trade payables	(6,147)	4,766
Other	1,702	14,871
Sub-total	134,698	101,371
Payments for extra retirement payments	(249)	(153)
Payment of income taxes	(14,341)	(15,487)
Net cash provided by operating activities	120,108	85,730
Cash flows from investing activities		
Net (increase) decrease in time deposits	(1,484)	2,161
Payments for purchases of property, plant and equipment	(54,875)	(52,627)
Proceeds from sales of property, plant and equipment	7,167	3,961
Payments for purchases of investment securities	(7,921)	(2,329)
Proceeds from sales of investment securities	1,231	7,845
Payments for purchase of intangible fixed assets	(7,765)	(8,988)
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	—	(675)
Proceeds from purchase of stock in subsidiaries resulting in change in scope of consolidation	796	—
Interest and dividends received	5,126	4,989
Other	(646)	(4,876)
Net cash used in investing activities	(58,370)	(50,540)

(Million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Cash flows from financing activities		
Net increase in short-term bank loans	168	4,028
Proceeds from long-term debt	9,227	11,152
Repayments of long-term debt	(7,453)	(10,232)
Proceeds from issuance of bonds	850	2,946
Payments for redemption of bonds	(50,760)	(1,850)
Payments for purchases of treasury stock	(97)	(66)
Payments for purchases of treasury stock of subsidiaries	(1)	(0)
Interest paid	(2,955)	(2,442)
Dividends paid	(20,625)	(20,612)
Dividends paid to minority interests	(440)	(364)
Other	(7,950)	(6,422)
Net cash used in financing activities	(80,038)	(23,864)
Effect of exchange rate changes on cash and cash equivalents	6,051	2,789
Net increase (decrease) in cash and cash equivalents	(12,248)	14,115
Cash and cash equivalents at beginning of year	212,062	199,813
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)
Increase in cash and cash equivalents resulting from the merger of non-consolidated subsidiaries	—	43
Cash and cash equivalents at end of year	199,813	212,762

(5) Notes regarding consolidated financial statements

[Notes on premise of a going concern]

None

[Basis of presenting consolidated financial statements]

1) Scope of consolidation and application of the equity method of accounting

Number of consolidated subsidiaries: 112

Major companies: Maruzen CHI Holdings Co., Ltd.
Hokkaido Coca-Cola Bottling Co., Ltd.
INTELLIGENT WAVE INC.
BUNKYODO GROUP HOLDINGS CO., LTD.
SHUFUNOTOMO Co., Ltd., 2Dfacto, Inc.
DNP Color Techno Kameyama Co., Ltd.
DNP Technopack Co., Ltd., DNP Fine Chemicals Co., Ltd.
DNP Logistics Co., Ltd.

Number of equity-method affiliated companies: 12

Major companies: Nihon Unisys, Ltd.
BOOKOFF CORPORATION LIMITED, All About, Inc.
Kyoiku Shuppan Co., Ltd., DIC Graphics Corporation
Photronics DNP Mask Corporation
MK Smart Joint Stock Company

2) Changes in scope of consolidation and application of the equity method of accounting

(Scope of consolidation)

Newly included: 3 Foto Fantasy, Inc. and two other companies
Excluded: 10 DNP Photomask Technology Taiwan Co., Ltd. and nine other companies

(Application of equity method)

Newly included: 2 Photronics DNP Mask Corporation
MK Smart Joint Stock Company
Excluded: 2 Compagnie de Découpe de l'Ouest-CDO SAS and one other company

DNP specified subsidiary DNP Photomask Technology Taiwan Co., Ltd. (DPTT) was absorbed in a merger by Photronics, Inc. subsidiary Photronics Semiconductor Mask Corp. (name changed to Photronics DNP Mask Corporation; PDMC) during the current fiscal year.

As a result of this merger, DNP has removed DPTT from consolidation due to its elimination and has added PDMC as an equity method affiliate.

3) Matters concerning the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 25 others have fiscal years that end on December 31, while Maruzen CHI Holdings Co., Ltd. and 24 others have fiscal years that end on January 31. Their financial statements as of the same date are used in the preparation of these consolidated financial statements.

Additionally, INTELLIGENT WAVE INC.'s fiscal year ends on June 30, BUNKYODO GROUP HOLDINGS CO., LTD. and seven other companies have fiscal years that end on August 31, and mobilebook.jp, Inc.'s fiscal year ends on September 30. Consequently, financial statements based on provisional account settlements are used.

Any material transactions during the time between the foregoing settlement dates and provisional settlement dates and the consolidated settlement date are adjusted for on a consolidated basis.

4) Summary of significant accounting policies

(a) Criteria and methods for valuing significant assets

- Marketable securities

- Other securities

- Those with market prices available

- Fair market value based on market prices as of the balance sheet date

- (The related valuation differences are directly included in net assets and cost of sales is computed mainly by the moving-average method.)

- Those without market prices available

- Mainly cost based on the moving-average method

- Derivatives

- Mainly fair market value

- Inventories

- For figures shown on the balance sheet, the book value write-down method based on the decrease in profitability is used.

- Merchandise

- Mainly cost based on the specific identification method

- Finished products, work in progress

- Mainly cost based on the retail inventory cost method

- Raw materials

- Mainly cost based on the moving-average method

- Supplies

- Mainly cost based on the most recent purchase method

(b) Depreciation and amortization of significant assets

- Property, plant and equipment (except for lease assets)

- The Company and its domestic consolidated subsidiaries use the declining balance method.

- However, depreciation of machinery and equipment at the Kurosaki Plant No. 1 (2nd-Stage plant) and Plant No. 3 is computed by the straight-line method.

- Depreciation of buildings (excluding building fixtures) acquired after April 1, 1998, is computed by the straight-line method.

- Assets with an acquisition cost of at least ¥100,000 and less than ¥200,000 are depreciated mainly over three years by the straight-line method.

- Foreign consolidated subsidiaries mainly use the straight-line method.

- Intangible fixed assets (except for lease assets) Mainly the straight-line method
Software used internally is amortized using the straight-line method over the Company's estimate of the useful life of the assets (five years).
- Lease assets Lease assets with no transfer of ownership
These lease assets are depreciated over the lease period using the straight-line method with no residual value.
Finance lease transactions that do not transfer ownership and commenced on or before March 31, 2008 are accounted for based on the method for ordinary lease transactions.

(c) Basis for recording significant allowances

- Allowance for doubtful accounts To cover possible losses on doubtful accounts, the allowance for doubtful accounts is based on historical default rates for normal accounts and on estimates of the amounts that may not be recoverable for specific overdue accounts.
- Reserve for bonuses To cover payments of employee bonuses in the following fiscal year, the reserve for bonus is based on the estimated amount that is attributable to the current fiscal year.

(d) Accounting treatment of retirement benefits

Net defined benefit liability is recorded to prepare for employee retirement benefits at an amount derived by subtracting pension plan assets from retirement benefit obligations based on the amount expected at the end of the current fiscal year. In calculating retirement benefit obligations, a benefit formula is used to allocate expected retirement benefit payments in the period until the end of the current fiscal year.

Prior service costs are amortized using the straight-line method over a certain number of years that is equal to or less than the average future service period of eligible employees at the time the costs are incurred (generally six years).

Actuarial gains/losses are amortized starting in the next fiscal year after they are incurred using the declining balance method over a certain number of years that is equal to or less than the average future service period of eligible employees at the time the actuarial gains/losses are incurred (generally nine years).

Unrecognized actuarial gains/losses and unrecognized prior service costs are adjusted for tax effects and recorded in remeasurements of defined benefit plans in accumulated other comprehensive income under net assets.

(e) Accounting treatment of consumption taxes

National and local consumption taxes are excluded from transaction amounts.

(f) Amortization of goodwill and negative goodwill

Goodwill and negative goodwill incurred prior to and on March 31, 2010 are amortized using the straight-line method for a period of not more than 20 years. In the current fiscal year, straight-line amortization over five years is generally used.

(g) Scope of funds in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are short-term investments with an original maturity of three months or less, are subject to insignificant risk of changes in value, and can be easily converted into cash and drawable funds as needed.

[Changes in accounting policies]

DNP adopted the provisions of the main clauses in Paragraph 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and in Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015) starting in the current fiscal year.

Accordingly, DNP has revised the method of calculating retirement benefit obligations and service costs; changed the method of attributing expected retirement benefits to periods from a straight line-basis to a benefit formula basis; and changed the method of determining a discount rate from a method in which bond duration as the basis for determining the discount rate is determined based on a number of years similar to the average remaining service period of employees to a method that mainly uses multiple discount rates established for each period of expected retirement benefit payments.

With the adoption of the Accounting Standard for Retirement Benefits, in accordance with the transitional treatment stipulated in Paragraph 37, DNP reflected in retained earnings the amount of the impact of the change in the method of calculating retirement benefit obligations and service costs at the start of the current fiscal year.

As a result, net defined benefit liability at the start of the current fiscal year increased by ¥2,392 million, net defined benefit asset increased by ¥9,190 million, and retained earnings increased by ¥4,000 million.

Additionally, operating income increased by ¥1,566 million, and both ordinary income and income before income taxes and minority interests increased by ¥1,628 million in the current fiscal year.

The impact on per share information is listed in the relevant section.

[Consolidated balance sheets]

	Year ended March 31, 2014	Year ended March 31, 2015
1. Guarantee obligation	¥33 million	¥22 million
2. Discounts on notes receivable	¥664 million	¥625 million

[Consolidated statements of income]

	Year ended March 31, 2014	Year ended March 31, 2015
1. Research and development expenses (Selling, general and administrative expenses, and cost of sales)	¥30,820 million	¥31,748 million

[Consolidated statements of changes in net assets]

The year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2014	Increase in number of shares during the year ended March 2014	Decrease in number of shares during the year ended March 2014	Number of shares at the end of the year ended March 2014
Outstanding shares	Common stock	700,480,693	–	–	700,480,693
Treasury stock	Common stock	56,490,329	97,392	891	56,586,830

Notes: 1. The increase of 97,392 treasury shares is due to the repurchase of odd-lot shares.
2. The decrease of 891 treasury shares is due to the sale of odd-lot shares.

2. Stock acquisition rights and treasury stock acquisition rights

Company name	Breakdown	Stock type	Number of shares (Shares)				Balance at the end of the year ended March 2014 (Million yen)
			Beginning of the year ended March 2014	Increase	Decrease	End of the year ended March 2014	
Consolidated subsidiary	Stock acquisition rights as stock option	–	–	–	–	–	16
Total			–	–	–	–	16

3. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 27, 2013	Common stock	10,312	16	March 31, 2013	June 28, 2013
Board of Directors' meeting on November 7, 2013	Common stock	10,311	16	September 30, 2013	December 10, 2013

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 27, 2014	Common stock	10,311	Retained earnings	16	March 31, 2014	June 30, 2014

The year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2015	Increase in number of shares during the year ended March 2015	Decrease in number of shares during the year ended March 2015	Number of shares at the end of the year ended March 2015
Outstanding shares	Common stock	700,480,693	–	–	700,480,693
Treasury stock	Common stock	56,586,830	62,594	1,810	56,647,614

- Notes:
1. The increase of 62,594 treasury shares is due to the repurchase of odd-lot shares.
 2. The decrease of 1,810 treasury shares comprises 1,668 shares from the sale of odd-lot shares, 132 shares from the return of shares sold by equity-method affiliates, and 10 shares from changes in equity ownership ratios in equity-method affiliates.

2. Stock acquisition rights and treasury stock acquisition rights

Company name	Breakdown	Stock type	Number of shares (Shares)				Balance at the end of the year ended March 2015 (Million yen)
			Beginning of the year ended March 2015	Increase	Decrease	End of the year ended March 2015	
Consolidated subsidiary	Stock acquisition rights as stock option	–	–	–	–	–	16
Total			–	–	–	–	16

3. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 27, 2014	Common stock	10,311	16	March 31, 2014	June 30, 2014
Board of Directors' meeting on November 6, 2014	Common stock	10,310	16	September 30, 2014	December 10, 2014

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 26, 2015	Common stock	10,310	Retained earnings	16	March 31, 2015	June 29, 2015

[Segment information, etc.]

[Segment information]

1. Overview of the reporting segments

(1) Method of determining reporting segments

DNP's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of business resources and evaluate business results.

DNP bases its business divisions on the products and services provided and develops its business activities based on a comprehensive domestic and overseas strategy for each business division. The four reporting segments are Information Communication, Lifestyle and Industrial Supplies, Electronics, and Beverages.

(2) Products and services in each reporting segment

Information Communication is involved in the production and sale of publications, commercial printed matter, and business forms and in educational and publications distribution. Lifestyle and Industrial Supplies is involved in the production and sale of packaging materials, interior and exterior construction materials, photographic materials, and industrial supplies. Electronics is involved in the production and sale of precision electronic components and other products. Beverages is involved in the production and sale of carbonated and non-carbonated beverages.

(3) Changes in reporting business segments, etc.

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

DNP shifted the Optical Films business from the Lifestyle and Industrial Supplies segment to the Electronics segment as a result of integrating the business unit responsible for display products and semiconductor photomasks and the business unit responsible for optical films including LCD surface films in April 2014.

Segment information for the previous fiscal year has been prepared based on the new reportable business segments. This information is presented under "The year ended March 31, 2014 (April 1, 2013 – March 31, 2014)" in the section titled, "3. Information on sales, income/loss, assets, and other items by reporting segment."

2. Method of calculating sales, income/loss, assets, and other items by reporting segment

The accounting method used for reporting business segments is generally the same as stated in "Basis of presenting consolidated financial statements."

Reporting segment income figures are based on operating income. Inter-segment sales and transfers are based on third-party transaction prices.

As noted in the section on changes in accounting policies, DNP changed the method of calculating retirement benefit obligations and service costs effective from the current fiscal year, and has accordingly made a similar change in the method of calculating retirement benefit obligations and service costs for business segments.

As a result of this change, compared with the previous method, segment profits for the current fiscal year increased by ¥741 million for Information Communication, by ¥375 million for Lifestyle and Industrial Supplies, by ¥215 million for Electronics, and by ¥141 million for Beverages.

3. Information on sales, income/loss, assets, and other items by reporting segment

The year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	694,947	466,805	231,991	54,804	1,448,550	–	1,448,550
Inter-segment	5,355	867	0	3	6,226	(6,226)	–
Total	700,303	467,673	231,992	54,808	1,454,776	(6,226)	1,448,550
Segment income	11,900	21,723	25,117	651	59,394	(9,295)	50,098
Segment assets	629,818	527,063	300,113	45,470	1,502,465	72,287	1,574,753
Other items							
Depreciation and amortization	21,956	22,446	23,710	3,909	72,023	1,435	73,458
Amortization of goodwill	2,665	1,101	100	0	3,868	–	3,868
Impairment loss	134	–	–	6	140	–	140
Increase in property, plant and equipment and in intangible fixed assets	23,681	25,777	9,512	3,559	62,530	934	63,464

Notes: 1. Figures are adjusted as follows.

- (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 assets are adjusted for companywide assets not allocated to reporting segments.
 - (3) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.
2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.

The year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	693,649	478,540	230,297	59,631	1,462,118	–	1,462,118
Inter-segment	5,303	912	8	9	6,233	(6,233)	–
Total	698,952	479,452	230,305	59,640	1,468,352	(6,233)	1,462,118
Segment income	7,534	23,996	24,427	1,076	57,034	(8,861)	48,173
Segment assets	793,144	554,707	310,759	46,359	1,704,970	104,491	1,809,462
Other items							
Depreciation and amortization	22,598	20,948	18,361	3,840	65,749	1,284	67,033
Amortization of goodwill	959	1,038	17	0	2,015	–	2,015
Impairment loss	61	–	–	17	79	–	79
Increase in property, plant and equipment and in intangible fixed assets	17,750	18,480	14,348	3,553	54,132	891	55,024

Notes: 1. Figures are adjusted as follows.

- (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 assets are adjusted for companywide assets not allocated to reporting segments.
 - (3) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.
2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.

(Related information)

The year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

Japan	Asia	Other regions	Total
1,232,092	152,500	63,956	1,448,550

- Notes:
1. Sales are classified by country or region, based on the location of customers.
 2. Country and regional segments are based on geographic proximity.
 3. Main countries and regions included in each segment:
Asia: Taiwan, South Korea, China, Indonesia
Other: United States, France, Germany, United Kingdom

(2) Property, plant and equipment

Omitted because the value of property, plant and equipment located in Japan is over 90% of the value of property, plant and equipment as reported in the consolidated balance sheets.

3. Information on major customers

Not described because sales to specific outside customers are less than 10% of sales as reported in the consolidated statements of income.

The year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

Japan	Asia	Other regions	Total
1,231,913	160,680	69,524	1,462,118

- Notes:
1. Sales are classified by country or region, based on the location of customers.
 2. Country and regional segments are based on geographic proximity.
 3. Main countries and regions included in each segment:
Asia: South Korea, Taiwan, China, Indonesia
Other: United States, France, United Kingdom, Germany

(2) Property, plant and equipment

Omitted because the value of property, plant and equipment located in Japan is over 90% of the value of property, plant and equipment as reported in the consolidated balance sheets.

3. Information on major customers

Not described because sales to specific outside customers are less than 10% of sales as reported in the consolidated statements of income.

[Per share information]

	Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Net assets per share	¥1,447.96	¥1,675.63
Net income per share	¥39.82	¥41.82
Diluted net income per share	¥39.65	¥41.44

Note: Basis of calculations

1. Net assets per share

		Year ended March 31, 2014 (As of March 31, 2014)	Year ended March 31, 2015 (As of March 31, 2015)
Total net assets	(Million yen)	976,386	1,124,093
Amount excluded from total net assets	(Million yen)	44,056	45,264
Of which, stock acquisition rights	(Million yen)	16	16
Of which, minority interests	(Million yen)	44,040	45,248
Net assets at fiscal year-end pertaining to common stock	(Million yen)	932,329	1,078,828
Number of common shares outstanding	(Thousand shares)	700,480	700,480
Number of common treasury shares	(Thousand shares)	56,586	56,647
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	643,893	643,833

2. Net income per share and diluted net income per share

		Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
(1) Net income per share			
Net income	(Million yen)	25,641	26,923
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income pertaining to common stock	(Million yen)	25,641	26,923
Average number of common shares outstanding during the fiscal year	(Thousand shares)	643,945	643,867
(2) Diluted net income per share			
Net income adjustment	(Million yen)	(110)	(240)
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates	(Million yen)	(110)	(240)
Increase in common stock	(Thousand shares)	–	–

3. As noted in “Changes in accounting policies,” DNP has adopted the Accounting Standard for Retirement Benefits, etc, and applied the transitional treatment stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, for the current fiscal year, net assets per share increased by ¥8.64, net income per share increased by ¥2.44, and diluted net income per share increased by ¥2.42.

[Significant subsequent events]

None

[Disclosure omission]

Disclosure of notes on such items as tax effect accounting, marketable securities, and retirement benefits is omitted because such disclosure in the release of Financial Results is not considered to be important.

6. Non-consolidated financial statements
(1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2014 (As of March 31, 2014)	Year ended March 31, 2015 (As of March 31, 2015)
ASSETS		
Current assets		
Cash and time deposits	110,844	121,001
Notes receivable	33,050	43,790
Trade receivable	243,102	263,459
Merchandise and finished goods	3,344	4,401
Work in progress	11,042	9,339
Raw materials and supplies	1,990	1,514
Deferred income taxes	4,123	3,972
Other	29,032	27,816
Allowance for doubtful accounts	(1,688)	(1,031)
Total current assets	434,842	474,263
Fixed assets		
Property, plant and equipment		
Buildings	402,951	408,262
Accumulated depreciation	(258,561)	(270,025)
Buildings, net	144,389	138,237
Structures	31,867	32,026
Accumulated depreciation	(24,998)	(25,661)
Structures, net	6,869	6,365
Machinery	617,999	577,832
Accumulated depreciation	(542,954)	(518,456)
Machinery, net	75,044	59,375
Vehicles	1,267	1,301
Accumulated depreciation	(1,123)	(1,177)
Vehicles, net	144	124
Equipment	50,268	49,224
Accumulated depreciation	(42,324)	(41,492)
Equipment, net	7,944	7,732
Land	131,026	131,049
Lease asset	2,293	1,858
Accumulated depreciation	(1,220)	(1,057)
Lease asset, net	1,073	801
Construction in progress	22,374	38,694
Total property, plant and equipment	388,866	382,379
Intangible fixed assets		
Software	19,581	20,651
Other	3,555	2,628
Total intangible fixed assets	23,137	23,280
Investments and other assets		
Investment securities	180,126	341,749
Investments in securities in affiliates	154,454	149,978
Investments in capital of affiliates	2,213	2,922
Long-term loans	12,753	13,144
Deferred income taxes	6,625	-
Other	36,931	56,265
Allowance for doubtful accounts	(11,470)	(14,177)
Total investments and other assets	381,634	549,883
Total fixed assets	793,638	955,543
TOTAL ASSETS	1,228,480	1,429,806

(Million yen)

	Year ended March 31, 2014 (As of March 31, 2014)	Year ended March 31, 2015 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes payable	14,110	14,016
Trade payable	173,614	213,667
Lease obligations	368	268
Accounts payable - other	41,353	39,966
Accrued expenses	15,347	16,028
Deposits payable	189,772	198,237
Reserve for bonuses	7,366	7,556
Reserve for bonuses to directors	178	148
Provision for loss on liquidation of affiliates	100	106
Notes payable for facilities	1,555	644
Other	2,902	2,349
Total current liabilities	446,670	492,988
Long-term liabilities		
Bonds	100,000	100,000
Lease obligations	758	574
Asset retirement obligations	1,103	1,124
Long-term accounts payable	6,153	5,994
Provision for retirement benefits	7,563	7,688
Reserve for environmental measures	68	72
Deferred tax liabilities	-	52,938
Total long-term liabilities	115,647	168,393
TOTAL LIABILITIES	562,317	661,382
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus		
Capital reserve	144,898	144,898
Total capital surplus	144,898	144,898
Retained earnings		
Legal reserve	23,300	23,300
Other retained earnings		
Reserve for special depreciation	26	0
Reserve for depreciation reduction of fixed assets	34	29
Other reserve	382,780	382,780
Retained earnings brought forward	61,584	51,105
Total retained earnings	467,725	457,215
Treasury stock	(94,265)	(94,329)
Total stockholders' equity	632,822	622,248
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	33,340	146,176
Net deferred losses on hedges	(0)	(0)
Total valuation and translation adjustments	33,339	146,175
TOTAL NET ASSETS	666,162	768,424
TOTAL LIABILITIES AND NET ASSETS	1,228,480	1,429,806

(2) Non-consolidated statements of income

(Million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Net sales	919,016	999,023
Cost of sales	811,894	882,293
Gross profit	107,121	116,729
Selling, general and administrative expenses	103,674	117,198
Operating income (loss)	3,447	(469)
Non-operating income		
Interest income	289	222
Dividend income	16,245	19,135
Other	40,046	36,851
Total non-operating income	56,580	56,209
Non-operating expenses		
Interest expense	1,939	1,575
Other	31,604	29,739
Total non-operating expenses	33,544	31,315
Ordinary income	26,483	24,424
Extraordinary gains		
Gain on sale of fixed assets	350	34
Gain on sale of investment securities	262	4,147
Other	33	2,249
Total extraordinary gains	646	6,431
Extraordinary losses		
Loss on sale or disposal of fixed assets	3,864	1,661
Loss on devaluation of investment securities	314	16
Loss on devaluation of securities in affiliates	5,227	10
Other	184	53
Total extraordinary losses	9,590	1,741
Income before income taxes	17,539	29,115
Current income taxes	160	330
Deferred income taxes	4,832	6,921
Total income taxes	4,992	7,251
Net income	12,547	21,863

(3) Non-consolidated statements of changes in net assets

The year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus		Legal reserve	Retained earnings				Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings				
					Reserve for special depreciation	Reserve for depreciation reduction of fixed assets	Other reserve	Retained earnings brought forward	
Balance at the beginning of current period	114,464	144,898	144,898	23,300	956	38	382,780	68,728	475,803
Changes of items during the period									
Reversal of reserve for special depreciation					(929)			929	–
Reversal of reserve for depreciation reduction of fixed assets						(4)		4	–
Cash dividends paid								(20,624)	(20,624)
Net income								12,547	12,547
Purchases of treasury stock									
Disposal of treasury stock								(0)	(0)
Net changes in items other than stockholders' equity									
Total changes of items during the period	–	–	–	–	(929)	(4)	–	(7,143)	(8,077)
Balance at the end of current period	114,464	144,898	144,898	23,300	26	34	382,780	61,584	467,725

	Stockholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(94,169)	640,996	18,473	1	18,474	659,471
Changes of items during the period						
Reversal of reserve for special depreciation		–				–
Reversal of reserve for depreciation reduction of fixed assets		–				–
Cash dividends paid		(20,624)				(20,624)
Net income		12,547				12,547
Purchases of treasury stock	(97)	(97)				(97)
Disposal of treasury stock	1	0				0
Net changes in items other than stockholders' equity		–	14,866	(1)	14,865	14,865
Total changes of items during the period	(95)	(8,173)	14,866	(1)	14,865	6,691
Balance at the end of current period	(94,265)	632,822	33,340	(0)	33,339	666,162

The year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus		Legal reserve	Retained earnings				Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings				
				Reserve for special depreciation	Reserve for depreciation reduction of fixed assets	Other reserve	Retained earnings brought forward		
Balance at the beginning of current period	114,464	144,898	144,898	23,300	26	34	382,780	61,584	467,725
Cumulative impact of accounting changes								3,676	3,676
Balance at the beginning of current period reflecting accounting changes	114,464	144,898	144,898	23,300	26	34	382,780	65,261	471,402
Changes of items during the period									
Reversal of reserve for special depreciation					(26)			26	–
Reversal of reserve for depreciation reduction of fixed assets						(5)		5	–
Cash dividends paid								(20,621)	(20,621)
Net income								21,863	21,863
Purchases of treasury stock									
Disposal of treasury stock								(1)	(1)
Decrease from corporate divestiture								(15,427)	(15,427)
Net changes in items other than stockholders' equity									
Total changes of items during the period	–	–	–	–	(26)	(5)	–	(14,155)	(14,187)
Balance at the end of current period	114,464	144,898	144,898	23,300	0	29	382,780	51,105	457,215

	Stockholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(94,265)	632,822	33,340	(0)	33,339	666,162
Cumulative impact of accounting changes		3,676				3,676
Balance at the beginning of current period reflecting accounting changes	(94,265)	636,499	33,340	(0)	33,339	669,839
Changes of items during the period						
Reversal of reserve for special depreciation		–				–
Reversal of reserve for depreciation reduction of fixed assets		–				–
Cash dividends paid		(20,621)				(20,621)
Net income		21,863				21,863
Purchases of treasury stock	(66)	(66)				(66)
Disposal of treasury stock	2	1				1
Decrease from corporate divestiture		(15,427)				(15,427)
Net changes in items other than stockholders' equity		–	112,836	(0)	112,835	112,835
Total changes of items during the period	(64)	(14,251)	112,836	(0)	112,835	98,584
Balance at the end of current period	(94,329)	622,248	146,176	(0)	146,175	768,424

(4) Notes regarding non-consolidated financial statements

[Notes on premise of a going concern]

None

7. Changes in directors, statutory auditors and officers (as of June 26, 2015)

- 1) Director to be promoted

Senior Managing Director	Tokuji Kanda (currently Managing Director)
Managing Director	Satoru Inoue (currently Director)

- 2) New auditor candidates (at the Ordinary General Meeting of Shareholders to be held on June 26)

Standing Statutory Auditor	Kazunari Tanaka (currently Expert Adviser, General Manager of Internal Auditing Division)
Standing Statutory Auditor	Naoki Hoshino (currently General Manager of Finance & Accounting Division)

- 3) Auditors to be retired (at the end of the Ordinary General Meeting of Shareholders to be held on June 26)

Standing Statutory Auditor	Kenji Noguchi (to be assigned as Adviser)
Standing Statutory Auditor	Minoru Yoneda (to be assigned as Adviser)

- 4) New corporate officer candidates

Corporate Officer	Hirofumi Hashimoto (currently General Manager of Strategic Business Planning Department)
Corporate Officer	Kazuhiko Sugita (currently General Manager of Planning and Administration Department of Ichigaya Publication Printing Operations and honto Business Operations)
Corporate Officer	Masafumi Kuroyanagi (currently Deputy General Manager of Finance & Accounting Division)