



## Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 [J-GAAP]

May 13, 2013

**Company Name:** Dai Nippon Printing Co., Ltd.  
**Stock exchange listing:** Tokyo  
**Stock code:** 7912 URL: <http://www.dnp.co.jp/>  
**Representative:** Yoshitoshi Kitajima, President  
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**General meeting of shareholders:** June 27, 2013  
**Dividend payment date:** June 28, 2013  
**Securities report issuing date:** June 27, 2013  
**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, 2013

(April 1, 2012 – March 31, 2013)

#### (1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income (Loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2013	1,446,607	(4.0)	35,779	5.2	40,318	9.4	19,217	–
Year ended March 31, 2012	1,507,227	(5.2)	34,015	(49.8)	36,843	(41.3)	(16,356)	–

Note: Comprehensive income (loss): Year ended March 31, 2013: ¥42,121 million (–%)  
Year ended March 31, 2012: ¥(17,340) million (–%)

	Net Income (Loss) per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2013	29.84	29.79	2.2	2.5	2.5
Year ended March 31, 2012	(25.39)	–	(1.8)	2.3	2.3

Reference: Equity in earnings or losses of affiliates: Year ended March 31, 2013: ¥3,012 million  
Year ended March 31, 2012: ¥345 million

#### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2013	1,578,976	937,055	56.6	1,386.86
As of March 31, 2012	1,608,806	914,213	54.2	1,352.71

Reference: Stockholders' equity: As of March 31, 2013: ¥893,124 million As of March 31, 2012: ¥871,229 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, 2013	100,497	(72,587)	(36,236)	212,062
Year ended March 31, 2012	108,603	(80,126)	(32,833)	216,279

## 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, 2012	–	16.00	–	16.00	32.00	20,627	–	2.3
Year ended March 31, 2013	–	16.00	–	16.00	32.00	20,625	107.2	2.3
Year ending March 31, 2014 (Forecast)	–	16.00	–	16.00	32.00		89.6	

## 3. Consolidated earnings forecasts for the year ending March 31, 2014 (April 1, 2013 – March 31, 2014)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,530,000	5.8	48,000	34.2	49,000	21.5	23,000	19.7	35.71

### \* Notes

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

(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: Yes

4) Restatement of revisions: No

Note: DNP changed depreciation methods starting in this fiscal year, and this change falls under the category of “changes in accounting policies that are difficult to distinguish from changes in accounting estimates.” For further details, see the section titled, “4. Consolidated financial statements, (5) Notes regarding consolidated financial statements,” 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, 2013	700,480,693 shares	As of March 31, 2012	700,480,693 shares
2) Number of treasury shares at end of each period	As of March 31, 2013	56,490,329 shares	As of March 31, 2012	56,417,765 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2013	644,029,540 shares	Year ended March 31, 2012	644,102,179 shares

## (Reference) Non-consolidated financial results

### Non-consolidated financial results for the year ended March 31, 2013

(April 1, 2012 – March 31, 2013)

#### (1) Non-consolidated financial results

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

	Net Sales		Operating Income (Loss)		Ordinary Income		Net Income (Loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2013	926,142	(4.8)	(3,988)	–	19,884	84.8	14,933	–
Year ended March 31, 2012	972,638	(9.6)	(4,678)	–	10,760	(65.2)	(18,504)	–

	Net Income (Loss) per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2013	23.17	–
Year ended March 31, 2012	(28.71)	–

#### (2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2013	1,247,963	659,471	52.8	1,023.17
As of March 31, 2012	1,265,933	650,775	51.4	1,009.60

Reference: Stockholders' equity: As of March 31, 2013: ¥659,471 million As of March 31, 2012: ¥650,775 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, 2013**

During the fiscal year ended March 31, 2013, Japan's economy showed signs of improvement, buoyed by restoration demand in the wake of the Tohoku–Pacific Ocean Earthquake, but conditions remained challenging as a result of the European financial crisis, economic slowdowns in emerging countries, and other factors.

In the printing industry, despite changes in the media environment, including growth in internet advertising, overall demand was sluggish and the business environment remained difficult.

In this environment, the DNP Group (DNP) sought to aggressively develop its business and deliver products, services, and solutions tailored to the needs of its customers, based on its P&I Solutions business vision (P&I stands for “printing technology” and “information technology”). DNP also pursued “Production 21” Activities with the aim of establishing a robust production structure in all facets of production, including quality, cost, and delivery time. Additionally, DNP worked to secure earnings through the reorganization of domestic and overseas business structures from the standpoint of overall optimization and actively pursued business expansion from global and social perspectives.

As a result of these efforts, consolidated net sales for the year fell 4.0% year on year to ¥1,446.6 billion, consolidated operating income grew 5.2% to ¥35.7 billion, consolidated ordinary income grew 9.4% to ¥40.3 billion, and consolidated net income totaled ¥19.2 billion, up from a net loss of ¥16.3 billion in the previous fiscal year.

The results by segment are as follows.

#### **[PRINTING]**

##### **Information Communication**

In the Information Communication segment, DNP integrated the three business divisions responsible for commercial printing, smart cards, and security solutions in October 2012 to bolster mutual cooperation and establish a structure capable of creating comprehensive solutions. DNP is also pursuing a business partnership with Nihon Unisys, Ltd. and launched specific initiatives to expand cloud computing and platform service businesses.

In the Books and Magazines business, amid a continued slump in the publications market, book sales increased thanks to aggressive sales activities, but magazines decreased and overall sales fell below prior-year levels.

In the Commercial Printing business, despite growth for campaign office and customer center services and for point-of-purchase (POP) materials for in-store sales promotions, overall sales decreased year on year on declines for flyers, pamphlets, catalogs, and other printed materials.

In the Business Forms business, smart card sales increased, including SIM cards and electronic money, but overall sales decreased year on year on a decline for information processing services (ranging from data entry to printing and shipment of personal mail and other items).

In the Education and Publications Distribution business, despite our efforts to increase sales in the e-book market, paper book sales remained weak and overall sales decreased from the previous year.

As a result of the above, overall segment sales fell 1.4% year on year to ¥704.7 billion but operating income grew 2.9% to ¥15.9 billion.

## **Lifestyle and Industrial Supplies**

In the Packaging business, sales increased year on year on growth for paper containers, flexible packaging, PET bottle aseptic filling systems, and other products.

In the Lifestyle Materials business, the domestic housing market is gradually recovering, and sales increased year on year on continued firm sales of eco-friendly products that use DNP's proprietary Electron Beam coating technology.

In the Industrial Supplies business, despite growth for energy-related products, including lithium ion rechargeable battery soft packages and photovoltaic cell sealing materials, overall sales decreased year on year on a decline for anti-reflection films used in flat-panel displays.

As a result of the above, overall segment sales fell 0.3% year on year to ¥521.4 billion and operating income fell 12.0% to ¥28.0 billion.

## **Electronics**

In the Electronics segment, to respond to rapid changes in the business environment, DNP sought to improve profitability by integrating the two business divisions responsible for display components and electronic devices in June 2012, and also focused on the development of new products, including touch panel components.

In the LCD Color Filter business, DNP worked to promote sales of small- and medium-sized filters for smart phones and tablets, but overall sales decreased year on year as a result of lower global demand for LCD panels and a decline in sales from transferring operations at the Sakai plant in August 2012.

In the Electronic Devices business, conditions remained difficult in the semiconductor market, and sales fell below prior-year levels on declines for photomasks and etched products, including hard disk suspensions.

As a result of the above, overall segment sales fell 19.7% year on year to ¥180.5 billion and operating losses totaled ¥0.3 billion, versus losses of ¥4.6 billion in the previous fiscal year.

## **[BEVERAGES]**

### **Beverages**

Amid tough market conditions characterized by weak consumer spending and stiffer sales competition, DNP worked to expand sales of Coca-Cola and Georgia, both core products, and I LOHAS, a brand of mineral water that uses "ecoru Bottle Shiboru," a lightweight PET bottle.

As a result of the above, mineral waters and tea beverages increased, but carbonated beverages decreased, and overall segment sales fell 1.4% year on year to ¥56.2 billion and operating income fell 64.7% to ¥0.4 billion.

## **2) Forecast for the fiscal year ending March 31, 2014**

Concerning the future outlook, despite some positive signs from government policies to overcome deflation and promote an economic recovery, DNP also anticipates the effects of a prolonged financial crisis in Europe and slowdowns in overseas economies, including emerging countries. In the printing industry, DNP expects an overall increase in costs, including electricity rates and raw material prices, and a decline in order prices due to weak domestic demand and stiffer competition. Accordingly, the future outlook remains uncertain.

During the fiscal year ending March 31, 2014, DNP intends to pursue growth initiatives based on the catch phrase of “creating what everyone will take for granted in the future,” underpinned by 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. Pursuing these efforts from a global perspective should help contribute to the sustainable advancement of society. DNP will also continue pursuing “Production 21” Activities to bolster its business foundation, strive to enhance productivity, and work to secure earnings and stable business growth over the medium to long term.

For the fiscal year ending March 31, 2014, DNP forecasts consolidated net sales of ¥1,530.0 billion, consolidated operating income of ¥48.0 billion, consolidated ordinary income of ¥49.0 billion, and consolidated net income of ¥23.0 billion.

## **(2) Analysis of financial position**

### **1) Assets, liabilities, and net assets**

Total assets at the end of the current fiscal year decreased by ¥29.8 billion from the end of the previous fiscal year to ¥1,578.9 billion, due mainly to decreases in notes and trade receivable and work in progress.

Total liabilities decreased by ¥52.6 billion from the end of the previous fiscal year to ¥641.9 billion, due mainly to decreases in notes and trade payable and provision for retirement benefits.

Net assets increased by ¥22.8 billion from the end of the previous fiscal year to ¥937.0 billion, due mainly to increases in valuation difference on available-for-sale securities and foreign currency translation adjustments.

### **2) Cash flows**

Consolidated cash flow provided by operating activities totaled ¥100.4 billion (¥108.6 billion in the previous fiscal year), due mainly to ¥35.1 billion in income before income taxes and minority interests and ¥80.2 billion in depreciation.

Cash flow used in investing activities totaled ¥72.5 billion (¥80.1 billion in the previous fiscal year), due mainly to ¥66.2 billion in payments for purchases of property, plant and equipment. Cash flow used in financing activities totaled ¥36.2 billion (¥32.8 billion in the previous fiscal year), due mainly to ¥20.6 billion in dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year decreased by ¥4.2 billion from the end of the previous fiscal year to ¥212.0 billion.

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

	Year ended March 2009	Year ended March 2010	Year ended March 2011	Year ended March 2012	Year ended March 2013
Equity ratio (%)	58.5	56.6	55.1	54.2	56.6
Market value-based equity ratio (%)	37.7	50.3	39.6	33.9	36.1
Debt-to-cash flow ratio (year)	0.9	1.2	1.6	2.1	2.3
Interest coverage ratio (times)	79.7	63.9	52.6	33.2	28.8

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 expenses

- \* 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 expenses: Interest expenses on the consolidated statements of cash flows

### **(3) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2013 and year ending March 31, 2014**

An important policy of 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.

The forecast dividend for the fiscal year ending March 31, 2014 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 economy and consumption trends**

DNP engages in a wide range of businesses with an extremely large number of corporate customers, and conducts its business so as not to overly depend on specific customers. DNP does most of its business in the Japanese market and overseas sales account for about 14% of net sales. Nevertheless, 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 our corporate performance.

### **2) Changes in the electronics market**

Electronics is one of DNP's most strategically important segments. We intend to establish a stable profit base for this segment by building business strategies based on meticulous information-gathering, establishing highly profitable production systems, and focusing on the development of very competitive, high added value products. Nevertheless, the performance of this segment could be affected by global fluctuations in the market for display components and/or semiconductor-related products, such as sudden changes in the supply-demand balance or a sharp drop in unit prices.

### **3) 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, and the impact of major disasters. We intend to cope with such instances by negotiating with our customers and business partners. However, if it should become extremely difficult to secure supplies, or if purchasing prices rise markedly, it is possible that DNP's performance could be affected.

### **4) Development of new products, technologies, and services**

DNP uses its printing and information technologies to develop and provide to a broad range of industries products, technologies, and services that meet the needs of corporate customers and consumers. In recent years, 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, 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.

### **5) 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.

## **6) 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. 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 the changes, or increased costs.

## **7) Environmental protection and stricter regulations**

DNP is affected by laws and regulations in Japan and other countries regarding energy conservation, the use of harmful substances, the prevention of air pollution, water quality protection, waste treatment, and product recycling. Such regulations may be strengthened because of the impact of global climate trends. In addition, if soil is contaminated by harmful substances and the Company is faced with the situation of being responsible for assessing and cleaning up the environmental pollution, then the Company's business could be substantially affected.

## **8) Information security and personal information protection**

With computer networks and information systems playing an ever-greater role in keeping business activity going, the risks of information system malfunctions, breaches of personal information, and other events, owing to software and hardware problems and viruses, have risen. 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) Disasters**

We take steps to protect our production equipment and other major facilities from being damaged by disasters such as fires or earthquakes. In addition, we divide our work among multiple production bases and make every effort to prevent disasters from causing production stoppages or disturbances in our ability to supply products. We also use various types of insurance to transfer risk. Nevertheless, DNP's performance could be substantially affected in the event of major earthquakes or other natural disasters, terrorist attacks, disease outbreaks, or other unexpected events that cause production stoppages or major damage or interference with social infrastructure.

## 2. Information on DNP

DNP includes 149 subsidiaries and 17 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 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, advertisements, stock and other securities certificates, business forms, and cards; manufacture/sale of 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 Data Techno Kansai Co., Ltd. DNP Total Process Warabi Co., Ltd. DNP Multi Print Co., Ltd., DNP Media Art Co., Ltd. DNP Media Create Co., Ltd., DNP Media Support Co., Ltd. DNP Media Techno Kansai Co., Ltd.
Production and sales	Tien Wah Press (Pte.) Ltd.
Sales and services	Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC. BUNKYODO GROUP HOLDINGS CO., LTD., 2Dfacto, Inc. DNP Art Communications Co., Ltd., DNP Social Links Co., Ltd. mobilebook.jp, Inc., Maruzen Co., Ltd. MARUZEN PUBLISHING CO., LTD. Maruzen Bookstores Co., Ltd., TRC, Inc. Junkudo 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. SHUFUNOTOMO 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 Osaka Securities Exchange's JASDAQ market.

## **Lifestyle and Industrial Supplies**

Manufacture/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 IMS Co., Ltd. DNP Advanced Optics Co., Ltd., DNP Energy System Co., Ltd., DNP Ellio Co., Ltd., DNP Lifestyle Materials Co., Ltd.
Production and sales	Aseptic Systems Co., Ltd. DNP Fine Chemicals Utsunomiya Co., Ltd. DNP Hosono Co., Ltd., DNP IMS Malaysia Sdn. Bhd. PT DNP Indonesia, DNP Plastic Molding (Shanghai) Co., Ltd. DNP Vietnam Co., Ltd., DNP Electronics America, LLC DNP IMS America Corporation, DNP Denmark A/S DNP IMS Netherlands B.V.
Sales and services	DNP ID System Co., Ltd., DNP Lifestyle Materials Marketing Co., Ltd. DNP DreamPages Co. Ltd., DNP Field Eyes Co., Ltd. DNP Photo Imaging Co., Ltd., DNP Fotolusio Co., Ltd. LIFESCAPE MARKETING CORPORATION DNP Photo Imaging Europe SAS

## **Electronics**

Manufacture/sale of precision electronic components and other products

### **Major companies**

Production	DNP LSI Design Co., Ltd., DNP Color Techno Sakai Co., Ltd. DNP Signage Technology Co., Ltd., DNP Fine Electronics Co., Ltd. DNP Precision Devices Himeji Co., Ltd. DNP Micro Technica Co., Ltd.
Production and sales	DNP Color Techno Kameyama Co., Ltd., DNP Technology Co., Ltd. DT Fine Electronics Co., Ltd., DNP Photomask Europe S.p.A. DNP Photomask Technology Taiwan Co., Ltd.
Sales	DNP Taiwan Co., Ltd.

## **Other companies with multiple types of businesses**

Production and sales	DNP Hokkaido Co., Ltd., DNP Tohoku Co., Ltd. DNP Chubu Co., Ltd., DNP Shikoku Co., Ltd. DNP Nishinippon Co., Ltd., DNP Fine Chemicals Co., Ltd. D.N.K. 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 Asia Pacific Pte. Ltd., DNP Corporation USA DNP America, LLC, DNP Holding USA Corporation

## **[BEVERAGES]**

### **Beverages**

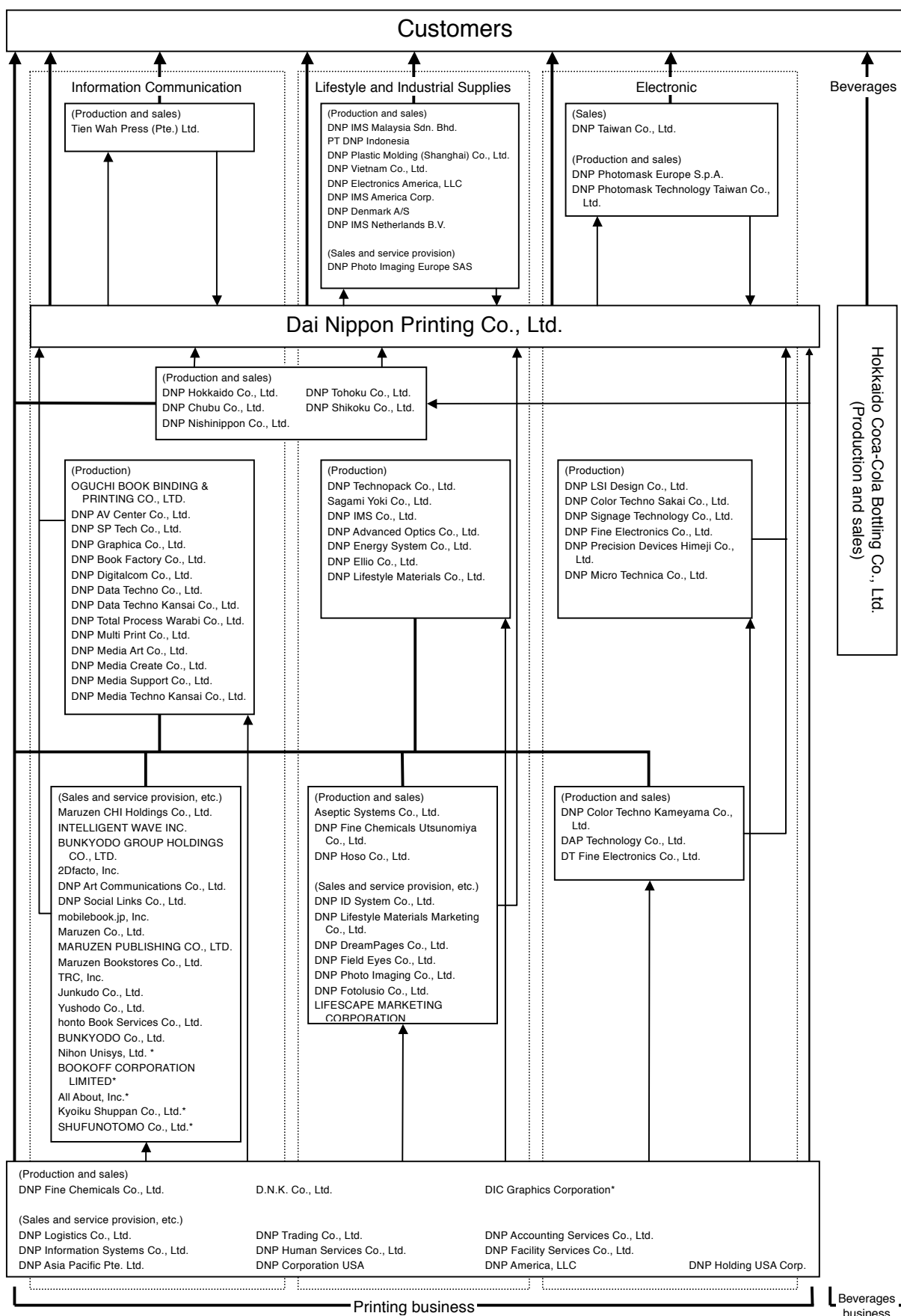
Centered on Hokkaido Coca-Cola Bottling Co., Ltd.; manufacture/sale of soft drinks and juices

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 society by providing new value-added products and services through its business activities, based on a management concept of contributing to the sustainable growth of the society and 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. The Company 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 aims to steadily expand over the medium- to long-term, based on its P&I Solutions business vision.

Research and development are extremely important corporate activities for DNP, a company that has expanded its fields of business by developing applications of printing and information technologies. Especially important in these times of rapid change are “business-generating” types of research and development that examine problems from consumers’ point of view and provide good solutions. In addition to developing innovative products, services and business models, DNP carefully manages and makes use of the intellectual assets generated by its research.

At the same time, in view of the host of challenges that face Japan and other countries, DNP believes that a social perspective is important in developing businesses that address the needs of society. Our Social Innovation Laboratory conducts research into social issues and seeks to give shape to the businesses that DNP should pursue, and based on its activities, DNP is working to create new businesses based on the themes of information distribution, environment and energy, health and medical care, and comfortable living.

Additionally, amid expectations for a contraction of the domestic market, due partly to a falling birth rate and aging population, global business operations have become increasingly important as companies expand overseas and markets become borderless. DNP has pursued overseas business for roughly five decades since opening the Hong Kong office in 1964, and we had 24 sales offices and 12 plants in 15 countries and regions at the end of March 2013. To prepare a global strategy and improve business results through interdepartmental cooperation, we established a new organization to control overseas business in April 2012. We also created an integrated production and sales structure to facilitate the efficient pursuit of production, sales, and development in the best suited regions.

## **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 also provides a wide range of solutions that are closely connected with the business processes of our customers.

In the Books and Magazines business, we are focusing on hybrid production solutions that address both paper media and electronic media. In June 2012, we launched “honto” as a hybrid bookstore network service that handles sales of paper books at physical bookstores (e.g., Maruzen, Junkudo, and Bunkyo-do) and online bookstores, as well as sales of e-books through online bookstores. In addition to a shared loyalty points program and recommendation services, we are bolstering efforts to provide the optimal delivery of content desired by consumers in terms of time, location, and media.

In the Commercial Printing and Business Forms businesses, we are working to develop new services and businesses to respond to greater diversity in consumer values and the advance and globalization of information communication technology, based on a new structure launched in October 2012 through the integration of business divisions. We deliver highly unique and effective solutions by combining our established customer bases as well as our products and services. Drawing on a robust information security infrastructure and diverse range of information media (e.g., websites and in-store sales promotions), we are bolstering personal marketing based on consumer information. We are also expanding Business Process Outsourcing (BPO) services in which DNP enhances a company’s business efficiency by handling a variety of its business processes, including the operation of financial business centers, customer centers, and campaign offices.

#### **Lifestyle and Industrial Supplies**

The Lifestyle and Industrial Supplies segment provides products and services that properly respond to corporate clients’ and consumers’ diverse needs, including environmental protection and universal design. In addition, the segment is developing unique, advanced products in new fields where there are strong social needs, such as energy and life science.

In the Packaging business, we seek to increase market share for advanced products such as Innovative Barrier (IB) film, which delivers outstanding impermeability to water vapor and oxygen, making it ideal for packaging foods, medical supplies, and other products. We are also focusing on environmentally friendly products, including biomass plastic packaging material. Amid expectations for rapid growth in the ASEAN market, we intend to expand our plant in Indonesia after commencing operations at our plant in Vietnam in April 2013. In Japan, we reorganized our production divisions across the country and integrated these operations into a single production subsidiary in October 2012. We are working to enhance our business competitiveness further by building an optimal production structure and reforming our cost structure.

Our Lifestyle Materials subsegment works closely with manufacturers of household equipment and decorative materials, addressing the entire building industry supply chain starting with the project planning phase. In addition to high value-added products that use DNP’s proprietary Electron Beam coating technology, we are pursuing the development of products suited to smart houses and smart cities, including exterior components with superior weather resistance and energy-saving interior components that increase illumination through efficient light diffusion.



In the Industrial Supplies business, we are focusing on the development of new optical film products that employ clean converting technologies to increase quality based on coating, laminating, and other technologies. In the Information Media Supplies business, we are expanding our business worldwide through the expansion of production facilities for thermal transfer ink ribbons for printing barcodes at the Pittsburgh plant in the US and the construction of a new plant in Malaysia to make dye-sublimation thermal transfer recording media for photo printing in September 2013. In the Energy Systems business, we seek to increase productivity and profitability for soft packs used in lithium-ion rechargeable batteries and photovoltaic cell components.

## **Electronics**

The Electronics segment is working to respond to the rapidly changing needs of companies and consumers by bolstering DNP's patterning, microfabrication, and other world class technologies, developing new advanced products, rigorously cutting costs, and improving investment efficiency.

In the LCD Color Filter business, we are working to stabilize operations by focusing on our strength in high-definition, high-quality small- and medium-sized filters for smart phones and tablets, an area in which strong growth is expected.

In the Photomasks business, we seek to respond precisely to miniaturization needs and tap into growing overseas demand through our overseas production facilities. To respond to next-generation semiconductor products, we are pursuing the development of nanoimprint lithography technology and extreme ultraviolet (EUV) lithography technology.

We are also developing new products such as components for organic EL displays and touch panels, and are focusing on new markets to serve as new earnings sources.

## **[BEVERAGES]**

### **Beverages**

The business environment surrounding the beverage industry is expected to remain harsh, with intensified competition over market share amid continued stagnation in consumption.

Given these conditions, we drew up a medium-term management plan that proposes a vision for the future in which our contribution to local Hokkaido communities, through Coca-Cola's brand strength and close working relationships between Hokkaido society and DNP's Hokkaido-based beverages operations, serves as a foundation for sustainable growth. Based on this plan, we will pursue four strategies aimed at achieving sustained growth: "blazing a new trail," "winning in the marketplace," "offering new value," and "implementing group-wide cost control." Additionally, with the goal of being a company that is trusted and recognized by local communities, we are working to strengthen our internal control systems and corporate governance and to maintain and improve quality, safety, and the environment based on Coca-Cola's propriety integrated management system called KORE.

## **Strengthened organization**

DNP aims to increase its overall group strength by further reinforcing cooperation among business divisions, and to offer wide-ranging solutions by engaging in more *taiwa* (exchange of viewpoints and ideas that leads to identification and resolution of problems) with corporate clients and consumers. In order to expand DNP's business, we will cooperate with other companies that have particular strengths in addition to making the most of our own unique technologies. We have already formed strategic alliances with other companies and implemented mergers and acquisitions in such businesses as electronics, digital photos, and publications distribution. In the future, we will continue to actively pursue such alliances both domestically and overseas.

In addition, we are moving ahead with the redevelopment of Tokyo's Ichigaya district, in order to further promote our business vision of providing P&I Solutions. Currently the project planning and sales offices of various business units are scattered throughout the Tokyo Metropolitan area. We will concentrate these in the Ichigaya district, together with DNP group headquarters functions. We are also working on consolidating manufacturing sites by developing new businesses and reviewing our frameworks for manufacturing and distribution. We began this redevelopment project in 2010, and aim to complete it in 2017. In January 2013, we opened the Communication Plaza dot DNP in the DNP Ichigaya Tamachi Building (Shinjuku, Tokyo) as a consumer contact venue for informing more people about DNP's diverse range of products and services and giving them opportunities to try reading e-books, make photo books, and have other experiences with the aim of expanding B to C business.

## **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. After the Tohoku-Pacific Ocean Earthquake, we reviewed our business continuity plan (BCP), reconsidered our overall product supply chain, enhanced distribution and alternative production systems, and reconfigured our production bases in Japan and overseas in order to minimize the potential impact that a disaster could have on our business. 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**

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, biodiversity protection, thorough management of volatile organic solvent and chemical substance, and green purchasing.

In the fiscal year ended March 31, 2013, we calculated greenhouse gas emissions (Scope3) not only for our manufacturing operations, but also indirect emissions throughout our entire supply chain. Additionally, considering that paper procurement as part of our business activities depends heavily and has a large impact on the ecosystem, we prepared the DNP Group Guidelines for Procurement of Paper for Printing and Converting with the goal of maintaining sustainable forest resources.

Additionally, DNP Fine Chemicals Utsunomiya's Odaka plant (Minamisoma, Fukushima) was shut down as a result of the Tohoku-Pacific Ocean Earthquake, and responding to a request from the national and local governments working to rebuild this area, DNP decided to donate the plant's land and buildings to the city of Minamisoma in April 2013.

#### 4. Consolidated financial statements

##### (1) Consolidated balance sheets

(Million yen)

	Year ended March 31, 2012 (As of March 31, 2012)	Year ended March 31, 2013 (As of March 31, 2013)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	217,518	213,630
Notes and trade receivable	385,101	367,765
Merchandise and finished products	91,912	91,047
Work in progress	39,356	29,030
Raw materials and supplies	19,850	18,977
Deferred income taxes	8,691	10,277
Other	24,228	23,305
Allowance for doubtful accounts	(3,703)	(2,883)
Total current assets	782,956	751,150
Fixed assets		
Property, plant and equipment		
Buildings and structures	542,222	529,760
Accumulated depreciation	(328,707)	(333,740)
Buildings and structures, net	213,514	196,019
Machinery and equipment	866,990	818,946
Accumulated depreciation	(722,663)	(689,595)
Machinery and equipment, net	144,326	129,350
Land	142,149	154,005
Construction in progress	35,410	22,921
Other	147,634	138,564
Accumulated depreciation	(103,469)	(102,406)
Other, net	44,165	36,157
Total property, plant and equipment	579,566	538,454
Intangible fixed assets		
Goodwill	9,975	7,481
Software	25,211	25,516
Other	2,818	2,482
Total intangible fixed assets	38,005	35,480
Investments and other assets		
Investment securities	136,703	189,657
Long-term loans	1,764	9,658
Deferred income taxes	34,580	25,167
Other	40,372	35,385
Allowance for doubtful accounts	(6,034)	(5,977)
Total investments and other assets	207,387	253,890
Total fixed assets	824,959	827,825
Deferred assets		
Business startup costs	864	—
Other	25	—
Total deferred assets	889	—
<b>TOTAL ASSETS</b>	<b>1,608,806</b>	<b>1,578,976</b>

(Million yen)

	Year ended March 31, 2012 (As of March 31, 2012)	Year ended March 31, 2013 (As of March 31, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payable	276,353	249,567
Short-term bank loans	51,809	47,296
Current portion of long-term debt	5,648	6,805
Current portion of bonds	660	50,760
Income taxes payable	8,598	9,014
Reserve for bonuses	15,019	16,004
Other	85,090	78,336
Total current liabilities	443,179	457,784
Long-term liabilities		
Bonds	153,060	102,800
Long-term debt	19,147	19,548
Deferred tax liabilities	1,963	2,170
Provision for retirement benefits	33,229	26,441
Other	44,012	33,175
Total long-term liabilities	251,413	184,135
<b>TOTAL LIABILITIES</b>	<b>694,593</b>	<b>641,920</b>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	723,459	722,057
Treasury stock	(94,172)	(94,226)
Total stockholders' equity	888,649	887,193
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,370	18,908
Net deferred gains (losses) on hedges	(14)	8
Foreign currency translation adjustments	(21,775)	(12,986)
Total accumulated other comprehensive income	(17,420)	5,930
Stock acquisition rights	16	16
Minority interests	42,967	43,915
<b>TOTAL NET ASSETS</b>	<b>914,213</b>	<b>937,055</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,608,806</b>	<b>1,578,976</b>

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

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net sales	1,507,227	1,446,607
Cost of sales	1,246,878	1,186,557
Gross profit	260,349	260,049
Selling, general and administrative expenses	226,334	224,269
Operating income	34,015	35,779
Non-operating income		
Interest and dividends income	3,469	3,464
Equity in earnings of affiliates	345	3,012
Other	7,209	8,356
Total non-operating income	11,024	14,833
Non-operating expenses		
Interest expense	3,424	3,482
Contributions	1,109	1,046
Other	3,661	5,765
Total non-operating expenses	8,195	10,295
Ordinary income	36,843	40,318
Extraordinary gains		
Gain on sale of fixed assets	2,213	9,321
Gain on sale of investment securities	78	155
Other	87	710
Total extraordinary gains	2,379	10,187
Extraordinary losses		
Loss on sale or disposal of fixed assets	5,067	6,478
Impairment loss	25,013	3,563
Loss on devaluation of investment securities	1,147	2,659
Other	5,322	2,652
Total extraordinary losses	36,550	15,353
Income before income taxes and minority interests	2,672	35,151
Current income taxes	17,210	17,079
Deferred income taxes	2,300	(314)
Total income taxes	19,511	16,765
Income (Loss) before minority interests	(16,838)	18,386
Minority losses	(482)	(831)
Net income (loss)	(16,356)	19,217

## Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Income (Loss) before minority interests	(16,838)	18,386
Other comprehensive income		
Valuation difference on available-for-sale securities	3,697	14,290
Net deferred gains (losses) on hedges	(2)	7
Foreign currency translation adjustments	(4,194)	9,276
Share of other comprehensive income of associates accounted for using equity method	(1)	161
Total other comprehensive income	(501)	23,735
Comprehensive income	(17,340)	42,121
Attributable to :		
Shareholders of parent company	(16,596)	42,568
Minority interests	(744)	(446)

**(3) Consolidated statements of changes in net assets**

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Stockholders' equity		
Common stock		
Balance at the beginning of current period	114,464	114,464
Balance at the end of current period	114,464	114,464
Capital surplus		
Balance at the beginning of current period	144,898	144,898
Balance at the end of current period	144,898	144,898
Retained earnings		
Balance at the beginning of current period	760,452	723,459
Changes of items during the period		
Cash dividends paid	(20,628)	(20,626)
Net income (loss)	(16,356)	19,217
Change of scope of consolidation	–	17
Disposal of treasury stock	(8)	(10)
Total changes of items during the period	(36,992)	(1,401)
Balance at the end of current period	723,459	722,057
Treasury stock		
Balance at the beginning of current period	(94,113)	(94,172)
Changes of items during the period		
Purchase of treasury stock	(76)	(38)
Disposal of treasury stock	16	16
Increase in treasury stock from increase in equity-method affiliates	–	(32)
Total changes of items during the period	(59)	(53)
Balance at the end of current period	(94,172)	(94,226)
Total stockholders' equity		
Balance at the beginning of current period	925,702	888,649
Changes of items during the period		
Cash dividends paid	(20,628)	(20,626)
Net income (loss)	(16,356)	19,217
Change of scope of consolidation	–	17
Purchase of treasury stock	(76)	(38)
Disposal of treasury stock	8	6
Increase in treasury stock from increase in equity-method affiliates	–	(32)
Total changes of items during the period	(37,052)	(1,455)
Balance at the end of current period	888,649	887,193

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	832	4,370
Changes of items during the period		
Net changes in items other than stockholders' equity	3,537	14,538
Total changes of items during the period	3,537	14,538
Balance at the end of current period	4,370	18,908
Net deferred gains (losses) on hedges		
Balance at the beginning of current period	(12)	(14)
Changes of items during the period		
Net changes in items other than stockholders' equity	(2)	23
Total changes of items during the period	(2)	23
Balance at the end of current period	(14)	8
Foreign currency translation adjustments		
Balance at the beginning of current period	(18,000)	(21,775)
Changes of items during the period		
Net changes in items other than stockholders' equity	(3,775)	8,788
Total changes of items during the period	(3,775)	8,788
Balance at the end of current period	(21,775)	(12,986)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(17,180)	(17,420)
Changes of items during the period		
Net changes in items other than stockholders' equity	(240)	23,350
Total changes of items during the period	(240)	23,350
Balance at the end of current period	(17,420)	5,930
Stock acquisition rights		
Balance at the beginning of current period	16	16
Balance at the end of current period	16	16
Minority interests		
Balance at the beginning of current period	43,902	42,967
Changes of items during the period		
Net changes in items other than stockholders' equity	(934)	947
Total changes of items during the period	(934)	947
Balance at the end of current period	42,967	43,915



(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Total net assets		
Balance at the beginning of current period	952,440	914,213
Changes of items during the period		
Cash dividends paid	(20,628)	(20,626)
Net income (loss)	(16,356)	19,217
Change of scope of consolidation	—	17
Purchase of treasury stock	(76)	(38)
Disposal of treasury stock	8	6
Increase in treasury stock from increase in equity-method affiliates	—	(32)
Net changes in items other than stockholders' equity	(1,174)	24,298
Total changes of items during the period	(38,227)	22,842
Balance at the end of current period	914,213	937,055

#### (4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	2,672	35,151
Depreciation	95,829	80,200
Impairment loss	25,013	3,563
Decrease of doubtful receivables, net	(8,428)	(1,043)
Decrease of provision for retirement benefits, net	(5,449)	(6,694)
Equity in gains of affiliates	(345)	(3,012)
Amortization of consolidation goodwill, net	3,335	3,019
Interest and dividend income	(3,469)	(3,464)
Interest expense	3,424	3,482
Net gain on sales of investment securities	(39)	(140)
Net loss on devaluation of investment securities	1,149	2,691
Net losses (gains) on sale or disposal of fixed assets	2,888	(2,816)
Decrease in trade receivables	18,726	19,481
Decrease (Increase) in inventories	(11,758)	12,295
Increase (Decrease) in trade payables	2,828	(31,665)
Other	2,751	8,638
Sub-total	129,130	119,689
Payments for extra retirement payments	(942)	(1,703)
Payment of income taxes	(19,585)	(17,487)
Net cash provided by operating activities	108,603	100,497
Cash flows from investing activities		
Net decrease (increase) in time deposits	538	(275)
Payments for purchases of property, plant and equipment	(74,673)	(66,216)
Proceeds from sales of property, plant and equipment	5,998	14,718
Payments for purchases of investment securities	(2,468)	(14,138)
Proceeds from sales of investment securities	277	489
Payments for purchases of subsidiary stocks	(538)	—
Proceeds from transfer of business	—	8,091
Interest and dividends received	4,003	3,971
Other	(13,264)	(19,227)
Net cash used in investing activities	(80,126)	(72,587)

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	677	(5,490)
Proceeds from long-term debt	7,025	7,450
Repayments of long-term debt	(6,259)	(6,437)
Proceeds from issuance of bonds	1,188	500
Payments for redemption of bonds	(2,603)	(660)
Proceeds from stock issuance to minority shareholders	–	1,882
Payments for purchases of treasury stock	(76)	(38)
Payments for purchases of treasury stock of subsidiaries	(0)	(1)
Interest paid	(3,269)	(3,494)
Dividends paid	(20,628)	(20,626)
Dividends paid to minority interests	(433)	(405)
Other	(8,453)	(8,914)
Net cash used in financing activities	(32,833)	(36,236)
Effect of exchange rate changes on cash and cash equivalents	(1,716)	4,133
Net decrease in cash and cash equivalents	(6,072)	(4,192)
Cash and cash equivalents at beginning of year	222,056	216,279
Increase (Decrease) in cash and cash equivalents resulting from change of scope of consolidation	295	(25)
Cash and cash equivalents at end of year	216,279	212,062

## **(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: 120**

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

##### **Number of equity-method affiliated companies: 13**

Major companies: Nihon Unisys, Ltd.  
BOOKOFF CORPORATION LIMITED, All About, Inc.  
Kyoiku Shuppan Co., Ltd., SHUFUNOTOMO Co., Ltd.  
DIC Graphics Corporation

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

##### **(Scope of consolidation)**

Newly included: 3 DNP Vietnam Co., Ltd. and two other companies  
Excluded: 8 DNP Technopack Yokohama Co., Ltd. and seven other companies

##### **(Application of equity method)**

Newly included: 1 Nihon Unisys, Ltd.

#### **3) Matters concerning the fiscal years of consolidated subsidiaries**

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 27 others have fiscal years that end on December 31, while Maruzen CHI Holdings Co., Ltd. and 23 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 the sale prices computed 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), Plant No. 3 and Himeji Plant 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 (not more than 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.
- Provision for retirement benefits To cover future payments of employee retirement benefits, provisions for employees' retirement benefits are based on an amount incurred by the fiscal year-end based on estimated retirement benefit liabilities and pension plan assets at the end of the 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 beginning in the fiscal year in which the gains/losses are recognized and 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).

**(d) Accounting treatment of consumption taxes**

National and local consumption taxes are excluded from transaction amounts.

**(e) Amortization of goodwill and negative goodwill**

Goodwill and negative goodwill incurred prior to 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.

**(f) 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]**

[Changes in accounting policies that are difficult to distinguish from changes in accounting estimates]

In line with revisions of the Corporation Tax Act, Dai Nippon Printing Co., Ltd. and domestic consolidated subsidiaries changed to a depreciation method based on the revised act for property, plant and equipment acquired on or after April 1, 2012 starting in this fiscal year.

This change has an immaterial impact on earnings.

**[Consolidated balance sheets]**

	Year ended March 31, 2012	Year ended March 31, 2013
1. Guarantee obligation	¥56 million	¥34 million
2. Discounts on notes receivable	¥704 million	¥643 million

**[Consolidated statements of income]**

	Year ended March 31, 2012	Year ended March 31, 2013
1. Research and development expenses (Selling, general and administrative expenses, and cost of sales)	¥31,690 million	¥30,820 million

## 2. Impairment losses

In the current fiscal year, DNP recorded impairment losses for the following asset groups.

Location	Purpose	Type
Tobata, Kitakyushu etc.	Energy-related component production equipment, etc.	Machinery, buildings and structures, other

In calculating impairment losses, DNP groups assets based mainly on the business groups that serve as profit/loss units. It also considers impairment losses for each individual item for loaned assets and idle assets.

As a result, DNP lowered the carrying amounts of asset groups with diminished profitability to their recoverable amounts, and recorded this decrease as an impairment loss (¥3,563 million) under extraordinary losses.

Asset group breakdown: Energy-related component production equipment (¥2,750 million) and other (¥813 million). Fixed asset category breakdown: machinery (¥1,844 million), buildings and structures (¥924 million), and other (¥794 million).

DNP determines recoverable amounts of idle assets based on net selling prices and other assets based on value in use. However, because selling prices are difficult to calculate for idle assets, DNP mainly lowers carrying amounts to their residual value. DNP calculates value in use mainly by discounting future cash flows by 10%.

**[Consolidated statements of changes in net assets]**

**The year ended March 31, 2012 (April 1, 2011 – March 31, 2012)**

**1. Types and number of shares outstanding and treasury stock**

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2012	Increase in number of shares during the year ended March 2012	Decrease in number of shares during the year ended March 2012	Number of shares at the end of the year ended March 2012
Outstanding shares	Common stock	700,480,693	–	–	700,480,693
Treasury stock	Common stock	56,338,163	89,456	9,854	56,417,765

Notes: 1. The increase of 89,456 treasury shares is due to the repurchase of odd-lot shares.

2. The decrease of 9,854 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 2012 (Million yen)
			Beginning of the year ended March 2012	Increase	Decrease	End of the year ended March 2012	
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 29, 2011	Common stock	10,314	16	March 31, 2011	June 30, 2011
Board of Directors' meeting on November 10, 2011	Common stock	10,313	16	September 30, 2011	December 9, 2011

**(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 28, 2012	Common stock	10,313	Retained earnings	16	March 31, 2012	June 29, 2012



## The year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

### 1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2013	Increase in number of shares during the year ended March 2013	Decrease in number of shares during the year ended March 2013	Number of shares at the end of the year ended March 2013
Outstanding shares	Common stock	700,480,693	–	–	700,480,693
Treasury stock	Common stock	56,417,765	82,541	9,977	56,490,329

- Notes:
- Treasury stock increased by 82,541 shares, comprising 58,810 shares from the repurchase of odd-lot shares and 23,731 shares from the return of shares resulting from an increase in equity-method affiliates.
  - The decrease of 9,977 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 2013 (Million yen)
			Beginning of the year ended March 2013	Increase	Decrease	End of the year ended March 2013	
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 28, 2012	Common stock	10,313	16	March 31, 2012	June 29, 2012
Board of Directors' meeting on November 8, 2012	Common stock	10,313	16	September 30, 2012	December 10, 2012

#### (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, 2013	Common stock	10,312	Retained earnings	16	March 31, 2013	June 28, 2013

## **[Segment information, etc.]**

### **1. Overview of the 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.

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.

### **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 (loss) figures are based on operating income (loss). Inter-segment sales and transfers are based on third-party transaction prices.

As noted in the section titled, "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates," in line with revisions of the Corporation Tax Act, DNP changed to a depreciation method based on the revised act for property, plant and equipment acquired on or after April 1, 2012 starting in this fiscal year. As a result, DNP changed its depreciation method for reporting segments to a method based on the revised Corporation Tax Act. This change has an immaterial impact on reporting segment income or losses.

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

#### The year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements <sup>Note 2</sup>
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	708,531	516,817	224,809	57,069	1,507,227	–	1,507,227
Inter-segment	6,106	6,024	1	3	12,135	(12,135)	–
Total	714,637	522,842	224,811	57,072	1,519,363	(12,135)	1,507,227
Segment income (loss)	15,488	31,839	(4,647)	1,334	44,014	(9,999)	34,015
Segment assets	620,615	565,398	287,957	45,660	1,519,631	89,174	1,608,806
Other items							
Depreciation and amortization	24,041	25,532	40,441	3,436	93,450	2,378	95,829
Amortization of goodwill	1,586	1,672	167	0	3,426	–	3,426
Impairment loss	234	–	24,773	4	25,013	–	25,013
Increase in property, plant and equipment and in intangible fixed assets	29,905	39,520	23,503	3,864	96,793	1,395	98,188

Notes: 1. Figures are adjusted as follows.

- (1) Segment income (loss) is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
- (2) Segment 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 (loss) is adjusted to reflect operating income as reported in the consolidated financial statements.

#### The year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements <sup>Note 2</sup>
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	698,362	511,464	180,506	56,273	1,446,607	–	1,446,607
Inter-segment	6,364	9,960	1	2	16,328	(16,328)	–
Total	704,727	521,425	180,507	56,276	1,462,935	(16,328)	1,446,607
Segment income (loss)	15,944	28,028	(304)	470	44,139	(8,359)	35,779
Segment assets	606,572	583,120	238,828	45,887	1,474,408	104,568	1,578,976
Other items							
Depreciation and amortization	22,255	26,467	25,956	3,976	78,656	1,544	80,200
Amortization of goodwill	1,533	1,410	325	0	3,270	–	3,270
Impairment loss	704	2,761	9	32	3,508	55	3,563
Increase in property, plant and equipment and in intangible fixed assets	27,267	32,596	20,128	7,114	87,107	1,206	88,314

Notes: 1. Figures are adjusted as follows.

- (1) Segment income (loss) is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
- (2) Segment 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 (loss) is adjusted to reflect operating income as reported in the consolidated financial statements.

## (Related information)

### The year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

#### 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
1,314,933	133,477	58,817	1,507,227

- 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, 2013 (April 1, 2012 – March 31, 2013)

#### 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
1,250,987	137,537	58,082	1,446,607

- 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.

**[Per share information]**

Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)		Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)	
Net assets per share	¥1,352.71	Net assets per share	¥1,386.86
Net loss per share	¥(25.39)	Net income per share	¥29.84
Diluted net income per share is not reported because a net loss per share was recorded.		Diluted net income per share	¥29.79

**Note: Basis of calculations****1. Net assets per share**

		Year ended March 31, 2012 (As of March 31, 2012)	Year ended March 31, 2013 (As of March 31, 2013)
Total net assets	(Million yen)	914,213	937,055
Amount excluded from total net assets	(Million yen)	42,984	43,931
Of which, stock acquisition rights	(Million yen)	16	16
Of which, minority interests	(Million yen)	42,967	43,915
Net assets at fiscal year-end pertaining to common stock	(Million yen)	871,229	893,124
Number of common shares outstanding	(Thousand shares)	700,480	700,480
Number of common treasury shares	(Thousand shares)	56,417	56,490
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	644,062	643,990

**2. Net income (loss) per share and diluted net income per share**

		Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)	Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)
(1) Net income (loss) per share			
Net income (loss)	(Million yen)	(16,356)	19,217
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income (loss) pertaining to common stock	(Million yen)	(16,356)	19,217
Average number of common shares outstanding during the fiscal year	(Thousand shares)	644,102	644,029
(2) Diluted net income per share			
Net income adjustment	(Million yen)	–	(31)
Of which, impact of dilutive stock of consolidated subsidiaries	(Million yen)	–	(31)
Increase in common stock	(Thousand shares)	–	–

**[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.

## 5. Non-consolidated financial statements

### (1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2012 (As of March 31, 2012)	Year ended March 31, 2013 (As of March 31, 2013)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	145,540	133,226
Notes receivable	34,836	33,717
Trade receivable	264,358	253,860
Merchandise and finished goods	4,915	3,759
Work in progress	14,829	11,445
Raw materials and supplies	2,276	2,061
Deferred income taxes	3,502	4,476
Other	28,061	25,330
Allowance for doubtful accounts	(1,838)	(1,261)
Total current assets	496,483	466,616
Fixed assets		
Property, plant and equipment		
Buildings	411,354	398,871
Accumulated depreciation	(245,917)	(250,004)
Buildings, net	165,436	148,867
Structures	32,344	31,685
Accumulated depreciation	(24,503)	(24,381)
Structures, net	7,840	7,304
Machinery	697,803	637,526
Accumulated depreciation	(592,394)	(552,208)
Machinery, net	105,409	85,317
Vehicles	1,169	1,282
Accumulated depreciation	(1,050)	(1,089)
Vehicles, net	119	193
Equipment	48,586	49,174
Accumulated depreciation	(40,764)	(41,462)
Equipment, net	7,821	7,711
Land	119,314	131,483
Lease asset	8,562	2,529
Accumulated depreciation	(1,902)	(1,317)
Lease asset, net	6,659	1,211
Construction in progress	31,142	16,098
Total property, plant and equipment	443,744	398,187
Intangible fixed assets		
Software	17,218	18,304
Other	6,058	4,580
Total intangible fixed assets	23,276	22,884
Investments and other assets		
Investment securities	115,883	153,566
Investments in securities in affiliates	132,552	149,719
Investments in capital of affiliates	894	2,008
Long-term loans	9,754	16,821
Deferred income taxes	25,843	17,361
Other	33,301	37,815
Allowance for doubtful accounts	(15,800)	(17,016)
Total investments and other assets	302,429	360,275
Total fixed assets	769,450	781,347
<b>TOTAL ASSETS</b>	<b>1,265,933</b>	<b>1,247,963</b>





(Million yen)

	Year ended March 31, 2012 (As of March 31, 2012)	Year ended March 31, 2013 (As of March 31, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable	18,306	14,996
Trade payable	180,672	173,137
Current portion of bonds	–	50,000
Lease obligations	793	432
Accounts payable - other	51,725	38,217
Accrued expenses	14,453	14,754
Deposits payable	162,277	170,805
Reserve for bonuses	6,208	6,800
Reserve for bonuses to directors	150	155
Reserve for disaster losses	1,106	744
Provision for loss on liquidation of affiliates	–	200
Notes payable for facilities	1,240	898
Other	5,675	2,080
Total current liabilities	442,608	473,222
Long-term liabilities		
Bonds	150,000	100,000
Lease obligations	6,199	839
Asset retirement obligations	3,068	1,101
Long-term accounts payable	6,343	6,177
Provision for retirement benefits	6,865	7,081
Reserve for environmental measures	73	70
Total long-term liabilities	172,549	115,270
<b>TOTAL LIABILITIES</b>	<b>615,158</b>	<b>588,492</b>
<b>NET ASSETS</b>		
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	6,335	956
Reserve for depreciation reduction of fixed assets	44	38
Other reserve	432,780	382,780
Retained earnings brought forward	19,047	68,728
Total retained earnings	481,506	475,803
Treasury stock	(94,148)	(94,169)
Total stockholders' equity	646,721	640,996
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,061	18,473
Net deferred gains (losses) on hedges	(7)	1
Total valuation and translation adjustments	4,053	18,474
<b>TOTAL NET ASSETS</b>	<b>650,775</b>	<b>659,471</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,265,933</b>	<b>1,247,963</b>

**(2) Non-consolidated statements of income**

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net sales	972,638	926,142
Cost of sales	871,886	826,122
Gross profit	100,752	100,019
Selling, general and administrative expenses	105,431	104,008
Operating loss	(4,678)	(3,988)
Non-operating income		
Interest income	647	417
Dividend income	9,933	18,014
Other	56,246	45,824
Total non-operating income	66,826	64,256
Non-operating expenses		
Interest expense	2,366	2,366
Other	49,021	38,017
Total non-operating expenses	51,388	40,383
Ordinary income	10,760	19,884
Extraordinary gains		
Gain on sale of fixed assets	496	7,004
Gain on sale of investment securities	68	154
Gain on liquidation of affiliates	1,751	—
Gain on exchange of stock	—	1,869
Other	3	—
Total extraordinary gains	2,319	9,028
Extraordinary losses		
Loss on sale or disposal of fixed assets	3,688	5,329
Impairment loss	20,097	2,818
Loss on devaluation of investment securities	976	2,631
Loss on devaluation of securities in affiliates	2,030	1,557
Disaster losses and provision of reserve for disaster	386	—
Other	1,885	1,454
Total extraordinary losses	29,064	13,790
Income (Loss) before income taxes	(15,984)	15,121
Current income taxes	220	670
Deferred income taxes	2,299	(481)
Total income taxes	2,519	188
Net income (loss)	(18,504)	14,933

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

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Stockholders' equity		
Common stock		
Balance at the beginning of current period	114,464	114,464
Balance at the end of current period	114,464	114,464
Capital surplus		
Capital reserve		
Balance at the beginning of current period	144,898	144,898
Balance at the end of current period	144,898	144,898
Total capital surplus		
Balance at the beginning of current period	144,898	144,898
Balance at the end of current period	144,898	144,898
Retained earnings		
Legal reserve		
Balance at the beginning of current period	23,300	23,300
Balance at the end of current period	23,300	23,300
Other retained earnings		
Reserve for loss on overseas investment		
Balance at the beginning of current period	0	—
Changes of items during the period		
Reversal of reserve for loss on overseas investment	(0)	—
Total changes of items during the period	(0)	—
Balance at the end of current period	—	—
Reserve for special depreciation		
Balance at the beginning of current period	7,492	6,335
Changes of items during the period		
Provision of reserve for special depreciation	357	—
Reversal of reserve for special depreciation	(1,514)	(5,379)
Total changes of items during the period	(1,156)	(5,379)
Balance at the end of current period	6,335	956
Reserve for depreciation reduction of fixed assets		
Balance at the beginning of current period	46	44
Changes of items during the period		
Reversal of reserve for depreciation reduction of fixed assets	(1)	(5)
Total changes of items during the period	(1)	(5)
Balance at the end of current period	44	38
Other reserve		
Balance at the beginning of current period	432,780	432,780
Changes of items during the period		
Reversal of other reserve	—	(50,000)
Total changes of items during the period	—	(50,000)
Balance at the end of current period	432,780	382,780

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Retained earnings brought forward		
Balance at the beginning of current period	57,029	19,047
Changes of items during the period		
Reversal of reserve for losses on overseas investment	0	—
Provision of reserve for special depreciation	(357)	—
Reversal of reserve for special depreciation	1,514	5,379
Reversal of reserve for depreciation reduction of fixed assets	1	5
Reversal of other reserve	—	50,000
Cash dividends paid	(20,628)	(20,626)
Net income (loss)	(18,504)	14,933
Disposal of treasury stock	(8)	(10)
Total changes of items during the period	(37,982)	49,681
Balance at the end of current period	19,047	68,728
Total retained earnings		
Balance at the beginning of current period	520,647	481,506
Changes of items during the period		
Reversal of reserve for losses on overseas investment	—	—
Provision of reserve for special depreciation	—	—
Reversal of reserve for special depreciation	—	—
Reversal of reserve for depreciation reduction of fixed assets	—	—
Reversal of other reserve	—	—
Cash dividends paid	(20,628)	(20,626)
Net income (loss)	(18,504)	14,933
Disposal of treasury stock	(8)	(10)
Total changes of items during the period	(39,140)	(5,703)
Balance at the end of current period	481,506	475,803
Treasury stock		
Balance at the beginning of current period	(94,088)	(94,148)
Changes of items during the period		
Purchase of treasury stock	(76)	(38)
Disposal of treasury stock	16	16
Total changes of items during the period	(59)	(21)
Balance at the end of current period	(94,148)	(94,169)
Total stockholders' equity		
Balance at the beginning of current period	685,922	646,721
Changes of items during the period		
Cash dividends paid	(20,628)	(20,626)
Net income (loss)	(18,504)	14,933
Purchase of treasury stock	(76)	(38)
Disposal of treasury stock	8	6
Total changes of items during the period	(39,200)	(5,725)
Balance at the end of current period	646,721	640,996

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	763	4,061
Changes of items during the period		
Net changes in items other than stockholders' equity	3,298	14,412
Total changes of items during the period	3,298	14,412
Balance at the end of current period	4,061	18,473
Net deferred gains (losses) on hedges		
Balance at the beginning of current period	(10)	(7)
Changes of items during the period		
Net changes in items other than stockholders' equity	2	8
Total changes of items during the period	2	8
Balance at the end of current period	(7)	1
Total valuation and translation adjustments		
Balance at the beginning of current period	752	4,053
Changes of items during the period		
Net changes in items other than stockholders' equity	3,301	14,420
Total changes of items during the period	3,301	14,420
Balance at the end of current period	4,053	18,474
Total net assets		
Balance at the beginning of current period	686,674	650,775
Changes of items during the period		
Cash dividends paid	(20,628)	(20,626)
Net income (loss)	(18,504)	14,933
Purchase of treasury stock	(76)	(38)
Disposal of treasury stock	8	6
Net changes in items other than stockholders' equity	3,301	14,420
Total changes of items during the period	(35,899)	8,695
Balance at the end of current period	650,775	659,471

#### **(4) Notes regarding non-consolidated financial statements**

##### **[Notes on premise of a going concern]**

None

#### **6. Changes in directors and officers (as of June 27, 2013)**

- 1) New director candidates (at the Ordinary General Meeting of Shareholders to be held on June 27)

Managing Director	Takashi Saito (currently Senior Corporate Officer)
Director	Satoru Inoue (currently Deputy General Manager of Technical & Engineering Division)

- 2) Directors to be retired (at the end of the Ordinary General Meeting of Shareholders to be held on June 27)

Managing Director	Kazumasa Hiroki (to be assigned as Adviser)
Managing Director	Yoshiki Nozaka (to be assigned as President of DNP Fine Chemicals Co., Ltd.)

- 3) New corporate officer candidates

Corporate Officer	Kiyotaka Nakagawa (currently General Manager of honto Business Operations)
Corporate Officer	Naohiko Sugimoto (currently General Manager of Ichigaya Publication Printing Operations)
Corporate Officer	Shuichi Kobayashi (currently Deputy General Manager of Packaging Operations)

- 4) Corporate officers to be retired

Senior Corporate Officer	Tatsuro Kitayuguchi (to be assigned as Adviser)
Corporate Officer	Yasuo Takeda (to be assigned as Adviser)

- 5) Corporate officers to be promoted

Senior Corporate Officer	Morihiro Muramoto (currently Corporate Officer)
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