



Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 [J-GAAP]

May 13, 2014

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7912 URL: <http://www.dnp.co.jp/>
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 Holding of earnings announcement: None

*Amounts under one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014	1,448,550	0.1	50,098	40.0	53,285	32.2	25,641	33.4
Year ended March 31, 2013	1,446,607	(4.0)	35,779	5.2	40,318	9.4	19,217	–

Note: Comprehensive income: Year ended March 31, 2014: ¥55,717 million (32.3%)
 Year ended March 31, 2013: ¥42,121 million (–%)

	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, 2014	39.82	39.65	2.8	3.4	3.5
Year ended March 31, 2013	29.84	29.79	2.2	2.5	2.5

Reference: Equity in earnings of affiliates: Year ended March 31, 2014: ¥742 million
 Year ended March 31, 2013: ¥3,012 million

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2014	1,574,753	976,386	59.2	1,447.96
As of March 31, 2013	1,578,976	937,055	56.6	1,386.86

Reference: Stockholders' equity: As of March 31, 2014: ¥932,329 million As of March 31, 2013: ¥893,124 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, 2014	120,108	(58,370)	(80,038)	199,813
Year ended March 31, 2013	100,497	(72,587)	(36,236)	212,062

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, 2013	–	16.00	–	16.00	32.00	20,625	107.2	2.3
Year ended March 31, 2014	–	16.00	–	16.00	32.00	20,623	80.4	2.3
Year ending March 31, 2015 (Forecast)	–	16.00	–	16.00	32.00		79.2	

3. Consolidated earnings forecasts for the year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	1,500,000	3.6	52,000	3.8	54,000	1.3	26,000	1.4	40.38

* 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: No
- 4) Restatement of revisions: No

Note: For further details, see the section titled, "4. Consolidated financial statements (5) Notes regarding consolidated financial statements [Changes in accounting policies]," on page 26.

(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, 2014	700,480,693 shares	As of March 31, 2013	700,480,693 shares
2) Number of treasury shares at end of each period	As of March 31, 2014	56,586,830 shares	As of March 31, 2013	56,490,329 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2014	643,945,619 shares	Year ended March 31, 2013	644,029,540 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014	919,016	(0.8)	3,447	–	26,483	33.2	12,547	(16.0)
Year ended March 31, 2013	926,142	(4.8)	(3,988)	–	19,884	84.8	14,933	–

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2014	19.47	–
Year ended March 31, 2013	23.17	–

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2014	1,228,480	666,162	54.2	1,033.71
As of March 31, 2013	1,247,963	659,471	52.8	1,023.17

Reference: Stockholders' equity: As of March 31, 2014: ¥666,162 million As of March 31, 2013: ¥659,471 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, 2014

During the fiscal year ended March 31, 2014, Japan's economy showed some positive signs, including an increase in consumer spending and improvement in corporate earnings, aided by a series of government economic policies. However, the economy has still not reached a full-fledged recovery, due partly to the impact of higher energy prices and slower economic growth in emerging countries.

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

In this environment, the DNP Group (DNP) sought to aggressively develop its business under the catchphrase "Today's Innovation is Tomorrow's Basic" and deliver products, services, and various solutions tailored to the needs of companies and consumers, based on its P&I Solutions business vision (P&I stands for "Printing Technology" and "Information Technology").

DNP opened the DNP Kashiwa Data Center equipped with advanced information security and earthquake and fire protection in December 2013. This center provides a business platform for safely and securely handling customer information and other data, mainly in the Information Communication segment, and DNP is using this infrastructure to deliver cloud services to companies and move forward with consumer services such as e-books and e-flyers. In the Lifestyle and Industrial Supplies segment, DNP is focusing on expanding business in Southeast Asia amid expectations for economic growth, and opened a new packaging materials plant in Vietnam in May 2013. Additionally, to respond to growing photo printing needs in Southeast Asia, DNP completed construction of a plant in Malaysia to make dye-sublimation thermal transfer printing media (color ink ribbons and receiver paper) in December 2013. In the Electronics segment, DNP has worked to improve earnings by reworking production lines, consolidating production facilities, and rebuilding its organizational structure.

Amid major changes in society, DNP seeks to quickly identify problems that face consumers and society and create new value by solving these problems.

As a result of these activities, consolidated net sales grew 0.1% year on year to ¥1,448.5 billion, consolidated operating income grew 40.0% to ¥50.0 billion, consolidated ordinary income grew 32.2% to ¥53.2 billion, and consolidated net income grew 33.4% to ¥25.6 billion.

The results by segment are as follows.

[PRINTING]

Information Communication

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

In the Commercial Printing business, despite growth for Business Process Outsourcing (BPO; e.g., operation of campaign offices and customer centers), overall sales decreased year on year on weak sales for existing printed materials, including pamphlets and catalogs.

The Business Forms business performed well as Information Processing Services (IPS; ranging from data entry to printing and shipment of personalized mail and other items) increased with the start of account opening services for the Nippon Individual Savings Account (NISA) program.

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. However, sales decreased from the previous year on a decline in bookstore sales.

As a result of the above, overall segment sales fell 0.6% year on year to ¥700.3 billion and operating income fell 25.4% to ¥11.9 billion.

Lifestyle and Industrial Supplies

In the Packaging business, film packaging for foods and daily goods was firm, but sales decreased year on year on a decline for PET bottle aseptic filling systems.

The Lifestyle Materials business performed well on growth for eco-friendly products that use DNP's proprietary Electron Beam coating technology, aided by an increase in rush demand ahead of the consumption tax hike.

In the Industrial Supplies business, despite a decline for energy-related products, including soft packs for lithium-ion batteries, overall sales increased year on year on growth for LCD surface films and strong sales of dye-sublimation thermal transfer printing media for photo printers, buoyed by a contribution from a new plant in Malaysia.

As a result of the above, overall segment sales grew 2.3% year on year to ¥533.5 billion and operating income rose 21.0% to ¥33.9 billion.

Electronics

In the LCD Color Filter business, small- and medium-sized filters were firm as a result of shifting production to smartphones and tablets, but sales decreased year on year on a decline for large TV and PC filters.

Semiconductor photomasks were sluggish in Japan, but sales increased from last year as a result of tapping into overseas demand, which continues to expand.

As a result of the above, overall segment sales fell 5.1% year on year to ¥171.3 billion and operating income totaled ¥12.9 billion, versus a loss of ¥0.3 billion in the previous fiscal year.

[BEVERAGES]

Beverages

The soft drink market continues to face severe sales competition, and DNP worked to expand sales through aggressive promotional activities.

As a result of the above, sales increased for I LOHAS, a brand of mineral water that uses a lightweight PET bottle, but decreased for coffee beverages. Overall segment sales fell 2.6% year on year to ¥54.8 billion but operating income grew 38.6% to ¥0.6 billion.

2) Forecast for the fiscal year ending March 31, 2015

Concerning the future outlook, although DNP expects a series of government economic policies to help overcome deflation and spur an economic recovery, it is concerned about the impact of lower demand after the consumption tax hike and 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, 2015, 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 pursue aggressive business activities to organize and analyze the problems facing society, and to provide solutions that leverage its strengths based on the main themes of "information distribution", "health and medical care", "environment and energy", and "comfortable living". DNP will also work to increase productivity further to establish a more robust business base.

For the fiscal year ending March 31, 2015, DNP forecasts consolidated net sales of ¥1,500.0 billion, consolidated operating income of ¥52.0 billion, consolidated ordinary income of ¥54.0 billion, and consolidated net income of ¥26.0 billion.

(2) Analysis of financial position

1) Assets, liabilities, and net assets

Total assets at the end of the current fiscal year decreased by ¥4.2 billion from the end of the previous fiscal year to ¥1,574.7 billion, due mainly to a decrease for cash and time deposits.

Total liabilities decreased by ¥43.5 billion from the end of the previous fiscal year to ¥598.3 billion, due mainly to a decrease for current portion of bonds.

Net assets increased by ¥39.3 billion from the end of the previous fiscal year to ¥976.3 billion, due mainly to increases for valuation difference on available-for-sale securities and foreign currency translation adjustments.

2) Cash flows

Consolidated cash flow provided by operating activities totaled ¥120.1 billion (¥100.4 billion in the previous fiscal year), due mainly to ¥48.6 billion in income before income taxes and minority interests and ¥73.4 billion in depreciation.

Cash flow used in investing activities totaled ¥58.3 billion (¥72.5 billion in the previous fiscal year), due mainly to ¥54.8 billion in payments for purchases of property, plant and equipment. Cash flow used in financing activities totaled ¥80.0 billion (¥36.2 billion in the previous fiscal year), due mainly to ¥50.7 billion in payments for redemption of bonds and ¥20.6 billion in dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year decreased by ¥12.2 billion from the end of the previous fiscal year to ¥199.8 billion.

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

	Year ended March 2010	Year ended March 2011	Year ended March 2012	Year ended March 2013	Year ended March 2014
Equity ratio (%)	56.6	55.1	54.2	56.6	59.2
Market value-based equity ratio (%)	50.3	39.6	33.9	36.1	40.4
Debt-to-cash flow ratio (year)	1.2	1.6	2.1	2.3	1.5
Interest coverage ratio (times)	63.9	52.6	33.2	28.8	40.6

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, 2014 and year ending March 31, 2015

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.

The forecast dividend for the fiscal year ending March 31, 2015 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, 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, and the impact of major disasters. 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, 153 subsidiaries, and 18 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. 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. Maruzen Bookstores Co., Ltd., Toshokan Ryutsu Center Co., Ltd. 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.

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

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 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 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 Nishi Nippon 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

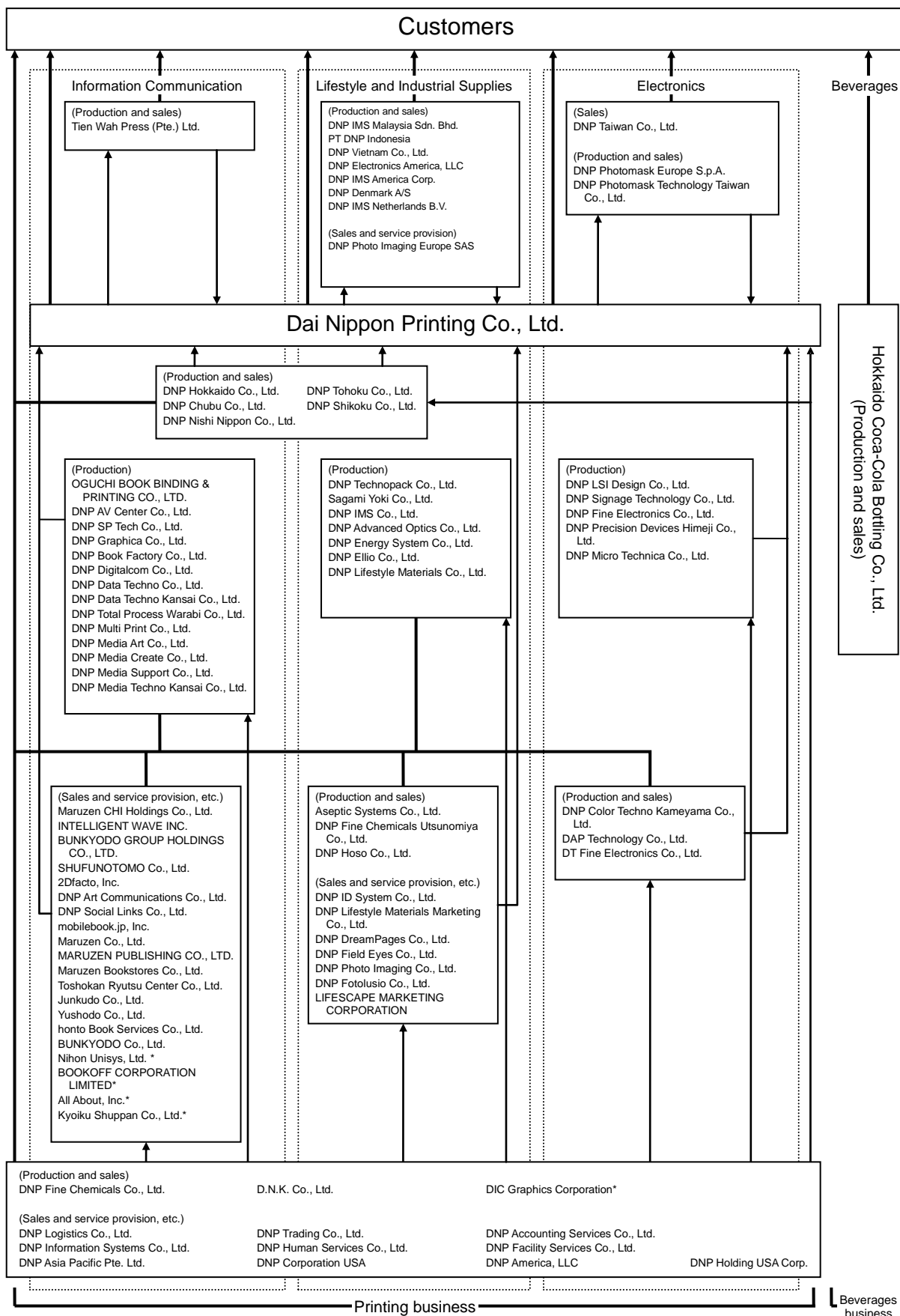
Centered on Hokkaido Coca-Cola Bottling Co., Ltd.; manufacture/sale of soft drinks and juices

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 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. 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 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.

Major changes in society and a diversifying range of problems in Japan and overseas have made it necessary to find even better solutions for solving these problems. In particular, Japan faces a growing need to improve the quality of life in a super aged society and to respond to energy and global environmental problems. These conditions offer opportunities to lead the world in addressing these problems and deliver solutions. DNP seeks to fully leverage these opportunities and expand its business domain based on its strengths in printing technologies and other areas. It is also working to create a wide range of products and services that help solve various problems to realize its catchphrase, “Today’s Innovation is Tomorrow’s Basic.”

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.

The DNP Kashiwa Data Center, which opened in December 2013, is a state-of-the-art facility with a high level of information security based on cloud computing technology and expertise from partnering company Nihon Unisys, Ltd., and we will use this facility as a main base in the information communication business. We are leveraging this data center to expand the “honto” hybrid bookstore business that offers both paper books and e-books, and to move forward with consumer-directed services such as the “Orikomio!” e-flyer service and the “Elne” loyalty point service. In the BPO business, we are focusing on solving the problems of our customers, including through the operation of campaign offices as well as back-office centers and customer service sectors in the financial sector.

We are also working to expand business based on the standpoint of consumers, including shopping support services such as the “Receipi!” family budget management application.

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 the Packaging business, we have been manufacturing and selling packaging in Indonesia since 1972, and DNP has achieved the top market share in a wide range of areas including daily goods and foods. Leveraging this experience, we opened a packaging plant in Vietnam in May 2013, as the country continues to achieve high economic growth. We are providing high-value-added products and services to global companies, including Japanese companies who are expanding overseas, by building production facilities in Vietnam, which has attracted attention as a distribution base for Indochina.

In the Information Media Supplies business, printing needs for identification and travel photos have increased in Southeast Asia, and we have prepared a structure to respond to growing demand by completing construction in December 2013 of a plant in Malaysia to make dye-sublimation thermal transfer printing media for photo printing. For barcode products, in May 2013 we increased production capacity by expanding production facilities for thermal resin-type transfer printing media for barcodes at our Pittsburgh plant in the U.S. because consumption in North America and Latin America account for around 40% of global demand.

Our Lifestyle Materials business 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.

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. Both business units share major markets such as electronics, and we believe it will be effective to combine their technology and expertise in developing new products such as touch panel related products. We seek to respond to the rapidly changing needs of companies and consumers by bolstering DNP's patterning, microfabrication, and other world class technologies, developing new high-performance 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.

For optical films, we are focusing on developing new products, mainly for flat-panel displays, that leverage clean converting technologies to increase quality based on coating, laminating, and other technologies.

[BEVERAGES]

Beverages

In the beverage industry, we expect the business environment to remain harsh as companies respond to the consumption tax hike in April 2014 and face earnings pressure from higher sales

promotion costs amid stiffer competition for market share.

Given these conditions, we drew up a medium-term management plan that proposes a vision of contributing to Hokkaido through Coca-Cola's brand strength and the community-based capabilities of our subsidiaries in Hokkaido. 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 bolster corporate governance by building and operating internal control systems and to maintain and improve quality, food safety, the environment, and occupational safety and health based on Coca-Cola's propriety integrated management system called KORE.

Expansion of contact with consumers

DNP opened facilities to enable direct contact with consumers in Tokyo and Osaka in 2013. We are conducting planning in cooperation with these facilities and working to deepen our communication with consumers to gain a better understanding of their problems and expand business that offer solutions to these problems.

In Tokyo, we opened the "Communication Plaza dot DNP," a hands-on showroom that allows consumers to enjoy DNP's various products and services, in Ichigaya Tamachi, Shinjuku in January 2013. This facility includes the "honto Cafe" for consumers to try reading e-books such as novels, comics, and magazines on tablet devices, the "Enjoy! Photo Park" for consumers to experience taking and printing photos in a specially built studio, and the "Digital Picture Book Museum" for parents and their children to enjoy digital picture books from Japan and overseas, and we have also held a variety of events at this facility. It has been used by a large number of people, attracting around 50,000 visitors during the first year after opening.

In Osaka, we opened the "Cafe Lab." in Knowledge Capital, a multi-use facility inside Grand Front Osaka where companies, universities, and research institutes pursue cross-sector collaboration, in April 2013. We opened this communication cafe together with Pronto Corporation, and we offer books carefully selected by staff on the bookshelves and tablet devices to read e-books on the tables. We conduct participatory workshops for consumers to enjoy learning through conversation and experience, and have created a place to spark their intellectual curiosity.

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. In order to expand DNP's business, we will pursue cooperation with other companies that have various 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 information communication, publications distribution, digital photos, and electronics. 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 bolstering cooperation by leveraging our various strengths. On this basis, we are actively pursuing

the integration of production sites through the reform of our production and distribution structures while working to expand existing businesses and develop new businesses. We began this redevelopment project in 2010, and aim to complete it in 2018.

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

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

In the fiscal year ended March 31, 2014, we calculated greenhouse gas emissions (Scope3) in Japan and overseas not only for our manufacturing operations, but also indirect emissions throughout our entire supply chain. We started working toward the global reduction of greenhouse gas emissions. We also prepared targets for water usage volume at the manufacturing stage and launched reduction activities. Paper is a main material for printing, and we understand that our business activities depend heavily and have a large impact on the ecosystem, and are deeply related to climate change. We have prepared paper procurement guidelines with the aim of maintaining sustainable forest resources, and are working together with our suppliers.

4. Consolidated financial statements

(1) Consolidated balance sheets

	(Million yen)	
	Year ended March 31, 2013 (As of March 31, 2013)	Year ended March 31, 2014 (As of March 31, 2014)
ASSETS		
Current assets		
Cash and time deposits	213,630	203,212
Notes and trade receivable	367,765	356,981
Merchandise and finished products	91,047	91,681
Work in progress	29,030	28,509
Raw materials and supplies	18,977	19,464
Deferred income taxes	10,277	8,677
Other	23,305	27,319
Allowance for doubtful accounts	(2,883)	(2,791)
Total current assets	751,150	733,054
Fixed assets		
Property, plant and equipment		
Buildings and structures	529,760	536,978
Accumulated depreciation	(333,740)	(341,652)
Buildings and structures, net	196,019	195,326
Machinery and equipment	818,946	787,368
Accumulated depreciation	(689,595)	(668,465)
Machinery and equipment, net	129,350	118,903
Land	154,005	153,159
Construction in progress	22,921	27,577
Other	138,564	138,791
Accumulated depreciation	(102,406)	(105,220)
Other, net	36,157	33,571
Total property, plant and equipment	538,454	528,538
Intangible fixed assets		
Goodwill	7,481	4,477
Software	25,516	25,026
Other	2,482	2,246
Total intangible fixed assets	35,480	31,751
Investments and other assets		
Investment securities	189,657	217,059
Long-term loans	9,658	9,078
Deferred income taxes	25,167	11,083
Net defined benefit asset	—	19,234
Other	35,385	30,801
Allowance for doubtful accounts	(5,977)	(5,848)
Total investments and other assets	253,890	281,409
Total fixed assets	827,825	841,699
TOTAL ASSETS	1,578,976	1,574,753

(Million yen)

	Year ended March 31, 2013 (As of March 31, 2013)	Year ended March 31, 2014 (As of March 31, 2014)
LIABILITIES		
Current liabilities		
Notes and trade payable	249,567	249,604
Short-term bank loans	47,296	48,961
Current portion of long-term debt	6,805	12,480
Current portion of bonds	50,760	1,850
Income taxes payable	9,014	8,942
Reserve for bonuses	16,004	17,310
Other	78,336	79,272
Total current liabilities	457,784	418,422
Long-term liabilities		
Bonds	102,800	101,800
Long-term debt	19,548	17,505
Deferred tax liabilities	2,170	2,231
Provision for retirement benefits	26,441	–
Net defined benefit liability	–	29,550
Other	33,175	28,857
Total long-term liabilities	184,135	179,945
TOTAL LIABILITIES	641,920	598,367
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	722,057	727,070
Treasury stock	(94,226)	(94,322)
Total stockholders' equity	887,193	892,110
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,908	34,597
Net deferred gains on hedges	8	3
Foreign currency translation adjustments	(12,986)	144
Remeasurements of defined benefit plans	–	5,473
Total accumulated other comprehensive income	5,930	40,218
Stock acquisition rights	16	16
Minority interests	43,915	44,040
TOTAL NET ASSETS	937,055	976,386
TOTAL LIABILITIES AND NET ASSETS	1,578,976	1,574,753

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

(Million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Net sales	1,446,607	1,448,550
Cost of sales	1,186,557	1,176,077
Gross profit	260,049	272,472
Selling, general and administrative expenses	224,269	222,374
Operating income	35,779	50,098
Non-operating income		
Interest and dividends income	3,464	3,738
Equity in earnings of affiliates	3,012	742
Other	8,356	6,027
Total non-operating income	14,833	10,507
Non-operating expenses		
Interest expense	3,482	2,914
Contributions	1,046	1,074
Other	5,765	3,331
Total non-operating expenses	10,295	7,320
Ordinary income	40,318	53,285
Extraordinary gains		
Gain on sale of fixed assets	9,321	1,009
Gain on sale of investment securities	155	348
Other	710	960
Total extraordinary gains	10,187	2,318
Extraordinary losses		
Loss on sale or disposal of fixed assets	6,478	4,870
Impairment loss	3,563	140
Loss on devaluation of investment securities	2,659	330
Other	2,652	1,654
Total extraordinary losses	15,353	6,995
Income before income taxes and minority interests	35,151	48,608
Current income taxes	17,079	14,588
Deferred income taxes	(314)	7,224
Total income taxes	16,765	21,813
Income before minority interests	18,386	26,794
Minority interests (losses)	(831)	1,153
Net income	19,217	25,641

Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Income before minority interests	18,386	26,794
Other comprehensive income		
Valuation difference on available-for-sale securities	14,290	15,124
Net deferred gains on hedges	7	1
Foreign currency translation adjustments	9,276	13,098
Share of other comprehensive income of associates accounted for using equity method	161	697
Total other comprehensive income	23,735	28,923
Comprehensive income	42,121	55,717
Attributable to:		
Shareholders of parent company	42,568	54,456
Minority interests	(446)	1,260

(3) Consolidated statements of changes in net assets

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

(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	723,459	(94,172)	888,649
Changes of items during the period					
Cash dividends paid			(20,626)		(20,626)
Net income			19,217		19,217
Change of scope of consolidation			17		17
Purchases of treasury stock				(38)	(38)
Disposal of treasury stock			(10)	16	6
Increase in treasury stock from increase in equity-method affiliates				(32)	(32)
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	–	(1,401)	(53)	(1,455)
Balance at the end of current period	114,464	144,898	722,057	(94,226)	887,193

	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	4,370	(14)	(21,775)	–	(17,420)	16	42,967	914,213
Changes of items during the period								
Cash dividends paid								(20,626)
Net income								19,217
Change of scope of consolidation								17
Purchases of treasury stock								(38)
Disposal of treasury stock								6
Increase in treasury stock from increase in equity-method affiliates								(32)
Net changes in items other than stockholders' equity	14,538	23	8,788	–	23,350	–	947	24,298
Total changes of items during the period	14,538	23	8,788	–	23,350	–	947	22,842
Balance at the end of current period	18,908	8	(12,986)	–	5,930	16	43,915	937,055

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

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	35,151	48,608
Depreciation	80,200	73,458
Impairment loss	3,563	140
Decrease of doubtful receivables, net	(1,043)	(515)
Decrease of provision for retirement benefits, net	(6,694)	–
Increase of net defined benefit asset	–	(7,478)
Increase of net defined benefit liability	–	718
Equity in gains of affiliates	(3,012)	(742)
Amortization of consolidation goodwill, net	3,019	3,648
Interest and dividend income	(3,464)	(3,738)
Interest expense	3,482	2,914
Net gain on sales of investment securities	(140)	(384)
Net loss on devaluation of investment securities	2,691	488
Net losses (gains) on sale or disposal of fixed assets	(2,816)	3,898
Decrease in trade receivables	19,481	15,084
Decrease in inventories	12,295	3,042
Decrease in trade payables	(31,665)	(6,147)
Other	8,638	1,702
Sub-total	119,689	134,698
Payments for extra retirement payments	(1,703)	(249)
Payment of income taxes	(17,487)	(14,341)
Net cash provided by operating activities	100,497	120,108
Cash flows from investing activities		
Net increase in time deposits	(275)	(1,484)
Payments for purchases of property, plant and equipment	(66,216)	(54,875)
Proceeds from sales of property, plant and equipment	14,718	7,167
Payments for purchases of investment securities	(14,138)	(7,921)
Proceeds from sales of investment securities	489	1,231
Proceeds from purchase of stock in subsidiaries resulting in change in scope of consolidation	–	796
Proceeds from transfer of business	8,091	–
Interest and dividends received	3,971	5,126
Other	(19,227)	(8,412)
Net cash used in investing activities	(72,587)	(58,370)

(Million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(5,490)	168
Proceeds from long-term debt	7,450	9,227
Repayments of long-term debt	(6,437)	(7,453)
Proceeds from issuance of bonds	500	850
Payments for redemption of bonds	(660)	(50,760)
Proceeds from stock issuance to minority shareholders	1,882	—
Payments for purchases of treasury stock	(38)	(97)
Payments for purchases of treasury stock of subsidiaries	(1)	(1)
Interest paid	(3,494)	(2,955)
Dividends paid	(20,626)	(20,625)
Dividends paid to minority interests	(405)	(440)
Other	(8,914)	(7,950)
Net cash used in financing activities	(36,236)	(80,038)
Effect of exchange rate changes on cash and cash equivalents	4,133	6,051
Net decrease in cash and cash equivalents	(4,192)	(12,248)
Cash and cash equivalents at beginning of year	216,279	212,062
Decrease in cash and cash equivalents resulting from change of scope of consolidation	(25)	—
Cash and cash equivalents at end of year	212,062	199,813

(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: 119

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

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

(Scope of consolidation)

Newly included: 2 SHUFUNOTOMO Co., Ltd. and one other company
Excluded: 3 DNP Color Techno Sakai Co., Ltd. and two other companies

(Application of equity method)

Newly included: 2 Will Smart Co., Ltd. and one other company
Excluded: 3 SHUFUNOTOMO Co., Ltd. (changed to consolidated subsidiary) and two other companies

3) Matters concerning the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 26 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 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

In calculating retirement benefit obligations, straight-line attribution 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).

(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 has adopted the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) from the end of the current fiscal year, except for the provisions of the main clauses in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, it has switched to a method of subtracting the amount of plan assets from retirement benefit obligations and recording the difference as net defined benefit liability or net defined benefit asset, and has recorded unrecognized actuarial gains/losses and unrecognized prior service costs under net defined benefit liability and net defined benefit asset.

With the adoption of the Accounting Standard for Retirement Benefits, in accordance with the transitional treatment stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits, DNP will add or subtract the amount of the impact from this change in remeasurements of defined benefit plans under accumulated other comprehensive income at the end of the current fiscal year.

As a result, at the end of the current fiscal year, DNP recorded net defined benefit liability of ¥29.55 billion and net defined benefit asset of ¥19.234 billion. Accumulated other comprehensive income also increased by ¥5.473 billion.

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

[Consolidated balance sheets]

	Year ended March 31, 2013	Year ended March 31, 2014
1. Guarantee obligation	¥34 million	¥33 million
2. Discounts on notes receivable	¥643 million	¥664 million

[Consolidated statements of income]

	Year ended March 31, 2013	Year ended March 31, 2014
1. Research and development expenses (Selling, general and administrative expenses, and cost of sales)	¥30,820 million	¥30,820 million

[Consolidated statements of changes in net assets]

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: 1. 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.
2. 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

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

[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.

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

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 Note 2
	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.

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

(Million yen)

	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	527,456	171,340	54,804	1,448,550	–	1,448,550
Inter-segment	5,355	6,122	1	3	11,482	(11,482)	–
Total	700,303	533,579	171,341	54,808	1,460,032	(11,482)	1,448,550
Segment income	11,900	33,910	12,930	651	59,394	(9,295)	50,098
Segment assets	629,818	599,910	229,266	45,470	1,504,464	70,288	1,574,753
Other items							
Depreciation and amortization	21,956	25,534	20,622	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	26,287	9,002	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.

(Related information)

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.

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.

[Per share information]

Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)		Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	
Net assets per share	¥1,386.86	Net assets per share	¥1,447.96
Net income per share	¥29.84	Net income per share	¥39.82
Diluted net income per share	¥29.79	Diluted net income per share	¥39.65

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

		Year ended March 31, 2013 (As of March 31, 2013)	Year ended March 31, 2014 (As of March 31, 2014)
Total net assets	(Million yen)	937,055	976,386
Amount excluded from total net assets	(Million yen)	43,931	44,056
Of which, stock acquisition rights	(Million yen)	16	16
Of which, minority interests	(Million yen)	43,915	44,040
Net assets at fiscal year-end pertaining to common stock	(Million yen)	893,124	932,329
Number of common shares outstanding	(Thousand shares)	700,480	700,480
Number of common treasury shares	(Thousand shares)	56,490	56,586
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	643,990	643,893

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

		Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)
(1) Net income per share			
Net income	(Million yen)	19,217	25,641
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income pertaining to common stock	(Million yen)	19,217	25,641
Average number of common shares outstanding during the fiscal year	(Thousand shares)	644,029	643,945
(2) Diluted net income per share			
Net income adjustment	(Million yen)	(31)	(110)
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates	(Million yen)	(31)	(110)
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, net assets per share in the current fiscal year increased by ¥8.5.

[Significant subsequent events]

DNP established a joint venture through an absorption-type merger in which DNP specified subsidiary DNP Photomask Technology Taiwan Co., Ltd. (DPTT) was absorbed by Photronics, Inc. subsidiary Photronics Semiconductor Mask Corp. (PSMC) on April 4, 2014.

Outline of the business divestiture

(1) Name of successor company

Photronics Semiconductor Mask Corp.

(2) Description of divested business

Semiconductor photomask business in Taiwan.

(3) Main reason for business divestiture

Further enhance the competitiveness of the photomask business.

(4) Business divestiture date

April 4, 2014

(5) Outline of other transactions including legal form

Absorption-type merger with DPTT as the non-surviving company and PSMC as the surviving company. PSMC changed its name to Photronics DNP Mask Corporation after the merger, allocated 49.99% of its common stock to the Company, and will be treated as an equity-method affiliate by the Company.

[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, 2013 (As of March 31, 2013)	Year ended March 31, 2014 (As of March 31, 2014)
ASSETS		
Current assets		
Cash and time deposits	133,226	110,844
Notes receivable	33,717	33,050
Trade receivable	253,860	243,102
Merchandise and finished goods	3,759	3,344
Work in progress	11,445	11,042
Raw materials and supplies	2,061	1,990
Deferred income taxes	4,476	4,123
Other	25,330	29,032
Allowance for doubtful accounts	(1,261)	(1,688)
Total current assets	466,616	434,842
Fixed assets		
Property, plant and equipment		
Buildings	398,871	402,951
Accumulated depreciation	(250,004)	(258,561)
Buildings, net	148,867	144,389
Structures	31,685	31,867
Accumulated depreciation	(24,381)	(24,998)
Structures, net	7,304	6,869
Machinery	637,526	617,999
Accumulated depreciation	(552,208)	(542,954)
Machinery, net	85,317	75,044
Vehicles	1,282	1,267
Accumulated depreciation	(1,089)	(1,123)
Vehicles, net	193	144
Equipment	49,174	50,268
Accumulated depreciation	(41,462)	(42,324)
Equipment, net	7,711	7,944
Land	131,483	131,026
Lease asset	2,529	2,293
Accumulated depreciation	(1,317)	(1,220)
Lease asset, net	1,211	1,073
Construction in progress	16,098	22,374
Total property, plant and equipment	398,187	388,866
Intangible fixed assets		
Software	18,304	19,581
Other	4,580	3,555
Total intangible fixed assets	22,884	23,137
Investments and other assets		
Investment securities	153,566	180,126
Investments in securities in affiliates	149,719	154,454
Investments in capital of affiliates	2,008	2,213
Long-term loans	16,821	12,753
Deferred income taxes	17,361	6,625
Other	37,815	36,931
Allowance for doubtful accounts	(17,016)	(11,470)
Total investments and other assets	360,275	381,634
Total fixed assets	781,347	793,638
TOTAL ASSETS	1,247,963	1,228,480

(Million yen)

	Year ended March 31, 2013 (As of March 31, 2013)	Year ended March 31, 2014 (As of March 31, 2014)
LIABILITIES		
Current liabilities		
Notes payable	14,996	14,110
Trade payable	173,137	173,614
Current portion of bonds	50,000	–
Lease obligations	432	368
Accounts payable - other	38,217	41,353
Accrued expenses	14,754	15,347
Deposits payable	170,805	189,772
Reserve for bonuses	6,800	7,366
Reserve for bonuses to directors	155	178
Reserve for disaster losses	744	–
Provision for loss on liquidation of affiliates	200	100
Notes payable for facilities	898	1,555
Other	2,080	2,902
Total current liabilities	473,222	446,670
Long-term liabilities		
Bonds	100,000	100,000
Lease obligations	839	758
Asset retirement obligations	1,101	1,103
Long-term accounts payable	6,177	6,153
Provision for retirement benefits	7,081	7,563
Reserve for environmental measures	70	68
Total long-term liabilities	115,270	115,647
TOTAL LIABILITIES	588,492	562,317
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	956	26
Reserve for depreciation reduction of fixed assets	38	34
Other reserve	382,780	382,780
Retained earnings brought forward	68,728	61,584
Total retained earnings	475,803	467,725
Treasury stock	(94,169)	(94,265)
Total stockholders' equity	640,996	632,822
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18,473	33,340
Net deferred gains (losses) on hedges	1	(0)
Total valuation and translation adjustments	18,474	33,339
TOTAL NET ASSETS	659,471	666,162
TOTAL LIABILITIES AND NET ASSETS	1,247,963	1,228,480

(2) Non-consolidated statements of income

(Million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Net sales	926,142	919,016
Cost of sales	826,122	811,894
Gross profit	100,019	107,121
Selling, general and administrative expenses	104,008	103,674
Operating income (loss)	(3,988)	3,447
Non-operating income		
Interest income	417	289
Dividend income	18,014	16,245
Other	45,824	40,046
Total non-operating income	64,256	56,580
Non-operating expenses		
Interest expense	2,366	1,939
Other	38,017	31,604
Total non-operating expenses	40,383	33,544
Ordinary income	19,884	26,483
Extraordinary gains		
Gain on sale of fixed assets	7,004	350
Gain on sale of investment securities	154	262
Gain on exchange of stock	1,869	—
Other	—	33
Total extraordinary gains	9,028	646
Extraordinary losses		
Loss on sale or disposal of fixed assets	5,329	3,864
Impairment loss	2,818	—
Loss on devaluation of investment securities	2,631	314
Loss on devaluation of securities in affiliates	1,557	5,227
Other	1,454	184
Total extraordinary losses	13,790	9,590
Income before income taxes	15,121	17,539
Current income taxes	670	160
Deferred income taxes	(481)	4,832
Total income taxes	188	4,992
Net income	14,933	12,547

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

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

(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	6,335	44	432,780	19,047	481,506
Changes of items during the period									
Reversal of reserve for special depreciation					(5,379)			5,379	–
Reversal of reserve for depreciation reduction of fixed assets						(5)		5	–
Reversal of other reserve							(50,000)	50,000	–
Cash dividends paid								(20,626)	(20,626)
Net income								14,933	14,933
Purchases of treasury stock									
Disposal of treasury stock								(10)	(10)
Net changes in items other than stockholders' equity									
Total changes of items during the period	–	–	–	–	(5,379)	(5)	(50,000)	49,681	(5,703)
Balance at the end of current period	114,464	144,898	144,898	23,300	956	38	382,780	68,728	475,803

	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	(94,148)	646,721	4,061	(7)	4,053	650,775
Changes of items during the period						
Reversal of reserve for special depreciation		–				–
Reversal of reserve for depreciation reduction of fixed assets		–				–
Reversal of other reserve		–				–
Cash dividends paid		(20,626)				(20,626)
Net income		14,933				14,933
Purchases of treasury stock	(38)	(38)				(38)
Disposal of treasury stock	16	6				6
Net changes in items other than stockholders' equity		–	14,412	8	14,420	14,420
Total changes of items during the period	(21)	(5,725)	14,412	8	14,420	8,695
Balance at the end of current period	(94,169)	640,996	18,473	1	18,474	659,471

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			Retained earnings brought forward	
					Reserve for special depreciation	Reserve for depreciation reduction of fixed assets	Other reserve		
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

(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, 2014)

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

Managing Director	Kouichi Hashimoto (currently President of DNP Nishi Nippon Co., Ltd)
Director (Outside)	Tsukasa Miyajima (currently Professor, Faculty of Law, Keio University)

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

Senior Managing Director	Osamu Tsuchida (to be assigned as Senior Adviser)
Senior Managing Director	Teruomi Yoshino (to be assigned as Senior Adviser)
Senior Managing Director	Yujiro Kuroda (to be assigned as Senior Adviser)
Managing Director	Takao Shimizu (to be assigned as Adviser)

- 3) Director to be promoted

Senior Managing Director	Tetsuji Morino (currently Managing Director)
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- 4) New corporate officer candidates

Corporate Officer	Kazuhiko Takada (currently General Manager of SI Business Development Promotion Division)
Corporate Officer	Ryota Chiba (currently General Manager of Communication & Information Operations)
Corporate Officer	Nobuyuki Asaba (currently Deputy General Manager of Information Solutions Operations)
Corporate Officer	Mitsuru Tsuchiya (currently General Manager of Fine Optronics Operations)

- 5) Corporate officers to be retired

Senior Corporate Officer	Tatsuya Nishimura (to be assigned as Adviser)
Senior Corporate Officer	Tatsuo Komaki (to be assigned as Adviser)

6) Corporate officers to be promoted

Senior Corporate Officer	Kenji Miya (currently Corporate Officer)
Senior Corporate Officer	Toshiki Sugimoto (currently Corporate Officer)