



Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [J-GAAP]

May 12, 2016

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7912 URL: <http://www.dnp.co.jp/>
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 General meeting of shareholders: June 29, 2016
 Dividend payment date: June 30, 2016
 Securities report issuing date: June 29, 2016
 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, 2016

(April 1, 2015 – March 31, 2016)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2016	1,455,916	(0.4)	45,471	(5.6)	52,651	(2.1)	33,587	24.8
Year ended March 31, 2015	1,462,118	0.9	48,173	(3.8)	53,759	0.9	26,923	5.0

Note: Comprehensive income: Year ended March 31, 2016: ¥(19,805) million (–%)
 Year ended March 31, 2015: ¥165,683 million (197.4%)

	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, 2016	53.10	53.07	3.2	3.0	3.1
Year ended March 31, 2015	41.82	41.44	2.7	3.2	3.3

Reference: Equity in earnings of affiliates: Year ended March 31, 2016: ¥3,696 million
 Year ended March 31, 2015: ¥2,171 million

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2016	1,718,636	1,063,241	59.2	1,618.66
As of March 31, 2015	1,809,462	1,124,093	59.6	1,675.63

Reference: Stockholders' equity: As of March 31, 2016: ¥1,017,425 million As of March 31, 2015: ¥1,078,828 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, 2016	72,629	(60,883)	(47,166)	175,513
Year ended March 31, 2015	85,730	(50,540)	(23,864)	212,762

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, 2015	–	16.00	–	16.00	32.00	20,620	76.5	2.0
Year ended March 31, 2016	–	16.00	–	16.00	32.00	20,131	60.3	1.9
Year ending March 31, 2017 (Forecast)	–	16.00	–	16.00	32.00		58.3	

3. Consolidated earnings forecasts for the year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,470,000	1.0	48,000	5.6	54,000	2.6	34,500	2.7	54.89

* 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, "5. 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, 2016	680,480,693 shares	As of March 31, 2015	700,480,693 shares
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2) Number of treasury shares at end of each period

As of March 31, 2016	51,919,577 shares	As of March 31, 2015	56,647,614 shares
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3) Average number of shares outstanding during the period

Year ended March 31, 2016	632,591,975 shares	Year ended March 31, 2015	643,867,888 shares
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(Reference) Non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2016

(April 1, 2015 – March 31, 2016)

(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, 2016	1,001,026	0.2	(1,542)	–	28,206	15.5	22,848	4.5
Year ended March 31, 2015	999,023	8.7	(469)	–	24,424	(7.8)	21,863	74.2

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2016	36.09	–
Year ended March 31, 2015	33.93	–

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2016	1,362,528	726,367	53.3	1,154.60
As of March 31, 2015	1,429,806	768,424	53.7	1,192.50

Reference: Stockholders' equity: As of March 31, 2016: ¥726,367 million As of March 31, 2015: ¥768,424 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, 2016

Japan's economy gradually recovered during the fiscal year ended March 31, 2016, as reflected by improvement in corporate earnings and employment conditions, supported by the economic policies of the Japanese government and monetary easing policies of the Bank of Japan. However, the economy has still not reached a full-fledged recovery, due partly to sluggish consumer spending, overseas economic slowdowns, including in China, and volatility in forex and equity markets since the start of 2016.

The printing industry continued to face a tough business environment as a result of lower demand for printed media, including published printed materials, and lower order prices due to stiffer competition.

In this environment, the DNP Group (DNP) reviewed the DNP Group Vision for the 21st Century, which it prepared in 2001 as a basic management policy, and established the DNP Group Vision 2015 in October 2015. As part of this vision, DNP states its corporate philosophy as: "The DNP Group connects individuals and society, and provides new value." It also defines its business vision as: "Use P&I innovations to expand business, primarily in four growth areas."

In the area of "Knowledge and Communication," one of these four growth areas, DNP acquired all shares in HyperTech Co., Ltd., a provider of anti-cracking software that prevents application tampering on smartphones and other devices, in May 2015, in order to accelerate the development and delivery of information security-related products and services. DNP established CYBER KNOWLEDGE ACADEMY Co., Ltd., which operates an academy to provide education and training to personnel responding to the growing number of targeted cyber attacks, in March 2016. Additionally, DNP launched Imaging Mall as a cloud-based image sales solution offering a number of services that include the storage and processing of image data for various content, sales website operation, and high-quality printing and delivery, in August 2015.

In the "Food and Healthcare" area, DNP focused on cultivating new businesses by developing products that leverage its material processing technologies. One example is an agricultural film that promotes photosynthesis based on high light reflectivity and supports the cultivation of fruits and vegetables through appropriate moisture retention and fouling resistance. Additionally, DNP acquired additional shares in PSP Corporation, a leading provider of medical imaging management systems, making it an equity-method affiliate, in March 2016, after first forming a business and capital alliance in December 2014. Going forward, DNP aims to expand business in the life sciences area, including by accelerating the development of image analysis technology that contributes to investigating the causes of diseases.

In the "Lifestyle and Mobility" area, DNP acquired all shares of Tamura Plastic Mfg. Co., Ltd. in August 2015, and is working to develop highly competitive new products for automotive applications by combining Tamura's resin molding technologies with DNP's technologies in such areas as hard coat transfer films and decorative films.

In the "Environment and Energy" area, DNP develops and delivers products that help to conserve energy and reduce CO₂ emissions. As one example, it launched sales in October 2015 of a new lighting film that can make a room brighter overall by effectively reflecting sunlight that enters through windows and diffusing it to the ceiling and other areas.

The entire DNP Group, based on the new basic management policy, worked to expand its business by creating new value, focusing on enhancing the value of existing business while developing new business, mainly in the four growth areas.

As a result of these activities, consolidated net sales fell 0.4% year on year to ¥1,455.9 billion, consolidated operating income fell 5.6% to ¥45.4 billion, consolidated ordinary income fell 2.1% to ¥52.6 billion, and net income attributable to parent company shareholders grew 24.8% to ¥33.5 billion.

Business segment results are presented below.

DNP changed its reportable business segments effective from the current fiscal year, and comparison and analysis of this fiscal year's performance are based on the new business segments.

[PRINTING]

Information Communication

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

In the Commercial Printing business, sales were generally on par with the previous year, despite weak sales of flyers, catalogs, and other printed materials, due to growth for point-of-purchase promotional materials (POP) and other sales promotion-related tools.

In the Business Forms business, sales increased for Information Processing Services (IPS; handling data entry, printing, and shipment of personalized mail and other items) and for smart cards used in electronic money and other applications, benefiting from growing corporate needs to safely and appropriately manage the personal information of employees and customers. In the smart card business, DNP is working to bolster competitiveness in Southeast Asia and is accelerating its global expansion. It formed a business and capital alliance with MK Smart Joint Stock Company, Vietnam's leading manufacturer of smart cards, in March 2014. This fiscal year it established a joint venture with PT. Wahyu Kartumasindo International, Indonesia's leading manufacturer and seller of cash cards.

In the Imaging Communication business, DNP launched services for taking ID photos at Ki-Re-i photo booths and applying for Individual Number Cards under the "My Number" social security and tax number system using a highly secure communication environment. Moreover, sales were strong for dye-sublimation thermal transfer printing media (color ink ribbons and receiver paper) as a result of growing demand for photo printing in North America and Southeast Asia. As a result, overall sales rose well above prior-year levels.

In the Education and Publications Distribution business, sales were favorable in the "honto" hybrid bookstore network that combines physical bookstores, online bookstores, and e-book sales services. The operations outsourcing business from libraries also expanded on growth in the number of outsourcing libraries, amid their efforts to enhance operational efficiency and improve services for libraries' users. Overall sales increased from the previous year.

As a result of the above, overall segment sales grew 4.0% year on year to ¥821.6 billion and operating income grew 32.3% to ¥29.3 billion.

Lifestyle and Industrial Supplies

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

In the Lifestyle Materials business, DNP focused on developing overseas markets and sales of environmentally conscious products and other products that use its proprietary Electron Beam coating technology. However, sales decreased year on year on a slow recovery in housing construction demand.

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

As a result of the above, overall segment sales fell 1.5% year on year to ¥382.6 billion and operating income fell 7.9% to ¥12.5 billion.

Electronics

In the Display Products business, sales were favorable for vapor deposition masks (metal masks) used in the production of organic light-emitting diode (OLED) displays, which show promise as next-generation displays. However, LCD color filter sales decreased from the previous year on declines for both small- and medium-sized filters for smartphones and tablets, and large filters for TVs. Moreover, optical film sales decreased year on year on a decline for mainstay anti-reflection films.

In the Electronic Devices business, semiconductor photomask sales increased overseas but were sluggish in Japan, and with lead frame sales also declining, overall sales decreased from the previous year.

As a result of the above, overall segment sales fell 13.4% year on year to ¥199.3 billion and operating income fell 20.8% to ¥20.5 billion.

[BEVERAGES]

Beverages

The soft drink industry continued to face a tough market environment, as manufacturers vied for market share through price competition. However, DNP worked to expand market share in existing markets and to acquire new customers by bolstering its core brand products through the introduction of new bottle cans and product renewals, and by advancing the vending machine business through area marketing.

As a result of these efforts, sales increased for coffee drinks that use a new extraction technology and for tea drinks including the mainstay Ayataka brand, but decreased to group bottlers outside the Hokkaido region and for the Coca-Cola brand and sports drinks. Overall segment sales fell 2.6% year on year to ¥58.0 billion and operating income fell 8.0% to ¥0.9 billion.

2) Forecast for the fiscal year ending March 31, 2017

Concerning the future outlook, DNP anticipates a gradual economic recovery in Japan based on growth in corporate earnings and improvement in the employment and income environment, supported by various measures taken by the government and Bank of Japan. Overseas, however, the impact of economic slowdowns is still a concern, and DNP expects uncertain conditions going forward. In the printing industry, DNP expects conditions to remain difficult amid a decline in order prices due to weak demand and stiffer competition.

During the fiscal year ending March 31, 2017, DNP will push forward with efforts to create new value to achieve its business vision: "Use P&I innovations to expand business, primarily in four growth areas." It also aims to expand earnings further by improving productivity to establish a more robust business foundation.

For the fiscal year ending March 31, 2017, DNP forecasts consolidated net sales of ¥1,470.0 billion, consolidated operating income of ¥48.0 billion, consolidated ordinary income of ¥54.0 billion, and consolidated net income attributable to parent company shareholders of ¥34.5 billion.

(2) Analysis of financial position

1) Assets, liabilities, and net assets

Total assets at the end of the current fiscal year decreased by ¥90.8 billion from the end of the previous fiscal year to ¥1,718.6 billion, due mainly to a decrease in cash and time deposits.

Total liabilities decreased by ¥29.9 billion from the end of the previous fiscal year to ¥655.3 billion, due mainly to a decrease in deferred tax liabilities.

Net assets decreased by ¥60.8 billion from the end of the previous fiscal year to ¥1,063.2 billion, due mainly to a decrease in remeasurements of defined benefit plans.

2) Cash flows

Consolidated cash flow provided by operating activities totaled ¥72.6 billion (¥85.7 billion in the previous fiscal year), due mainly to ¥54.8 billion in income before income taxes and non-controlling interests and ¥65.3 billion in depreciation.

Cash flow used in investing activities totaled ¥60.8 billion (¥50.5 billion in the previous fiscal year), due mainly to ¥64.4 billion in payments for purchases of property, plant and equipment. Cash flow used in financing activities totaled ¥47.1 billion (¥23.8 billion in the previous fiscal year), due mainly to ¥20.8 billion in dividends paid and ¥20.0 billion for purchases of treasury stock.

As a result, cash and cash equivalents at the end of the fiscal year decreased by ¥37.2 billion from the end of the previous fiscal year to ¥175.5 billion.

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

	Year ended March 2012	Year ended March 2013	Year ended March 2014	Year ended March 2015	Year ended March 2016
Equity ratio (%)	54.2	56.6	59.2	59.6	59.2
Market value-based equity ratio (%)	33.9	36.1	40.4	41.6	36.6
Debt-to-cash flow ratio (year)	2.1	2.3	1.5	2.2	2.6
Interest coverage ratio (times)	33.2	28.8	40.6	35.1	29.8

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 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, 2016 and year ending March 31, 2017

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

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

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

Based on this policy, the Company intends to pay a year-end dividend of ¥16 per share, which together with the interim dividend of ¥16 per share brings the full-year dividend to ¥32 per share, the same as in the previous fiscal year. As a result, the consolidated dividend payout ratio will be 60.3%.

The forecast dividend for the fiscal year ending March 31, 2017 is ¥32 per share, the total of a ¥16 interim dividend and a ¥16 year-end dividend.

(4) Business risks

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

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

1) The Japanese and overseas economies and consumption trends

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

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

2) Overseas business activities

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

3) Development of new products and services

DNP uses its printing and information technologies to develop products and services that deliver new value to companies, consumers, and society. These development efforts face an accelerating pace of technological innovation and diversification of needs. Going forward, amid expectations for development competition to intensify in Japan and overseas, it is possible that DNP's performance could fluctuate significantly due to a greater-than-expected shortening of product life cycles and changes in market trends.

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

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

6) Currency fluctuations

Amid growth in business with overseas customers, DNP expects the impact of foreign exchange to steadily increase. 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 conceivably 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

Global 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) Response to changes in legal regulations

DNP conducts its business based on strict compliance with law and social ethics. We are subject to a variety of legal regulations in Japan and overseas, including product liability laws, antimonopoly laws, personal data protection laws, patent laws, tax regulations, and import and export rules. We believe these regulations could be strengthened in the future. 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 seeks to establish corporate ethics throughout the group, and works to 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, 148 subsidiaries, and 22 affiliated companies. Its two main businesses are Printing and Beverages. The former encompasses Information Communication, Lifestyle and Industrial Supplies, and Electronics.

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

[PRINTING]

Information Communication

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

Major companies

Production	OGUCHI BOOK BINDING & PRINTING CO., LTD. DNP Imagingcomm Co., Ltd., DNP AV Center Co., Ltd. DNP SP Tech Co., Ltd., DNP Graphica Co., Ltd. DNP Book Factory Co., Ltd., DNP Digitalcom Co., Ltd. DNP Data Techno Co., Ltd., DNP Multi Print Co., Ltd. DNP Media Art Co., Ltd., DNP Media Create Co., Ltd. DNP Media Support Co., Ltd.
Production and sales	DNP Imagingcomm Asia Sdn. Bhd., DNP Imagingcomm Europe B.V. DNP Imagingcomm America Corporation, Foto Fantasy, Inc. Tien Wah Press (Pte.) Ltd. *MK Smart Joint Stock Company
Sales and services	Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC. BUNKYODO GROUP HOLDINGS CO., LTD. SHUFUNOTOMO Co., Ltd., 2Dfacto, Inc.

CYBER KNOWLEDGE ACADEMY Co., Ltd.
 DNP ID System Co., Ltd., DNP Art Communications Co., Ltd.
 DNP Social Links Co., Ltd., DNP Photo Imaging Japan Co., Ltd.
 DNP HyperTech Co., Ltd., Metro Systems Co., Ltd.
 mobilebook.jp, Inc., DNP Photo Imaging Europe SAS
 MARUZEN-YUSHODO Co., Ltd.
 MARUZEN PUBLISHING CO., LTD.
 MaruzenJunkudo Bookstores Co., Ltd.
 Toshokan Ryutsu Center Co., Ltd., honto Book Services Co., Ltd.
 BUNKYODO Co., Ltd.
 * Nihon Unisys, Ltd., BOOKOFF CORPORATION LIMITED
 All About, Inc., Kyoiku Shuppan Co., Ltd.

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

Lifestyle and Industrial Supplies

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

Major companies

Production	DNP Technopack Co., Ltd., Sagami Yoki Co., Ltd. DNP Ellio Co., Ltd., DNP Advanced Materials Co., Ltd. DNP Lifestyle Materials Co., Ltd., DNP Hosono Co., Ltd.
Production and sales	DNP Tamura Plastic Co., Ltd., Aseptic Systems Co., Ltd. DNP Fine Chemicals Utsunomiya Co., Ltd. PT DNP Indonesia, DNP Vietnam Co., Ltd.
Sales and services	DNP Lifestyle Materials Marketing Co., Ltd. DNP Field Eyes Co., Ltd., LIFESCAPE MARKETING CORPORATION

Electronics

Production/sale of precision electronic components and other products

Major companies

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

Companies with multiple types of businesses

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

[BEVERAGES]

Beverages

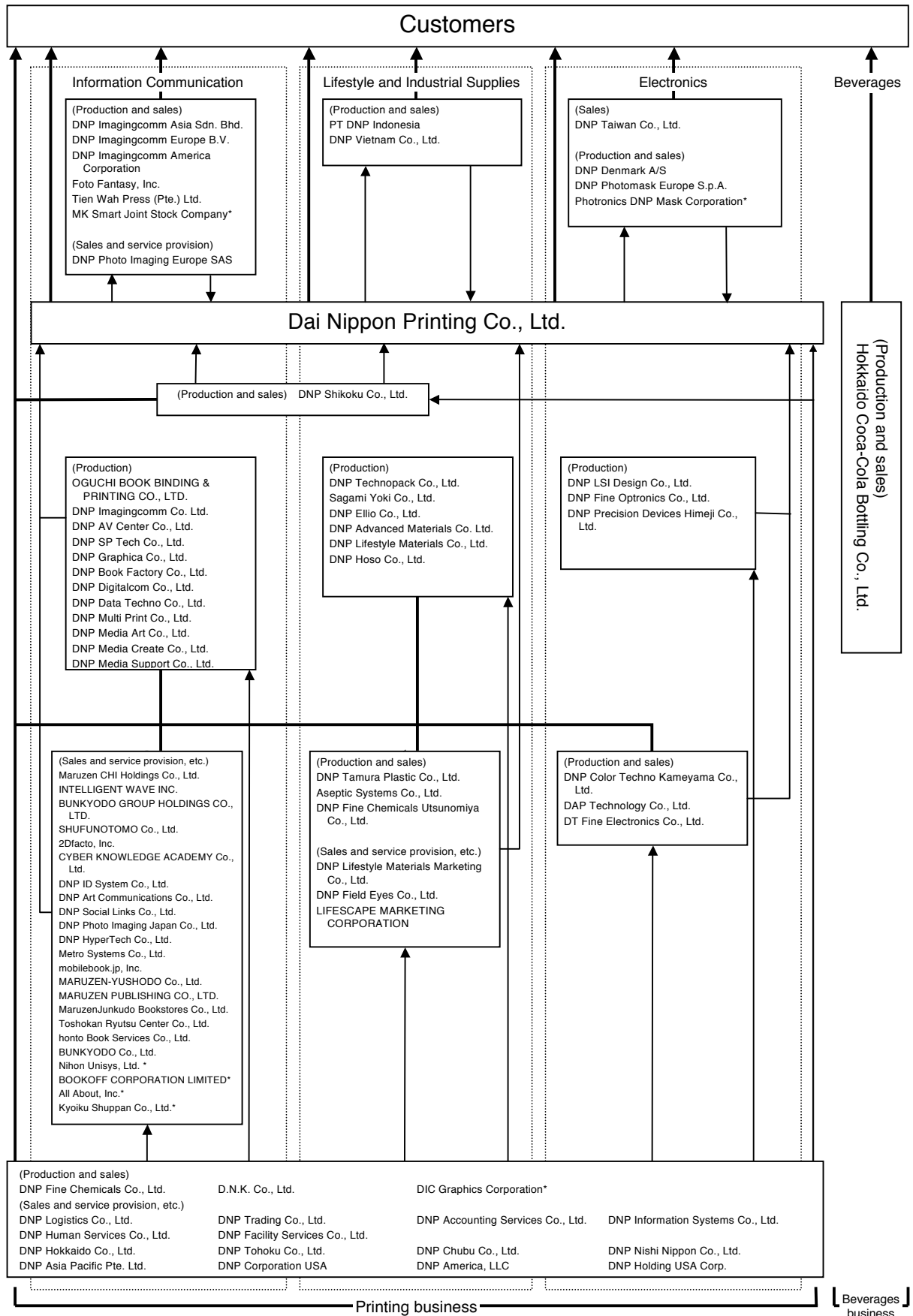
Centered on Hokkaido Coca-Cola Bottling Co., Ltd.; manufacture/sale of soft drinks and juices

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

* Equity-method affiliated companies

Organizational chart

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



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

← : Flow of products, materials and services

3. Management policies

(1) Core policies

The DNP Group's basic management policy, the DNP Group Vision 2015, states its corporate philosophy as: "The DNP Group connects individuals and society, and provides new value." Based on this philosophy, DNP is aggressively pursuing its business activities and working to expand its business over the medium to long term.

DNP believes it is important to enhance corporate governance to fulfill its corporate social responsibility (CSR) as a company and deliver new value to its various stakeholders. It seeks to establish and operate systems to facilitate precise managerial decision-making, prompt and appropriate execution of business based on these decisions, and supervision and auditing of this business execution. It also undertakes rigorous training and education to improve the compliance awareness of each and every employee.

DNP is also working to fulfill what it considers to be its three responsibilities as a company: "Value Creation," "Integrity in Conduct," and "Transparency (Accountability)." To fulfill these responsibilities, DNP adheres to its DNP Group Code of Conduct in pursuing its activities and ensures proper business conduct by preparing internal control systems. It strives to conduct business in good faith to earn the deep trust of its various stakeholders, including shareholders, client companies, consumers, and employees.

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

The DNP Group focuses on the creation of new value by leveraging its strength in P&I (Printing & Information) in the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy."

In Knowledge and Communication, DNP endeavors to support people's lifestyles and foster culture through the safe and reliable transmission of information in an information society. In addition to the production of information media and content, the company is working to provide information platforms enabling the safe and reliable exchange of information that people need, at the time they need, and in the format they need.

In Food and Healthcare, DNP endeavors to support safer and higher-quality living in a super-aging society by developing products and services to help consumers maintain their health throughout their lives. It intends to broaden the scope of its business to include regenerative medicine and other life sciences as well as agriculture, in addition to packaging for foods, beverages, and pharmaceuticals.

In Lifestyle and Mobility, DNP seeks to provide services to create more comfortable, safe, and secure living spaces in a variety of settings, including homes, offices, medical facilities, automobiles, and railway cars.

In Environment and Energy, DNP will work to achieve a sustainable society that combines economic growth and environmental preservation. It seeks to provide environmentally conscious products in terms of resource saving, energy saving, and recycling, and energy management and other solutions.

DNP will work to expand its business by delivering products, services, and platforms that leverage its strengths, mainly in these growth areas.

1) Initiatives in the different businesses and segments

[PRINTING]

Information Communication

The Information Communication segment provides new value to consumers and companies by enabling the optimal expression of information and expanding into a diverse range of media based on advanced printing technologies and information security technologies.

In the Publishing business, we are deepening cooperation with publishers and pursuing a variety of business activities, including the planning, production, distribution, and sales of various publications, and the secondary use and overseas expansion of content.

In the Information Innovation business, we are using advanced information security infrastructure, including the DNP Kashiwa Data Center and five domestic business process outsourcing (BPO) centers, to deliver a variety of high-value-added services, including international brand prepaid card and payment-linked marketing services, and corporate BPO services. We established the Information Innovation Operations by merging the Information Solution Operations and the C&I (Communication & Information) Operations in April 2016. Through this action, we seek to strengthen cooperation between the information communication technology (ICT) and BPO fields, including further integration of marketing and payment services, and to develop a new business model.

In the Imaging Communication business, in addition to responding to growing consumer needs in such areas as photo printing and photo albums, we seek to leverage IT to offer new services that connect companies and consumers.

We have made some changes in the naming to the business units in this segment in order to better align business names with business content and structure.

Lifestyle and Industrial Supplies

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

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

In the Lifestyle Materials business, we seek to address a full range of needs related to comfortable living space. These include high-value-added products that use DNP's proprietary Electron Beam coating technology; the design of more pleasant living spaces using Kansei (sensitivity) engineering; the assessment of living environments; and the development of simpler construction methods. We are developing new products such as metal paneling that conserves energy by effectively reflecting and diffusing light. We seek to leverage our global sales network to expand market shares in Europe, US, and emerging markets.

Electronics

In the Electronics segment, we endeavor to advance and combine our current technologies while developing new core technologies, and to provide products, services, and systems that anticipate the changing needs of companies and consumers. We will assess changes in the market

environment in Japan and overseas, and reform our cost structure through such means as optimizing production facilities and reviewing our production and development structures.

In the Display Products business, we will draw on DNP's strength in processing and materials technologies to develop new products for high-definition smartphones, 4K and 8K TVs, and automotive displays while responding to a variety of needs in terms of higher resolution, wider color gamut, larger size, lighter weight, thinner profile, greater energy efficiency, and higher performance. For optical films, we are focusing on developing new products, mainly for flat-panel displays, that leverage converting technologies for processing materials in a clean production environment. For OLED display products, we will add production capacity according to demand growth for vapor deposition masks (metal masks) that leverage DNP's proprietary technologies in advanced photolithography and etching, and we will seek to maintain and increase our high market share.

In the Electronic Devices business, for semiconductor photomasks, we support the miniaturization and cost-saving needs of semiconductor makers by working to commercialize next-generation microfabrication technologies such as nanoimprinting and extreme ultra violet (EUV) exposure, and are preparing a development and supply system for cutting-edge products with a line width of 10nm.

[BEVERAGES]

Beverages

In the soft drink industry, we believe it will become increasingly difficult to secure earnings as competition for market share intensifies. Under these conditions, we are working to execute the three strategies of increasing market share, overwhelming the competition, and cutting groupwide costs based on the following vision: "Leveraging the global brand strength of our Coca-Cola business, we intend to beat our competition based on our local capabilities as a true Hokkaido company, contribute to local Hokkaido communities by consistently delivering new value and services, and establish a business foundation capable of sustained growth."

2) Strengthened organization

DNP cites *taiwa* (dialogue) and cooperation as guiding principles, and is working to deliver new value by enhancing groupwide efforts to strengthen cooperation further among business units and by deepening dialogue with companies and consumers.

We will work to expand our business by cooperating with both domestic and overseas companies possessing various strengths.

We are also moving forward in redeveloping the Ichigaya district of Tokyo with the aim of advancing our business vision further. For example, we completed the DNP Ichigaya-Kagacho Building as a central part of this plan in August 2015. The planning, sales and marketing offices of various business units, which were scattered across the Tokyo Metropolitan Area, are now gathered together with the group's headquarter functions in the Ichigaya district. Through this concentration, we will also bolster new business development, review our production and distribution structures, and promote *taiwa* and cooperation to create new value.

3) Reinforcing DNP's business continuity plan (BCP)

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

independent power generation equipment.

4) 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 the establishment of a proprietary environmental management system, prevention of global warming, reduction of waste, reduction of water usage, protection of biodiversity, suppression of discharge of volatile organic solvents, rigorous management of chemical substances, development of environmentally conscious products and services, and green purchasing.

DNP has established greenhouse gas emission reductions targets for the fiscal year ending in March 2031 in order to step up our efforts to prevent global warming. We calculate greenhouse gas emissions (Scope3) in Japan and overseas not only for our manufacturing operations, but also indirect emissions throughout our entire supply chain, and are working toward a global reduction of greenhouse gas emissions.

To protect biodiversity, we will continue to cooperate with suppliers based on the procurement guidelines that we established for paper, which has great dependence and impact on the eco-system including forest resources and climate change. We are also using our company sites to create green spaces connecting the surrounding environment and living creatures.

Thanks to these initiatives, DNP was included on the CDP* Climate A List, receiving the highest honors for a second consecutive year. The CDP attracts interest from global institutional investors (eight Japanese companies were included in the Climate A List).

* CDP is a UK-based global nonprofit organization that provides a global system for the measurement, disclosure, management, and sharing of critical environmental information from companies and cities.

4. Basic approach in the choosing of accounting standards

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

5. Consolidated financial statements

(1) Consolidated balance sheets

	(Million yen)	
	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and time deposits	210,979	171,694
Notes and trade receivables	366,068	348,585
Merchandise and finished products	97,231	101,239
Work in progress	28,278	29,686
Raw materials and supplies	22,395	25,021
Deferred income taxes	8,540	10,744
Other	30,450	36,103
Allowance for doubtful accounts	(822)	(1,349)
Total current assets	763,122	721,724
Fixed assets		
Property, plant and equipment		
Buildings and structures	537,358	584,013
Accumulated depreciation	(352,718)	(366,497)
Buildings and structures, net	184,639	217,516
Machinery and equipment	774,271	771,660
Accumulated depreciation	(675,358)	(682,111)
Machinery and equipment, net	98,913	89,549
Land	154,093	155,532
Construction in progress	41,457	14,946
Other	138,307	141,311
Accumulated depreciation	(104,621)	(105,700)
Other, net	33,686	35,611
Total property, plant and equipment	512,790	513,156
Intangible fixed assets		
Goodwill	3,276	8,765
Software	25,281	24,911
Other	2,024	2,125
Total intangible fixed assets	30,583	35,802
Investments and other assets		
Investment securities	397,116	362,654
Long-term loans	8,958	6,792
Net defined benefit asset	65,930	45,843
Deferred income taxes	6,600	6,731
Other	32,875	32,354
Allowance for doubtful accounts	(8,514)	(6,424)
Total investments and other assets	502,966	447,952
Total fixed assets	1,046,340	996,911
TOTAL ASSETS	1,809,462	1,718,636

(Million yen)

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
LIABILITIES		
Current liabilities		
Notes and trade payables	258,887	255,585
Short-term bank loans	53,370	55,316
Current portion of long-term debt	10,241	7,764
Income taxes payable	8,074	6,014
Reserve for bonuses	17,428	17,333
Other	87,401	81,299
Total current liabilities	435,404	423,313
Long-term liabilities		
Bonds	103,750	107,560
Long-term debt	20,585	18,190
Deferred tax liabilities	65,860	48,884
Net defined benefit liability	32,348	34,167
Other	27,419	23,278
Total long-term liabilities	249,964	232,080
TOTAL LIABILITIES	685,368	655,394
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,283
Retained earnings	737,241	717,029
Treasury stock	(94,386)	(81,024)
Total stockholders' equity	902,217	894,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	147,914	123,478
Net deferred losses on hedges	(0)	(6)
Foreign currency translation adjustments	7,247	3,050
Remeasurements of defined benefit plans	21,449	(3,849)
Total accumulated other comprehensive income	176,610	122,672
Stock acquisition rights	16	16
Non-controlling interests	45,248	45,800
TOTAL NET ASSETS	1,124,093	1,063,241
TOTAL LIABILITIES AND NET ASSETS	1,809,462	1,718,636

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

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net sales	1,462,118	1,455,916
Cost of sales	1,182,954	1,173,203
Gross profit	279,163	282,712
Selling, general and administrative expenses	230,989	237,240
Operating income	48,173	45,471
Non-operating income		
Interest and dividends income	4,138	5,226
Equity in earnings of affiliates	2,171	3,696
Foreign exchange transaction gain	1,754	-
Other	4,472	5,828
Total non-operating income	12,536	14,751
Non-operating expenses		
Interest expense	2,453	2,439
Contributions	1,348	1,222
Other	3,148	3,909
Total non-operating expenses	6,950	7,571
Ordinary income	53,759	52,651
Extraordinary gains		
Gain on sale of fixed assets	245	224
Gain on sale of investment securities	4,442	15,135
Other	157	1,131
Total extraordinary gains	4,845	16,491
Extraordinary losses		
Loss on sale or disposal of fixed assets	2,186	1,833
Loss on business integration	4,342	-
Production restructuring costs	-	2,264
Repair costs	-	7,672
Other	1,014	2,531
Total extraordinary losses	7,543	14,301
Income before income taxes and non-controlling interests	51,061	54,840
Current income taxes	14,096	13,348
Deferred income taxes	8,474	6,788
Total income taxes	22,571	20,136
Net income	28,490	34,704
Net income attributable to non-controlling shareholders	1,566	1,116
Net income attributable to parent company shareholders	26,923	33,587

Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net income	28,490	34,704
Other comprehensive income		
Valuation difference on available-for-sale securities	113,163	(24,502)
Net deferred gains (losses) on hedges	(30)	22
Foreign currency translation adjustments	6,991	(5,235)
Remeasurements of defined benefit plans	15,199	(26,118)
Share of other comprehensive income of associates accounted for using equity method	1,868	1,325
Total other comprehensive income	137,192	(54,509)
Comprehensive income	165,683	(19,805)
Attributable to:		
Parent company shareholders	163,315	(20,351)
Non-controlling shareholders	2,367	545

(3) Consolidated statements of changes in net assets

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

(Million yen)

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

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

The year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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	737,241	(94,386)	902,217
Changes of items during the period					
Cash dividends paid			(20,376)		(20,376)
Net income attributable to parent company shareholders			33,587		33,587
Change in ownership interest of parent arising from transactions with non-controlling shareholders		(615)			(615)
Purchases of treasury stock				(20,066)	(20,066)
Disposal of treasury stock			(0)	1	1
Cancellation of treasury stock			(33,422)	33,422	–
Other				3	3
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	(615)	(20,211)	13,361	(7,465)
Balance at the end of current period	114,464	144,283	717,029	(81,024)	894,752

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling 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	147,914	(0)	7,247	21,449	176,610	16	45,248	1,124,093
Changes of items during the period								
Cash dividends paid								(20,376)
Net income attributable to parent company shareholders								33,587
Change in ownership interest of parent arising from transactions with non-controlling shareholders								(615)
Purchases of treasury stock								(20,066)
Disposal of treasury stock								1
Cancellation of treasury stock								–
Other								3
Net changes in items other than stockholders' equity	(24,435)	(6)	(4,196)	(25,299)	(53,938)	–	552	(53,386)
Total changes of items during the period	(24,435)	(6)	(4,196)	(25,299)	(53,938)	–	552	(60,851)
Balance at the end of current period	123,478	(6)	3,050	(3,849)	122,672	16	45,800	1,063,241

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Cash flows from operating activities		
Income before income taxes and non-controlling interests	51,061	54,840
Depreciation	67,033	65,310
Impairment loss	79	109
Increase (Decrease) of doubtful receivables, net	700	(1,393)
Increase of net defined benefit asset	(14,798)	(15,311)
Increase (Decrease) of net defined benefit liability	150	(8)
Equity in gains of affiliates	(2,171)	(3,696)
Amortization of consolidation goodwill, net	1,989	2,200
Interest and dividend income	(4,138)	(5,226)
Interest expense	2,453	2,439
Net gain on sales of investment securities	(4,455)	(15,111)
Net loss on devaluation of investment securities	67	923
Net losses on sale or disposal of fixed assets	1,980	1,665
(Increase) Decrease in trade receivables	(12,507)	17,880
Increase in inventories	(5,711)	(10,531)
Increase (Decrease) in trade payables	4,766	(4,725)
Other	14,871	178
Sub-total	101,371	89,543
Payments for extra retirement payments	(153)	(990)
Payment of income taxes	(15,487)	(15,923)
Net cash provided by operating activities	85,730	72,629
Cash flows from investing activities		
Net decrease in time deposits	2,161	38
Payments for purchases of property, plant and equipment	(52,627)	(64,415)
Proceeds from sales of property, plant and equipment	3,961	2,791
Payments for purchases of investment securities	(2,329)	(5,664)
Proceeds from sales of investment securities	7,845	19,949
Payments for purchase of intangible fixed assets	(8,988)	(8,701)
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	(675)	(8,981)
Interest and dividends received	4,989	6,178
Other	(4,876)	(2,079)
Net cash used in investing activities	(50,540)	(60,883)

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Cash flows from financing activities		
Net increase in short-term bank loans	4,028	2,131
Proceeds from long-term debt	11,152	5,803
Repayments of long-term debt	(10,232)	(10,552)
Proceeds from issuance of bonds	2,946	4,718
Payments for redemption of bonds	(1,850)	(1,050)
Payments for purchases of treasury stock	(66)	(20,066)
Payments for purchases of treasury stock of subsidiaries	(0)	(1)
Interest paid	(2,442)	(2,436)
Dividends paid	(20,612)	(20,381)
Dividends paid to non-controlling interests	(364)	(452)
Payments for purchase of stock in subsidiaries not resulting in change in scope of consolidation	–	(151)
Other	(6,422)	(4,725)
Net cash used in financing activities	(23,864)	(47,166)
Effect of exchange rate changes on cash and cash equivalents	2,789	(1,829)
Net increase (decrease) in cash and cash equivalents	14,115	(37,249)
Cash and cash equivalents at beginning of year	199,813	212,762
Increase in cash and cash equivalents resulting from change of scope of consolidation	64	–
Decrease in cash and cash equivalents resulting from the merger of consolidated subsidiaries	(1,274)	–
Increase in cash and cash equivalents resulting from the merger of non-consolidated subsidiaries	43	–
Cash and cash equivalents at end of year	212,762	175,513

(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: 114

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 Fine Chemicals Co., Ltd.
DNP Logistics Co., Ltd.

Number of equity-method affiliated companies: 15

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

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

(Scope of consolidation)

Newly included: 4 DNP Tamura Plastic Co., Ltd. and three other companies
Excluded: 2 DNP Signage Technology Co., Ltd. and one other company

(Application of equity method)

Newly included: 5 Publishing Marketing Innovation Japan Co., Ltd. and four other companies
Excluded: 2 UD Alliance Technology Limited and one other company

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 six other companies have fiscal years that end on August 31, mobilebook.jp, Inc. and one other company have fiscal years that end on September 30, and DNP Tamura Plastic Co., Ltd.'s fiscal year ends on October 31. 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
 - 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.

(c) Basis for recording significant allowances

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

(d) Accounting treatment of retirement benefits

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

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

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

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

(e) Accounting treatment of consumption taxes

National and local consumption taxes are excluded from transaction amounts.

(f) Amortization of goodwill

Goodwill is 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]

Starting in the current fiscal year, DNP is applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), and other accounting standards. As a result, DNP now records any differences resulting from changes in its ownership interests in subsidiaries subject to ongoing control under capital surplus, and records acquisition-related costs as expenses in the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the current fiscal year, DNP now reflects the updated acquisition cost allocation based on finalization of the provisional accounting treatment in the consolidated financial statements for the fiscal year in which the business combination occurs. In addition, DNP has made changes in the presentation of net income and other items and has changed from presenting minority interests to presenting non-controlling interests. To reflect these changes in presentation, DNP has restated the consolidated financial statements for the previous fiscal year.

DNP is applying the Accounting Standard for Business Combinations and other accounting standards in line with transitional measures stipulated in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for

Business Divestitures, and this application is effective from the start of the current fiscal year and into the future.

In the consolidated statements of cash flows for the current fiscal year, DNP lists cash flows related to the purchase or sale of stock in subsidiaries not resulting in a change in the scope of consolidation in the category of cash flows from financing activities, and cash flows related to acquisition-related costs for stock in subsidiaries resulting in a change in the scope of consolidation or expenses arising in relation to the purchase or sale of stock in subsidiaries not resulting in a change in the scope of consolidation in the category of cash flows from operating activities. Additionally, DNP is not reclassifying comparable information, in line with transitional measures stipulated in Paragraph 26-4 of the Practical Guidelines on Accounting Standards for Preparing Consolidated Statements of Cash Flows.

These changes have an immaterial impact on the consolidated financial statements for the current fiscal year.

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

[Consolidated balance sheets]

	Year ended March 31, 2015	Year ended March 31, 2016
1. Guarantee obligation	¥22 million	¥6 million
2. Discounts on notes receivables	¥625 million	¥628 million

[Consolidated statements of income]

	Year ended March 31, 2015	Year ended March 31, 2016
1. Research and development expenses (Selling, general and administrative expenses)	¥31,748 million	¥31,826 million

[Consolidated statements of changes in net assets]

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

1. Types and number of shares outstanding and treasury stock

(Shares)

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

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

2. Stock acquisition rights and treasury stock acquisition rights

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

3. Detailed information regarding dividends

(1) Dividends paid

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

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

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

The year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

1. Types and number of shares outstanding and treasury stock

					(Shares)
	Stock type	Number of shares at the beginning of the year ended March 2016	Increase in number of shares during the year ended March 2016	Decrease in number of shares during the year ended March 2016	Number of shares at the end of the year ended March 2016
Outstanding shares	Common stock	700,480,693	–	20,000,000	680,480,693
Treasury stock	Common stock	56,647,614	15,275,962	20,003,999	51,919,577

- Notes:
- The total number of outstanding shares of common stock decreased by 20,000,000 shares due to the cancellation of treasury shares by resolution of the Board of Directors.
 - The number of treasury shares of common stock increased by 15,275,962 shares due to the acquisition of 15,221,000 shares by resolution by the Board of Directors and the repurchase of 54,962 odd-lot shares.
 - The total number of treasury shares of common stock decreased by 20,003,999 shares due to the cancellation of 20,000,000 treasury shares by resolution of the Board of Directors, the sale of 1,200 odd-lot shares, and 2,799 shares from changes in equity ownership ratios in equity-method affiliates.

2. Stock acquisition rights and treasury stock acquisition rights

Company name	Breakdown	Stock type	Number of shares (Shares)				Balance at the end of the year ended March 2016 (Million yen)
			Beginning of the year ended March 2016	Increase	Decrease	End of the year ended March 2016	
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 26, 2015	Common stock	10,310	16	March 31, 2015	June 29, 2015
Board of Directors' meeting on November 10, 2015	Common stock	10,066	16	September 30, 2015	December 10, 2015

(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 29, 2016	Common stock	10,065	Retained earnings	16	March 31, 2016	June 30, 2016

[Segment information, etc.]

[Segment information]

1. Overview of the reporting segments

(1) Method of determining reporting segments

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

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

(2) Products and services in each reporting segment

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

(3) Changes in reporting business segments, etc.

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

DNP transferred the Imaging Communication business (includes photo printing) from the Lifestyle and Industrial Supplies segment to the Information Communication segment in April 2015.

Segment information for the previous fiscal year has been prepared based on the new reportable business segments. This information is presented under "The year ended March 31, 2015 (April 1, 2014 – March 31, 2015)" in the section titled, "3. Information on sales, income/loss, assets, and other items by reporting segment."

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

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

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

As noted in the section on changes in accounting policies, starting in the current fiscal year, DNP now records any differences resulting from changes in its ownership interests in subsidiaries subject to ongoing control under capital surplus, and records acquisition-related costs as expenses in the fiscal year in which they are incurred.

These changes have an immaterial impact on segment profits in the current fiscal year.

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

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

(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	784,672	387,517	230,297	59,631	1,462,118	–	1,462,118
Inter-segment	5,065	1,038	8	9	6,121	(6,121)	–
Total	789,737	388,556	230,305	59,640	1,468,239	(6,121)	1,462,118
Segment income	22,193	13,676	25,904	1,076	62,851	(14,677)	48,173
Segment assets	895,813	450,645	310,315	46,359	1,703,133	106,328	1,809,462
Other items							
Depreciation and amortization	25,668	17,600	18,377	3,840	65,488	1,545	67,033
Amortization of goodwill	1,991	5	17	0	2,015	–	2,015
Impairment loss	61	–	–	17	79	–	79
Increase in property, plant and equipment and in intangible fixed assets	23,343	12,599	14,395	3,553	53,892	1,131	55,024

Notes: 1. Figures are adjusted as follows.

- (1) Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
 - (2) Segment assets are adjusted for companywide assets not allocated to reporting segments.
 - (3) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.
2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.

The year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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	816,875	381,647	199,330	58,062	1,455,916	–	1,455,916
Inter-segment	4,746	999	20	32	5,798	(5,798)	–
Total	821,622	382,647	199,350	58,094	1,461,714	(5,798)	1,455,916
Segment income	29,363	12,597	20,508	991	63,460	(17,988)	45,471
Segment assets	892,968	441,761	273,402	45,799	1,653,933	64,703	1,718,636
Other items							
Depreciation and amortization	27,515	17,025	15,007	3,940	63,489	1,820	65,310
Amortization of goodwill	1,593	606	–	1	2,200	–	2,200
Impairment loss	102	–	–	7	109	–	109
Increase in property, plant and equipment and in intangible fixed assets	52,537	23,277	13,276	5,780	94,871	2,392	97,264

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, 2015 (April 1, 2014 – March 31, 2015)

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

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

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

(2) Property, plant and equipment

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

3. Information on major customers

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

The year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

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
1,221,329	146,925	87,660	1,455,916

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

(2) Property, plant and equipment

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

3. Information on major customers

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

[Per share information]

	Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)
Net assets per share	¥1,675.63	¥1,618.66
Net income per share	¥41.82	¥53.10
Diluted net income per share	¥41.44	¥53.07

Note: Basis of calculations

1. Net assets per share

		Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
Total net assets	(Million yen)	1,124,093	1,063,241
Amount excluded from total net assets	(Million yen)	45,264	45,816
Of which, stock acquisition rights	(Million yen)	16	16
Of which, non-controlling interests	(Million yen)	45,248	45,800
Net assets at fiscal year-end pertaining to common stock	(Million yen)	1,078,828	1,017,425
Number of common shares outstanding	(Thousand shares)	700,480	680,480
Number of common treasury shares	(Thousand shares)	56,647	51,919
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	643,833	628,561

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

		Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)
(1) Net income per share			
Net income attributable to parent company shareholders	(Million yen)	26,923	33,587
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income attributable to parent company common shareholders	(Million yen)	26,923	33,587
Average number of common shares outstanding during the fiscal year	(Thousand shares)	643,867	632,591
(2) Diluted net income per share			
Adjustments to net income attributable to parent company shareholders	(Million yen)	(240)	(18)
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates	(Million yen)	(240)	(18)
Increase in common stock	(Thousand shares)	–	–

3. As noted in the section on changes in accounting policies, DNP now applies the Accounting Standard for Business Combinations.

This change has an immaterial impact in the current fiscal year on net assets per share, net income per share, and diluted net income per share.

[Significant subsequent events]

None

[Disclosure omission]

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

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

(Million yen)

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and time deposits	121,001	83,598
Notes receivable	43,790	45,223
Trade receivable	263,459	245,389
Merchandise and finished goods	4,401	5,344
Work in progress	9,339	10,068
Raw materials and supplies	1,514	1,396
Deferred income taxes	3,972	5,845
Other	27,816	34,676
Allowance for doubtful accounts	(1,031)	(1,342)
Total current assets	474,263	430,199
Fixed assets		
Property, plant and equipment		
Buildings	408,262	450,099
Accumulated depreciation	(270,025)	(280,093)
Buildings, net	138,237	170,005
Structures	32,026	33,587
Accumulated depreciation	(25,661)	(26,290)
Structures, net	6,365	7,297
Machinery	577,832	581,893
Accumulated depreciation	(518,456)	(529,119)
Machinery, net	59,375	52,774
Vehicles	1,301	1,326
Accumulated depreciation	(1,177)	(1,239)
Vehicles, net	124	86
Equipment	49,224	51,607
Accumulated depreciation	(41,492)	(40,465)
Equipment, net	7,732	11,142
Land	131,049	131,032
Lease asset	1,858	1,939
Accumulated depreciation	(1,057)	(970)
Lease asset, net	801	969
Construction in progress	38,694	9,544
Total property, plant and equipment	382,379	382,851
Intangible fixed assets		
Software	20,651	20,590
Other	2,628	2,095
Total intangible fixed assets	23,280	22,686
Investments and other assets		
Investment securities	341,749	302,122
Investments in securities in affiliates	149,978	158,432
Investments in capital of affiliates	2,922	2,922
Long-term loans	13,144	12,380
Other	56,265	63,851
Allowance for doubtful accounts	(14,177)	(12,920)
Total investments and other assets	549,883	526,790
Total fixed assets	955,543	932,328
TOTAL ASSETS	1,429,806	1,362,528

(Million yen)

	Year ended March 31, 2015 (As of March 31, 2015)	Year ended March 31, 2016 (As of March 31, 2016)
LIABILITIES		
Current liabilities		
Notes payable	14,016	10,750
Trade payable	213,667	206,811
Lease obligations	268	313
Accounts payable - other	39,966	36,889
Accrued expenses	16,028	19,899
Advances received	1,974	2,604
Deposits payable	198,237	189,105
Reserve for bonuses	7,556	7,557
Reserve for bonuses to directors	148	141
Provision for loss on liquidation of affiliates	106	-
Notes payable for facilities	644	881
Other	374	-
Total current liabilities	492,988	474,954
Long-term liabilities		
Bonds	100,000	100,000
Lease obligations	574	945
Asset retirement obligations	1,124	1,145
Long-term accounts payable	5,994	5,963
Provision for retirement benefits	7,688	8,297
Reserve for environmental measures	72	72
Deferred tax liabilities	52,938	44,781
Total long-term liabilities	168,393	161,206
TOTAL LIABILITIES	661,382	636,160
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	0	0
Reserve for depreciation reduction of fixed assets	29	27
Other reserve	382,780	332,780
Retained earnings brought forward	51,105	70,156
Total retained earnings	457,215	426,264
Treasury stock	(94,329)	(80,972)
Total stockholders' equity	622,248	604,655
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	146,176	121,712
Net deferred losses on hedges	(0)	-
Total valuation and translation adjustments	146,175	121,712
TOTAL NET ASSETS	768,424	726,367
TOTAL LIABILITIES AND NET ASSETS	1,429,806	1,362,528

(2) Non-consolidated statements of income

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net sales	999,023	1,001,026
Cost of sales	882,293	880,119
Gross profit	116,729	120,906
Selling, general and administrative expenses	117,198	122,449
Operating loss	(469)	(1,542)
Non-operating income		
Interest income	222	226
Dividend income	19,135	25,083
Other	36,851	34,841
Total non-operating income	56,209	60,151
Non-operating expenses		
Interest expense	1,575	1,614
Other	29,739	28,789
Total non-operating expenses	31,315	30,403
Ordinary income	24,424	28,206
Extraordinary gains		
Gain on sale of fixed assets	34	48
Gain on sale of investment securities	4,147	14,594
Other	2,249	380
Total extraordinary gains	6,431	15,023
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,661	1,225
Loss on devaluation of investment securities	16	923
Loss on devaluation of securities in affiliates	10	3,619
Repair costs	—	7,672
Other	53	243
Total extraordinary losses	1,741	13,684
Income before income taxes	29,115	29,545
Current income taxes	330	1,580
Deferred income taxes	6,921	5,117
Total income taxes	7,251	6,697
Net income	21,863	22,848

(3) Non-consolidated statements of changes in net assets
The year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Million yen)

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

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

The year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus		Legal reserve	Retained earnings				Total retained earnings
		Capital reserve	Total capital surplus		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	0	29	382,780	51,105	457,215
Changes of items during the period									
Reversal of reserve for special depreciation					(0)			0	–
Reversal of reserve for depreciation reduction of fixed assets						(1)		1	–
Reversal of other reserves							(50,000)	50,000	–
Cash dividends paid								(20,376)	(20,376)
Net income								22,848	22,848
Purchases of treasury stock									
Disposal of treasury stock								(0)	(0)
Cancellation of treasury stock								(33,422)	(33,422)
Net changes in items other than stockholders' equity									
Total changes of items during the period	–	–	–	–	(0)	(1)	(50,000)	19,050	(30,950)
Balance at the end of current period	114,464	144,898	144,898	23,300	0	27	332,780	70,156	426,264

	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	(94,329)	622,248	146,176	(0)	146,175	768,424
Changes of items during the period						
Reversal of reserve for special depreciation		–				–
Reversal of reserve for depreciation reduction of fixed assets		–				–
Reversal of other reserves		–				–
Cash dividends paid		(20,376)				(20,376)
Net income		22,848				22,848
Purchases of treasury stock	(20,066)	(20,066)				(20,066)
Disposal of treasury stock	1	1				1
Cancellation of treasury stock	33,422	–				–
Net changes in items other than stockholders' equity		–	(24,463)	0	(24,463)	(24,463)
Total changes of items during the period	13,357	(17,593)	(24,463)	0	(24,463)	(42,056)
Balance at the end of current period	(80,972)	604,655	121,712	–	121,712	726,367

(4) Notes regarding non-consolidated financial statements

[Notes on premise of a going concern]

None