KYODO PRINTING CO., LTD.
and Consolidated Subsidiaries

Consolidated Financial Statements
for the Years Ended March 31, 2014 and 2013,
and Independent Auditor's Report

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NEXIA INTERNATIONAL

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of KYODO PRINTING CO., Ltd.

We have audited the accompanying consolidated financial statements of KYODO PRINTING CO., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2014 and 2013, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The United States dollar amounts shown in the consolidated financial statements referred to above have been translated solely for convenience. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note1.

Tokyo, Japan
November 18, 2014

Gyosei & Co.

GYOSEI & Co.
Certified Public Accountants

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets
March 31, 2014 and 2013

ASSETS	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
CURRENT ASSETS:			
Cash and cash equivalents (Notes 11 and 14)	¥ 13,271	¥ 13,077	$ 128,944
Receivables (Notes 3 and 11):			
Trade notes	4,878	5,483	47,396
Trade accounts	21,632	21,954	210,182
Other	179	154	1,739
Allowance for doubtful accounts	(63)	(65)	(612)
Short-term investments (Notes 5 and 11)	288	325	2,798
Inventories (Note 4)	4,955	5,113	48,144
Deferred tax assets (Note 9)	660	1,198	6,412
Prepaid expenses and other current assets	223	241	2,166
Total current assets	46,026	47,482	447,201
PROPERTY AND EQUIPMENT (Note 6):			
Land	15,476	15,476	150,369
Buildings and structures	42,506	41,878	413,000
Machinery and vehicles	53,536	54,044	520,171
Furniture and fixtures	5,705	5,589	55,431
Lease assets (Notes 10 and 14)	1,438	1,123	13,972
Construction in progress	153	139	1,486
Total	118,817	118,252	1,154,459
Accumulated depreciation	(81,438)	(80,111)	(791,274)
Net property and equipment	37,378	38,141	363,175
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 11)	9,811	8,635	95,326
Investments in associated companies	258	254	2,506
Intangible assets	1,237	980	12,019
Deferred tax assets (Note 9)	412	484	4,003
Other assets	1,126	874	10,940
Allowance for doubtful accounts	(245)	(114)	(2,380)
Total investments and other assets	12,600	11,114	122,425
TOTAL	¥ 96,004	¥ 96,738	$ 932,802

(Continued)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets
March 31, 2014 and 2013

LIABILITIES AND EQUITY	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 6, 11 and 14)	¥ 4,525	¥ 3,400	$ 43,966
Payables (Notes 3 and 11):			
Trade notes	8,330	7,204	80,936
Trade accounts	10,326	11,255	100,330
Other	248	152	2,409
Income taxes payable	366	353	3,556
Accrued bonuses	1,127	1,105	10,950
Other current liabilities	4,893	5,031	47,541
Total current liabilities	29,817	28,504	289,710
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6, 11 and 14)	8,602	12,695	83,579
Liability for retirement benefits (Note 7)	6,104	5,264	59,308
Deferred tax liabilities (Note 9)	184	174	1,787
Other long-term liabilities	221	259	2,147
Total long-term liabilities	15,112	18,394	146,832
EQUITY (Notes 8 and 15):			
Common stock—authorized, 360,800,000 shares; issued, 90,200,000 shares in 2014 and 2013	4,510	4,510	43,820
Capital surplus	1,742	1,742	16,925
Retained earnings	43,078	42,188	418,558
Treasury stock—at cost, 2,410,552 shares in 2014 and 2,408,352 shares in 2013	(545)	(545)	(5,295)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	2,665	1,942	25,893
Foreign currency translation adjustments	15	2	145
Remeasurement of defined benefit plans	(397)	-	(3,857)
Total	51,069	49,840	496,200
Minority interests	5	-	48
Total equity	51,074	49,840	496,249
TOTAL	¥ 96,004	¥ 96,738	$ 932,802

See notes to consolidated financial statements.

(Concluded)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET SALES (Note 16)	¥ 94,479	¥ 94,220	$ 917,984
COST OF SALES (Note 2.l)	78,881	79,210	766,430
Gross profit	15,598	15,010	151,554
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 2.l, 7 and 16)			
Delivery expense	4,237	4,197	41,167
Travel and communication expense	339	336	3,293
Provision of allowance for doubtful accounts	157	(28)	1,525
Salaries and allowances	4,957	5,000	48,163
Provision for employees' bonuses	345	357	3,352
Provision for directors' bonuses	54	40	524
Retirement benefit expenses	419	354	4,071
Employee benefits	1,126	1,113	10,940
Depreciation	251	240	2,438
Other	1,608	1,583	15,623
Total selling, general and administrative expenses	13,498	13,196	131,150
Operating income	2,100	1,813	20,404
OTHER INCOME (EXPENSES):			
Interest and dividend income	209	211	2,030
Interest expense	(212)	(249)	(2,059)
Gain on sales of goods	308	315	2,992
Other—net	266	255	2,584
Other income—net	571	532	5,547
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,671	2,346	25,952
INCOME TAXES (Note 9):			
Current	627	539	6,092
Deferred	448	370	4,352
Total income taxes	1,076	909	10,454
INCOME BEFORE MINORITY INTERESTS	1,595	1,437	15,497
MINORITY INTERESTS IN NET INCOME	2	-	19
NET INCOME	¥ 1,592	¥ 1,437	$ 15,468

(Continued)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2014 and 2013

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.o and 8):			
Basic net income	¥ 18.14	¥ 16.09	$ 0.17
Cash dividends applicable to the year	8.00	8.00	0.07

See notes to consolidated financial statements.

(Concluded)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
INCOME BEFORE MINORITY INTERESTS	¥ 1,595	¥ 1,437	$ 15,497
OTHER COMPREHENSIVE INCOME (Note 13):			
Unrealized gain on available-for-sale securities	720	1,159	6,995
Foreign currency translation adjustments	13	137	126
Share of other comprehensive income in associate accounted for using the equity method	2	2	19
Total other comprehensive income	736	1,299	7,151
COMPREHENSIVE INCOME	¥ 2,331	¥ 2,737	$ 22,648
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 2,329	¥ 2,737	$ 22,629
Minority interests	2	-	19

See notes to consolidated financial statements.

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2014 and 2013

	Number of Shares of		Millions of Yen				
	Common Stock Issued	Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
BALANCE, APRIL 1, 2012	90,200,000	105,816	¥ 4,510	¥ 1,742	¥ 41,472	¥ (44)	¥ 47,680
Net income					1,437		1,437
Cash dividends, ¥8.00 per share					(721)		(721)
Purchase of treasury stock (Note 8)		2,302,536				(500)	(500)
Net change in items other than those in shareholders' equity							
BALANCE, MARCH 31, 2013	90,200,000	2,408,352	4,510	1,742	42,188	(545)	47,896
Net income					1,592		1,592
Cash dividends, ¥8.00 per share					(702)		(702)
Purchase of treasury stock (Note 8)		2,200				(0)	(0)
Net change in items other than those in shareholders' equity							
BALANCE, MARCH 31, 2014	90,200,000	2,410,552	¥ 4,510	¥ 1,742	¥ 43,078	¥ (545)	¥ 48,785

	Millions of Yen					
	Accumulated Other Comprehensive Income					
	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurement of Defined Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2012	¥ 779	¥ (135)	¥ -	¥ 644	¥ -	¥ 48,324
Net income						1,437
Cash dividends, ¥8.00 per share						(721)
Purchase of treasury stock (Note 8)						(500)
Net change in items other than those in shareholders' equity	1,162	137		1,299		1,299
BALANCE, MARCH 31, 2013	1,942	2	-	1,944	-	49,840
Net income						1,592
Cash dividends, ¥8.00 per share						(702)
Purchase of treasury stock (Note 8)						(0)
Net change in items other than those in shareholders' equity	723	13	(397)	339	5	344
BALANCE, MARCH 31, 2014	¥ 2,665	¥ 15	¥ (397)	¥ 2,283	¥ 5	¥ 51,074

(Continued)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2014 and 2013

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
BALANCE, MARCH 31, 2013	$ 43,820	$ 16,925	$ 409,910	$ (5,295)	$ 465,371
Net income			15,468		15,468
Cash dividends, $0.07 per share			(6,820)		(6,820)
Purchase of treasury stock (Note 8)				(0)	(0)
Net change in items other than those in shareholders' equity					
BALANCE, MARCH 31, 2014	$ 43,820	$ 16,925	$ 418,558	$ (5,295)	$ 474,008

	Thousands of U.S. Dollars (Note 1)					
	Accumulated Other Comprehensive Income					
	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurement of Defined Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2013	$ 18,869	$ 19	$ -	$ 18,888	$ -	$ 484,259
Net income						15,468
Cash dividends, $0.07 per share						(6,820)
Purchase of treasury stock (Note 8)						(0)
Net change in items other than those in shareholders' equity	7,024	126	(3,857)	3,293	48	3,342
BALANCE, MARCH 31, 2014	$ 25,893	$ 145	$ (3,857)	$ 22,182	$ 48	$ 496,249

See notes to consolidated financial statements.

(Concluded)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 2,671	¥ 2,346	$ 25,952
Adjustments for:			
Income taxes—paid	(615)	(396)	(5,975)
Depreciation and amortization	4,424	4,429	42,984
Loss on sales and disposition of property and equipment	167	178	1,622
Gain on sales of investment securities	(10)	(107)	(97)
Changes in assets and liabilities:			
Decrease in trade accounts receivable	984	529	9,560
Decrease in inventories	158	54	1,535
Increase (decrease) in trade accounts payable	194	(1,266)	1,884
Increase (decrease) in allowance for doubtful accounts	128	(149)	1,243
Increase in liability for retirement benefits	222	425	2,157
Other—net	(259)	154	(2,516)
Total adjustments	5,394	3,850	52,409
Net cash provided by operating activities	8,065	6,197	78,361
INVESTING ACTIVITIES:			
Purchases of property and equipment	(3,188)	(2,993)	(30,975)
Purchases of intangible assets	(472)	(320)	(4,586)
Proceeds from sales of intangible assets	-	141	-
Purchases of investment securities	(92)	(156)	(893)
Proceeds from sales of investment securities	28	169	272
Net proceeds from purchase of investment in subsidiary resulting in change of scope of consolidation	56	-	544
Other—net	(67)	(57)	(650)
Net cash used in investing activities	(3,736)	(3,216)	(36,300)
FORWARD	¥ 4,329	¥ 2,980	$ 42,061

(Continued)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
FORWARD	¥ 4,329	¥ 2,980	$ 42,061
FINANCING ACTIVITIES:			
Decrease in short-term bank loans	-	(760)	-
Proceeds from long-term debt	-	3,000	-
Repayments of long-term debt	(3,208)	(2,579)	(31,169)
Dividends paid	(702)	(721)	(6,820)
Purchase of treasury stock	(0)	(500)	(0)
Other—net	(233)	(209)	(2,263)
Net cash used in financing activities	(4,145)	(1,770)	(40,273)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	9	15	87
NET INCREASE IN CASH AND CASH EQUIVALENTS	193	1,225	1,875
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,077	11,851	127,059
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 13,271	¥ 13,077	$ 128,944

See notes to consolidated financial statements.

(Concluded)

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of KYODO PRINTING CO., LTD. (the “Company”) and its consolidated subsidiaries (together, the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥102.92 to $1, the approximate rate of exchange as of March 31, 2014. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen except for per share data. U.S. dollar figures are translated from millions of yen and rounded down to the nearest thousand dollar except for per share data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***a. Consolidation*—**The consolidated financial statements as of March 31, 2014, include the accounts of the Company and all its 12 (11 in 2013) subsidiaries.

Under the control and influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Effective as of April 1, 2013, Digital Catapult Inc. an associated company which had been accounted for by the equity method for the year ended March 31, 2013, is included in the scope of consolidation due to an additional stock acquisition as of April 1, 2013.

Investment in one (two in 2013) associated company is accounted for by the equity method for the year ended March 31, 2014.

Investment in an associated company, which is not accounted for by the equity method, is stated at cost because its impact on the consolidated financial statements has been immaterial in terms of the aggregated amount of assets, net sales, net income and retained earnings.

The fiscal year-end of a consolidated foreign subsidiary is at the end of December. The financial statements of the subsidiary as of and for the years ended December 31, 2013 and 2012 were used in preparing the accompanying consolidated financial statements, with adjustments made as necessary to account for significant transactions occurring during the period from its fiscal year-end to the consolidated balance sheet date.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Cash Equivalents—***Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

c. ***Inventories***—Merchandise and work in process inventories of the Company are stated at the lower of cost, determined by the specific identification method, or net selling value, while those of the consolidated subsidiaries are stated at the lower of cost, determined by retail method, or net selling value.

Raw materials and supplies are stated principally at the lower of cost, determined by the first-in, first-out method, or net selling value except for those of two consolidated subsidiaries which are stated at the lower of cost, determined by the specific identification method, or net selling value.

d. ***Marketable and Investment Securities***—The Group classifies all investment securities as available-for-sale securities, and reports marketable securities at fair value, with unrealized gains and losses (net of applicable taxes) as a separate component of equity. The cost of securities sold is determined by the moving-average method.

Nonmarketable available-for-sale securities are stated at cost, determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. ***Allowance for Doubtful Accounts***—Allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience for normal receivables and an evaluation of potential losses in the receivables outstanding.

f. ***Property and Equipment***—Property and equipment, except for lease assets, are stated at cost. Depreciation of property and equipment of the Group is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings (excluding structures) acquired after April 1, 1998. The ranges of useful lives are principally 31 to 50 years for buildings and structures, and 4 to 10 years for machinery and vehicles.

g. ***Intangible Assets***—Intangible assets, except for lease assets, are amortized by the straight-line method over their estimated useful lives. Software for internal use is amortized by the straight-line method over five years.

h. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. ***Leases***—In March 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing leased assets and lease obligations in the consolidated balance sheet. In addition, the revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.
The leased assets are depreciated over the lease term on a straight-line basis assuming the residual value is equal to zero.

All other leases are accounted for as operating leases.

j. ***Retirement and Pension Plans***—The Group has defined benefit plans and defined contribution plans for employees' benefits.

The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over eight years within the average remaining service period. Past service costs are amortized on a straight-line basis over eight years within the average remaining service period.

k. ***Accrued Bonuses***—Bonuses to employees and directors are accrued at the year-end to which such bonuses are attributable.

l. ***Research and Development Costs***—Research and development costs are charged to income as incurred. Research and development costs for the years ended March 31, 2014 and 2013 were ¥1,481 million ($14,389 thousand) and ¥1,596 million, respectively.

m. ***Income Taxes—***Provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

n. ***Derivatives and Hedging Activities***—The Group uses interest rate swaps to manage its exposures to fluctuations in interest risks in accordance with its internal policies. These contracts are used for its long-term borrowings. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps used by certain domestic consolidated subsidiaries which qualify for hedge accounting and which meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income (referred to as an exceptional treatment to the basic deferral method).

o. ***Per Share Information***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

The basic net income available to common shareholders and weighted-average number of common shares used in the computation were ¥1,592 million ($15,468 thousand) and 87,790 thousand shares for the year ended March 31, 2014 and ¥1,437 million and 89,316 thousand shares for the year ended March 31, 2013, respectively.

Diluted net income per share of common stock is not disclosed for the years ended March 31, 2014 and 2013 because there were no dilutive securities.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective fiscal years including dividends to be paid after the end of the year.

p. New Accounting Pronouncements

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

Major changes are as follows:

(*1*) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset. Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(*2*) *Treatment in the statement of income and the statement of comprehensive income*

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(*3*) *Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases*

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (1) and (2) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (3) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group applied the revised accounting standard for (1) and (2) above effective March 31, 2014, and expects to apply (3) above from April 1, 2014. As a result, liability for retirement benefits of ¥6,104 million ($59,308 thousand) was recorded as of March 31, 2014, and accumulated other comprehensive income for the year ended March 31, 2014 decreased by ¥397 million ($3,857 thousand).

Net assets per share also decreased by ¥4.53 ($0.04) as a result of this change.

The Group is in the process of measuring the effects of applying the revised accounting standard for (3) above in future applicable periods.

3. TRADE NOTES

Trade notes maturing at the end of the consolidated fiscal year are settled on their clearance dates. As the balance sheet date of the year ended March 31, 2013 was a bank holiday, the following amounts of trade notes matured on the balance sheet date were included in the balance of trade notes as of March 31, 2013:

	Millions of Yen
Trade notes receivable	¥ 437
Trade notes payable	42

4. INVENTORIES

Inventories as of March 31, 2014 and 2013 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Merchandise and finished products	¥ 2,006	¥ 2,234	$ 19,490
Work in process	2,187	2,182	21,249
Raw materials and supplies	760	697	7,384
Total	¥ 4,955	¥ 5,113	$ 48,144

5. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2014 and 2013 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Short-term investments:			
Time deposits exceeding three months to maturity	¥ 280	¥ 325	$ 2,720
Unlisted debt securities	7	-	68
Total	¥ 288	¥ 325	$ 2,798
Investment securities:			
Marketable equity securities	¥ 9,268	¥ 8,089	$ 90,050
Unlisted equity securities	522	518	5,071
Unlisted debt securities	-	7	-
Other	20	20	194
Total	¥ 9,811	¥ 8,635	$ 95,326

The costs and aggregate fair values of marketable and investment securities as of March 31, 2014 and 2013 were as follows:

	Millions of Yen			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—Equity securities	¥ 5,146	¥ 4,201	¥ 79	¥ 9,268
March 31, 2013				
Securities classified as available-for-sale—Equity securities	¥ 5,078	¥ 3,137	¥ 126	¥ 8,089

	Thousands of U.S. Dollars			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—Equity securities	$ 50,000	$ 40,818	$ 767	$ 90,050

The information for available-for-sale securities which were sold during the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		
March 31, 2014	Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	¥ 28	¥ 10	¥ -
March 31, 2013			
Available-for-sale—Equity securities	¥ 169	¥ 107	¥ -

	Thousands of U.S. Dollars		
March 31, 2014	Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	$ 272	$ 97	$ -

Loss on valuation of investment securities for the years ended March 31, 2014 and 2013 were ¥1 million ($9 thousand) and ¥20 million, respectively.

6. LONG-TERM DEBT

Long-term debt as of March 31, 2014 and 2013 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unsecured 1.77% bond, due 2014	¥ 2,000	¥ 2,000	$ 19,432
Unsecured 1.37% bond, due 2016	5,000	5,000	48,581
Loans from banks, due through 2018 with a weighted-average rate of 1.31% in 2014 and 1.37% in 2013:			
Collateralized	-	50	-
Unsecured	5,181	8,289	50,340
Long-term lease obligations	946	756	9,191
Total	13,128	16,095	127,555
Less current portion	(4,525)	(3,400)	(43,966)
Long-term debt, less current portion	¥ 8,602	¥ 12,695	$ 83,579

Annual maturities of long-term debt as of March 31, 2014, were as follows:

Year Ending March 31	Bonds		Loans		Obligations under Finance Leases	
	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 2,000	$ 19,432	¥ 2,250	$ 21,861	¥ 275	$ 2,671
2016	-	-	1,731	16,818	238	2,312
2017	5,000	48,581	600	5,829	200	1,943
2018	-	-	600	5,829	123	1,195
2019	-	-	-	-	72	699
2020 and thereafter	-	-	-	-	36	349
Total	¥ 7,000	$ 68,013	¥ 5,181	$ 50,340	¥ 946	$ 9,191

Annual maturities of long-term debt as of March 31, 2013, were as follows:

Year Ending March 31	Millions of Yen		
	Bonds	Loans	Obligations under Finance Leases
2014	¥ -	¥ 3,179	¥ 221
2015	2,000	2,229	195
2016	-	1,731	157
2017	5,000	600	117
2018	-	600	52
2019 and thereafter	-	-	12
Total	¥ 7,000	¥ 5,181	¥ 756

The carrying amounts of assets pledged as collateral for the current portion of long-term bank loans of ¥50 million as of March 31, 2013 were as follows:

	Millions of Yen	
Buildings	¥	200
Land		422
Total	¥	623

7. RETIREMENT AND PENSION PLANS

The Company and its certain consolidated subsidiaries have defined benefit pension plans and lump-sum retirement payment plans.

In addition to defined contribution plans, one consolidated subsidiary participates in multiemployer type contributory pension fund plans for employees in the same industry that is accounted for using an exceptional treatment which allows the consolidated subsidiary to recognize contributions to the plan as retirement benefit costs. Such plans are accounted for by using a simplified method since the amount of plan assets corresponding to each subsidiary cannot be reasonably calculated for the multiemployer plans.

Simplified method is applied by certain consolidated subsidiaries in calculating the retirement benefit obligations.

Year Ended March 31, 2014

Defined Benefit Plans

(1) The changes in defined benefit obligation for the year ended March 31, 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Balance at beginning of year	¥	10,959	$	106,480
Service cost		485		4,712
Interest cost		175		1,700
Actuarial gains		(46)		(446)
Benefits paid		(623)		(6,053)
Balance at end of year	¥	10,950	$	106,393

Note: The plans accounted for using a simplified method are not included in the above table.

(2) The changes in plan assets for the year ended March 31, 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Balance at beginning of year	¥	4,495	$	43,674
Expected return on plan assets		-		-
Actuarial gains		630		6,121
Contributions from the employer		379		3,682
Benefits paid		(311)		(3,021)
Balance at end of year	¥	5,194	$	50,466

Note: The plans accounted for using a simplified method are not included in the above table.

(3) The changes in liability for retirement benefits for defined benefit plans accounted for using a simplified method for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 380	$ 3,692
Benefit cost	23	223
Benefits paid	(47)	(456)
Contributions to plans	(7)	(68)
Balance at end of year	¥ 347	$ 3,371

(4) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation	¥ 5,729	$ 55,664
Plan assets	(5,277)	(51,272)
	451	4,382
Unfunded defined benefit obligation	5,652	54,916
Net liability arising from defined benefit obligation	¥ 6,104	$ 59,308
Liability for retirement benefits	6,104	59,308
Net liability arising from defined benefit obligation	¥ 6,104	$ 59,308

(5) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥ 485	$ 4,712
Interest cost	175	1,700
Expected return on plan assets	-	-
Recognized actuarial losses	283	2,749
Amortization of prior service cost	1	9
Retirement cost calculated under a simplified method	23	223
Net periodic benefit costs	¥ 969	$ 9,415

(6) Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized prior service cost	¥ 4	$ 38
Unrecognized actuarial gains	612	5,946
Total	¥ 617	$ 5,994

(7) Plan assets as of March 31, 2014

(a) Components of plan assets

Plan assets consisted of the following:

Equity investments	52.8%
Debt investments	32.7
General accounts	12.2
Other	2.3
Total	100.0%

(b) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	1.6%
Long-term expected rate of return on plan assets	0.0%

Defined Contribution Plans

The required contribution amount to the defined contribution plans, including the multiemployer plans that are accounted for by a simplified method, was ¥12 million ($116 thousand) for the year ended March 31, 2014.

Multiemployer Plans

Certain consolidated subsidiaries participate in multiemployer type contributory employee pension fund plans that are accounted for using an exceptional treatment in accordance with paragraph 33.(2) of ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits" which allows the consolidated subsidiaries to recognize contributions to the plans as retirement benefit costs. Information on such plans which are accounted for using a simplified method available as of the reporting date of the consolidated financial statements for the year ended March 31, 2014, is as follows:

(1) Status of overall plan assets

March 31, 2013	Millions of Yen
Plan assets	¥ 14,008
Projected benefit obligation	17,604
Net balance	¥ (3,596)

(2) Contribution ratio of the Group as a proportion to the entire plan

	Period from April 1, 2012 to March 31, 2013
Contribution ratio	1.62%

(3) Supplemental information

For the year ended March 31, 2013, the net balance presented in (1) above is mainly composed of unamortized prior service cost of ¥2,884 million ($28,021 thousand) and pension shortfall of ¥858 million ($8,336 thousand). Prior service cost is amortized through amortization of principal and interest using the straight-line method over 20 years.

The contribution ratio of the Group as a proportion to the entire plan presented in (2) above is not consistent with the actual contribution ratio of the Group.

Year Ended March 31, 2013

The liability for retirement benefits as of March 31, 2013 consisted of the following:

		Millions of Yen
Projected benefit obligation (*1)	¥	11,418
Fair value of plan assets		(4,574)
Unrecognized actuarial losses		(1,573)
Unrecognized prior service cost		(5)
Net liability	¥	5,264

(*1) Simplified method is applied by the consolidated subsidiaries in calculating the retirement benefit obligations.

The components of net periodic benefit costs for the year ended March 31, 2013 were as follows:

		Millions of Yen
Service cost (*1)	¥	606
Interest cost		219
Expected return on plan assets		-
Recognized actuarial losses		257
Amortization of prior service cost		1
Net periodic benefit costs	¥	1,085

(*1) Retirement benefit costs of certain consolidated subsidiaries calculated under simplified methods are recorded in “Service cost.”

Assumptions used for the year ended March 31, 2013 are set forth as follows:

Method for allocating expected benefit obligation	Straight-line method
Discount rate	1.6%
Expected rate of return on plan assets	0.0%
Amortization period of prior service cost	8 years
Recognition period of actuarial gains/losses	8 years

One of consolidated domestic subsidiaries participates in a multiemployer pension plan for employees in the same industry that is accounted for using a simplified method which allows the consolidated subsidiary to recognize contributions to the plan as retirement benefit costs. Information concerning such plan available as of the reporting date of the consolidated financial statements for the year ended March 31, 2013 is as follows:

(1) Status of overall plan assets

March 31, 2012	Millions of Yen
Plan assets	¥ 13,545
Projected benefit obligation	16,966
Net balance	¥ (3,421)

(2) Contribution ratio of the Group as a proportion to the entire plan

	Period from April 1, 2011 to March 31, 2012
Contribution ratio	1.73%

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. *Dividends*

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. *Increases/Decreases and Transfer of Common Stock, Reserve and Surplus*

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. *Treasury Stock and Treasury Stock Acquisition Rights*

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

d. *Purchase of Treasury Stock*

Increase in treasury stock of 2,302,536 shares for the year ended March 31, 2013 resulted from purchase of 2,301,000 shares based on a resolution at a Board of Directors' meeting and purchase of 1,536 shares of less than standard unit. Increase in treasury stock for the year ended March 31, 2014 resulted from purchase of 2,200 shares of less than standard unit.

9. INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38.0% for the years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets – current:			
Accrued bonuses	¥ 385	¥ 407	$ 3,740
Tax loss carryforwards	46	570	446
Other	229	222	2,225
Offset against deferred tax liabilities – current	(1)	(2)	(9)
Total deferred tax assets – current	660	1,198	6,412
Deferred tax liabilities – current:			
Other	(1)	(2)	(9)
Offset against deferred tax assets – current	1	2	9
Total deferred tax liabilities – current	-	-	-
Deferred tax assets – non-current:			
Allowance for doubtful accounts	84	39	816
Liability for retirement benefits	2,210	1,918	21,472
Provision for directors' retirement benefits	29	41	281
Impairment loss	352	381	3,420
Tax loss carryforwards	386	188	3,750
Loss on valuation of investment securities	160	172	1,554
Other	747	741	7,258
Valuation allowance	(730)	(531)	(7,092)
Offset against deferred tax liabilities – non-current	(2,828)	(2,466)	(27,477)
Total deferred tax assets – non-current	412	484	4,003
Deferred tax liabilities – non-current:			
Reserve for advanced depreciation of property and equipment	(1,642)	(1,665)	(15,954)
Unrealized gain on available-for-sale securities	(1,361)	(971)	(13,223)
Other	(7)	(5)	(68)
Offset against deferred tax assets – non-current	2,828	2,466	27,477
Total deferred tax liabilities – non-current	¥ (184)	¥ (174)	$ (1,787)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2014 is as follows. Such information for the year ended March 31, 2013 is not presented because the differences were less than 5% of the normal effective statutory tax rate.

	2014
Normal effective statutory tax rate	38.0%
Expenses not deductible for income tax purposes	2.1
Revenues not reportable for income tax purposes	(1.4)
Per capita inhabitants' tax	1.4
Accrued bonuses for directors	0.8
Effect of valuation allowance	(0.0)
Equity in earnings of affiliates accounted for by the equity method	(0.1)
Decrease in deferred tax assets and liabilities due to tax rate changes	1.8
Special deduction for research and development expenses	(3.4)
Other—net	1.1
Actual effective tax rate	40.3%

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014 and the special reconstruction surtax will no longer be imposed from fiscal years beginning on or after April 1, 2014. Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities is changed from 38.0% to 35.6% for temporary differences which are expected to reverse in the fiscal year beginning on April 1, 2014. The effect of this change was to decrease deferred tax assets (net of deferred tax liabilities) in the consolidated balance sheet as of March 31, 2014 by ¥47 million ($456 thousand) and to increase income taxes – deferred in the consolidated statement of income for the year ended March 31, 2014 by ¥47 million ($456 thousand), respectively.

10. LEASES

Finance Leases—Lessee

The Group leases certain printmaking equipment and software.

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. Pro forma information of leased property whose lease inception was before March 31, 2008, as of March 31, 2013 and for the years ended March 31, 2014 and 2013, was as follows. There remained no balance of such leased property as of March 31, 2014.

	Millions of Yen
March 31, 2013	Machinery and Vehicles
Acquisition cost	¥ 275
Accumulated depreciation	237
Net leased property	¥ 37

Obligations under finance leases:

	Millions of Yen	
	2013	
Due within one year	¥	40
Due after one year		-
Total	¥	40

Depreciation expense, interest expense and other information under finance leases were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2014		2013		2014	
Lease payments	¥	40	¥	72	$	388
Depreciation expense		37		66		359
Interest expense		0		1		0

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method over the lease term with no residual value and interest method, respectively.

11. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group's policy is to invest its cash surpluses mainly in short-term deposits and raise funds through loans from banks and other financial institutions as well as through issuance of bonds. In principle, the Group utilizes derivative transactions to control risks from fluctuation in interest rates for loans and bonds and in foreign currency exchange rates for receivables and payables denominated in foreign currencies. Those transactions are conducted within actual demand and are not entered into for speculative trading purposes.

(2) *Nature and Extent of Risks Arising from Financial Instruments as well as Risk Management for Financial Instruments*

Trade receivables, such as trade notes and accounts receivable, are exposed to customer credit risk. The Group manages the risk on the basis of its sales management rules (setting standards for payment terms and credit limits), which include monthly controls on due dates and balances of each customer and monitoring of customers' credit condition on a regular basis.

Equity securities, as investment securities, are exposed to market price fluctuation risk. They are mainly composed of shares of companies with which the Group has a business relationship. The Group monitors the fair values and financial position of issuers on a regular basis and continuously evaluates whether the securities should be maintained in consideration of the relationship with the issuer.

Trade payables, such as trade notes and accounts payable, are mostly due within six months.

Short-term borrowings are mainly intended to finance operating transactions and bonds, long-term bank loans (generally, due within five years) and obligations under finance leases are mainly intended to raise necessary funds for capital investments. Certain long-term bank loans are exposed to interest rate fluctuation risk. The Group utilizes derivative transactions (interest rate swap contracts) as hedging instruments on an individual contract basis, in order to avoid fluctuation risk in interest payments and fix interest expenses. Hedge effectiveness is not assessed because these interest rate swap contracts meet specific matching criteria and qualify for the accounting referred to as an exceptional treatment.

The Group executes and controls derivative transactions in accordance with its internal rules which regulate the authorization of derivative transactions and they are reported to the board of directors on a quarterly basis. The Group enters into derivative transactions only with financial institutions which have a certain level of credit rating in order to mitigate the credit risk.

Trade payables and loans payable are exposed to liquidity risk. The Group manages its liquidity risk through each company preparing cash management plans on a monthly basis.

(3) *Fair Value of Financial Instruments*

Fair value of financial instruments is based on the market price or the reasonably calculated values with certain assumptions in case no market prices exist. The calculated values may fluctuate in case different assumptions are applied. The contract amounts regarding derivative transactions described in Note 12 do not indicate market risk related to derivative transactions.

(*a*) *Fair value of financial instruments*

	Millions of Yen		
March 31, 2014	Carrying Amount	Fair Value	Unrealized Loss
Cash and cash equivalents	¥ 13,271	¥ 13,271	¥ -
Trade notes and accounts receivable	26,511	26,511	-
Short-term investments and investment securities:			
– time deposits exceeding three months to maturity	280	280	-
– available-for-sale securities	9,268	9,268	-
Total	¥ 49,331	¥ 49,331	¥ -
Trade notes and accounts payable	¥ 18,656	¥ 18,656	¥ -
Bonds	7,000	7,004	4
Long-term bank loans	5,181	5,194	13
Total	¥ 30,837	¥ 30,854	¥ 17
March 31, 2013			
Cash and cash equivalents	¥ 13,077	¥ 13,077	¥ -
Trade notes and accounts receivable	27,437	27,437	-
Short-term investments and investment securities:			
– time deposits exceeding three months to maturity	325	325	-
– available-for-sale securities	8,089	8,089	-
Total	¥ 48,930	¥ 48,930	¥ -
Trade notes and accounts payable	¥ 18,460	¥ 18,460	¥ -
Bonds	7,000	7,011	11
Long-term bank loans	8,339	8,373	33
Total	¥ 33,799	¥ 33,845	¥ 45
Derivative transactions	¥ -	¥ -	¥ -

March 31, 2014	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Loss
Cash and cash equivalents	$ 128,944	$ 128,944	$ -
Trade notes and accounts receivable	257,588	257,588	-
Short-term investments and investment securities:			
– time deposits exceeding three months to maturity	2,720	2,720	-
– available-for-sale securities	90,050	90,050	-
Total	$ 479,314	$ 479,314	$ -
Trade notes and accounts payable	$ 181,267	$ 181,267	$ -
Bonds	68,013	68,052	38
Long-term bank loans	50,340	50,466	126
Total	$ 299,621	$ 299,786	$ 165

Cash and Cash Equivalents and Trade Notes and Accounts Receivable

The carrying values approximate fair value because of their short maturities.

Short-Term Investments and Investment Securities

For time deposits exceeding three months to maturity, the carrying values approximate fair value because of their short maturities. The fair values of equity securities are measured at the quoted market price of the stock exchange. Fair value information on marketable and investment securities by classification is included in Note 5.

Trade Notes and Accounts Payable

The carrying values approximate fair value because of their short maturities.

Bonds (including Current Portion)

The fair values are measured at the amount calculated by discounting the sum of principal and interest by the rate which reflects the remaining period and credit risk.

Long-Term Bank Loans (including Current Portion)

The fair values are measured at the amount calculated by discounting the sum of principal and interest by the assumed rate which would be applied if a similar new loan were entered into. The fair values of those with variable interest rates hedged by interest rate swaps that qualify for hedge accounting and meet specific matching criteria for an exceptional treatment (see Note 12), are calculated by discounting the sum of principal and interest, including the differential paid or received under the swap agreements, by the reasonably estimated rate which would be applied if a similar new loan were entered into.

Derivatives

Fair value information for derivatives is included in Note 12.

(*b*) *Carrying amount of financial instruments whose fair value cannot be reliably determined*

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2014
Unlisted equity securities	¥ 781	¥ 772	$ 7,588
Unlisted debt securities	7	7	68
Other	20	20	194

These are not included in (3)(a) Short-term investments and investment securities as it is extremely difficult to determine their fair value since there is no market price.

(**4**) ***Maturity Analysis for Financial Assets and Securities with Contractual Maturities***

	Millions of Yen			
March 31, 2014	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 13,271	¥ -	¥ -	¥ -
Trade notes and accounts receivable	26,511	-	-	-
Short-term investments and investment securities:				
Time deposits	280	-	-	-
Available-for-sale securities with contractual maturities:				
Debt securities (bonds)	7	-	-	-
Total	¥ 40,070	¥ -	¥ -	¥ -
March 31, 2013				
Cash and cash equivalents	¥ 13,077	¥ -	¥ -	¥ -
Trade notes and accounts receivable	27,437	-	-	-
Short-term investments and investment securities:				
Time deposits	325	-	-	-
Available-for-sale securities with contractual maturities:				
Debt securities (bonds)	-	7	-	-
Total	¥ 40,841	¥ 7	¥ -	¥ -

	Thousands of U.S. Dollars			
March 31, 2014	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 128,944	$ -	$ -	$ -
Trade notes and accounts receivable	257,588	-	-	-
Short-term investments and investment securities:				
Time deposits	2,720	-	-	-
Available-for-sale securities with contractual maturities:				
Debt securities (bonds)	68	-	-	-
Total	$ 389,331	$ -	$ -	$ -

Please see Note 6 for annual maturities of long-term debt including obligations under finance leases.

12. DERIVATIVES

Derivative Transactions to Which Hedge Accounting Is Applied

March 31, 2013	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps—Fixed rate payment, floating rate receipt	Long-term bank loans	¥ 42	¥ -	(*1)

(*1) The above interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense. In addition, the fair value of such interest rate swaps is included in that of hedged long-term bank loans.

13. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized gain on available-for-sale securities:			
Gain arising during the year	¥ 1,118	¥ 1,747	$ 10,862
Reclassification adjustments to profit or loss	(7)	(105)	(68)
Amount before income tax effect	1,110	1,641	10,785
Income tax effect	(390)	(482)	(3,789)
Total	720	1,159	6,995
Foreign currency translation adjustments:			
Gain arising during the year	13	15	126
Reclassification adjustments to profit or loss	-	121	-
Total	13	137	126
Share of other comprehensive income in associate accounted for using the equity method:			
Gain arising during the year	2	2	19
Total other comprehensive income	¥ 736	¥ 1,299	$ 7,151

14. SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Cash and time deposits	¥ 13,552	¥ 13,403	$ 131,675
Time deposits exceeding three months to maturity	(280)	(325)	(2,720)
Cash and cash equivalents	¥ 13,271	¥ 13,077	$ 128,944

Increase in Assets and Liabilities due to Consolidation of Subsidiary Previously Unconsolidated

During the year ended March 31, 2014, Digital Catapult Inc. was newly consolidated as a result of acquisition of additional shares. The following represents its assets and liabilities at the date of initial consolidation and reconciliation with acquisition cost and net proceeds from the acquisition.

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 119	$ 1,156
Non-current assets	79	767
Goodwill	0	0
Current liabilities	(125)	(1,214)
Long-term liabilities	(64)	(621)
Minority interests	(2)	(19)
Carrying value under the equity method of accounting before acquisition of control	(3)	(29)
Acquisition cost	2	19
Cash and cash equivalents from the acquisition	(59)	(573)
Net proceeds from the acquisition	¥ 56	$ 544

Significant Noncash Transactions

Assets and liabilities under finance leases newly recognized for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Leased assets	¥ 429	¥ 377	$ 4,168
Obligations under finance leases	451	397	4,382

15. SUBSEQUENT EVENT

Appropriation of Retained Earnings

The following appropriation of retained earnings as of March 31, 2014, was approved at the Company's shareholders meeting held on June 27, 2014:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.00 ($0.03) per share	¥ 351	$ 3,410

16. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

a. Segment Information

(1) Description of reportable segments

The Group consists of various divisions classified by products and services. Each division designs its comprehensive strategy for the products and services and operates business. For those divisions, separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how to allocate resources and to assess performance.

As reportable segments, those divisions which cover similar products and services are integrated into three reportable segments; that is "Publications and commercial printing," "Business media" and "Living and industrial materials." "Publications and commercial printing" mainly covers periodicals, books, general commercial printing and related services. "Business media" mainly covers business forms, securities printing, cards and related services. "Living and industrial materials" mainly covers metal printing, tubes, paper containers, flexible packaging and construction materials.

(2) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2 "Summary of Significant Accounting Policies," except for the valuation method for inventories.

Inventories are stated at cost.

Segment profits correspond to operating income level. Intersegment revenues and transfers are based on prices which are set taking into account market prices and manufacturing costs.

(3) Information about sales, profit (loss), assets and other items

March 31, 2014	Millions of Yen Reportable Segment Publications and commercial printing	Business media	Living and industrial materials	Total
Sales:				
Sales to external customers	¥ 45,555	¥ 27,610	¥ 19,614	¥ 92,781
Intersegment sales or transfers	1,928	1,093	361	3,383
Total	¥ 47,484	¥ 28,703	¥ 19,976	¥ 96,164
Segment profit	¥ 961	¥ 719	¥ 375	¥ 2,056
Segment assets	28,626	18,288	18,542	65,457
Other (*4):				
Depreciation and amortization	1,373	1,275	1,195	3,844
Increase in property and equipment and intangible assets	529	1,166	1,673	3,369

	Millions of Yen Other (*1)	Total	Reconciliations (*2)	Consolidated (*3)
Sales:				
Sales to external customers	¥ 1,698	¥ 94,479	¥ -	¥ 94,479
Intersegment sales or transfers	8,220	11,604	(11,604)	-
Total	¥ 9,919	¥ 106,083	¥ (11,604)	¥ 94,479
Segment profit	¥ 374	¥ 2,430	¥ (330)	¥ 2,100
Segment assets	3,133	68,591	27,413	96,004
Other (*4):				
Depreciation and amortization	116	3,961	463	4,424
Increase in property and equipment and intangible assets	107	3,477	535	4,013

March 31, 2013	Millions of Yen — Reportable Segment: Publications and commercial printing	Business media	Living and industrial materials	Total
Sales:				
Sales to external customers	¥ 47,071	¥ 26,577	¥ 18,981	¥ 92,630
Intersegment sales or transfers	1,054	599	368	2,022
Total	¥ 48,125	¥ 27,177	¥ 19,350	¥ 94,653
Segment profit	¥ 345	¥ 645	¥ 559	¥ 1,551
Segment assets	30,410	18,391	18,366	67,168
Other (*4):				
Depreciation and amortization	1,464	1,166	1,210	3,840
Increase in property and equipment and intangible assets	1,223	1,418	1,774	4,417

	Millions of Yen: Other (*1)	Total	Reconciliations (*2)	Consolidated (*3)
Sales:				
Sales to external customers	¥ 1,590	¥ 94,220	¥ -	¥ 94,220
Intersegment sales or transfers	7,990	10,013	(10,013)	-
Total	¥ 9,580	¥ 104,233	¥ (10,013)	¥ 94,220
Segment profit	¥ 431	¥ 1,982	¥ (168)	¥ 1,813
Segment assets	3,091	70,259	26,479	96,738
Other (*4):				
Depreciation and amortization	119	3,960	469	4,429
Increase in property and equipment and intangible assets	122	4,539	514	5,053

March 31, 2014	Thousands of U.S. Dollars			
	Reportable Segment			
	Publications and commercial printing	Business media	Living and industrial materials	Total
Sales:				
Sales to external customers	$ 442,625	$ 268,266	$ 190,575	$ 901,486
Intersegment sales or transfers	18,732	10,619	3,507	32,870
Total	$ 461,368	$ 278,886	$ 194,092	$ 934,356
Segment profit	$ 9,337	$ 6,986	$ 3,643	$ 19,976
Segment assets	278,138	177,691	180,159	635,998
Other (*4):				
Depreciation and amortization	13,340	12,388	11,610	37,349
Increase in property and equipment and intangible assets	5,139	11,329	16,255	32,734

	Thousands of U.S. Dollars			
	Other (*1)	Total	Reconciliations (*2)	Consolidated (*3)
Sales:				
Sales to external customers	$ 16,498	$ 917,984	$ -	$ 917,984
Intersegment sales or transfers	79,867	112,747	(112,747)	-
Total	$ 96,375	$ 1,030,732	$ (112,747)	$ 917,984
Segment profit	$ 3,633	$ 23,610	$ (3,206)	$ 20,404
Segment assets	30,441	666,449	266,352	932,802
Other (*4):				
Depreciation and amortization	1,127	38,486	4,498	42,984
Increase in property and equipment and intangible assets	1,039	33,783	5,198	38,991

Notes: (*1) “Other” refers to business segments not included in the reportable segment, which mainly includes logistics business, insurance business and real estate management business.

(*2) Reconciliations for segment profit refer to corporate expenses and primarily consist of general and administrative expenses and research and development costs that are not attributable to any reportable segments. Reconciliations for segment assets refer to corporate assets and primarily consist of financial assets (cash and deposits and investment securities) and assets for control functions. Reconciliations for depreciation and amortization as well as increase in property and equipment and intangible assets are those for corporate assets.

(*3) Segment profits are adjusted to the operating income stated in the consolidated statements of income.

(*4) “Increase in property and equipment and intangible assets” includes long-term prepaid expenses and “Depreciation and amortization” includes amortization of long-term prepaid expenses.

b. Related Information

(1) Information by product and service

Information by product and service for the years ended March 31, 2014 and 2013 has been omitted because it is identical to segment classification.

(2) Information by geographical area

(a) Sales

Sales information by geographical area for the years ended March 31, 2014 and 2013 has been omitted because sales in Japan accounted for more than 90% of consolidated net sales of the Group.

(b) Property and equipment

Information about property and equipment by geographical area for the years ended March 31, 2014 and 2013 has been omitted because property and equipment in Japan accounted for more than 90% of consolidated property and equipment of the Group.

(3) Information by major customer

Information by major customer for the years ended March 31, 2014 and 2013 has been omitted because no single customer accounts for more than 10% of consolidated net sales of the Group.

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