

KYODO PRINTING CO., LTD.
and Consolidated Subsidiaries

Interim Consolidated Financial Statements (Unaudited)
for the Six-Month Period Ended September 30, 2014,
and Independent Auditor's Quarterly Review Report



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INDEPENDENT AUDITOR'S QUARTERLY REVIEW REPORT

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

We have reviewed the accompanying interim consolidated financial statements of KYODO PRINTING CO., Ltd. (the "Company") and its subsidiaries, which comprise the interim consolidated balance sheet as of September 30, 2014, and the interim consolidated statements of income, comprehensive income, and cash flows for the six-month periods ended September 30, 2014 and 2013, and notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with accounting principles for quarterly consolidated financial statements 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 a conclusion on these interim consolidated financial statements based on our review. We conducted our review in accordance with quarterly review standards generally accepted in Japan. A review of quarterly financial statements consists of making inquiries, primary of management and persons responsible for financial and accounting matters, and applying analytical and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.

We believe that we have obtained the evidence to provide a basis for our review conclusion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 2014, and their financial performance and cash flows for the six-month periods ended September 30, 2014 and 2013, in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan.



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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

Interim Consolidated Balance Sheets

September 30, 2014 as compared with March 31, 2014 (Unaudited)

| ASSETS | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------------|-------------------|--|
| | September 30, 2014 | March 31, 2014 | September 30, 2014 |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents (Note 4) | ¥ 11,628 | ¥ 13,271 | \$ 106,240 |
| Receivables: | | | |
| Trade notes | 4,318 | 4,878 | 39,451 |
| Trade accounts | 21,216 | 21,632 | 193,841 |
| Other | 137 | 179 | 1,251 |
| Allowance for doubtful accounts | (61) | (63) | (557) |
| Short-term investments | 279 | 288 | 2,549 |
| Inventories | 6,136 | 4,955 | 56,062 |
| Deferred tax assets | 669 | 660 | 6,112 |
| Prepaid expenses and other current assets | 464 | 223 | 4,239 |
| Total current assets | <u>44,789</u> | <u>46,026</u> | <u>409,218</u> |
| PROPERTY AND EQUIPMENT: | | | |
| Land | 15,476 | 15,476 | 141,397 |
| Buildings and structures | 42,677 | 42,506 | 389,922 |
| Machinery and vehicles | 53,032 | 53,536 | 484,531 |
| Furniture and fixtures | 5,791 | 5,705 | 52,910 |
| Lease assets | 1,571 | 1,438 | 14,353 |
| Construction in progress | 250 | 153 | 2,284 |
| Total | <u>118,801</u> | <u>118,817</u> | <u>1,085,436</u> |
| Accumulated depreciation | <u>(81,942)</u> | <u>(81,438)</u> | <u>(748,670)</u> |
| Net property and equipment | <u>36,858</u> | <u>37,378</u> | <u>336,756</u> |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investment securities | 10,666 | 9,811 | 97,450 |
| Investments in associated companies | 234 | 258 | 2,137 |
| Intangible assets | 1,347 | 1,237 | 12,306 |
| Deferred tax assets | 296 | 412 | 2,704 |
| Other assets | 1,116 | 1,126 | 10,196 |
| Allowance for doubtful accounts | <u>(219)</u> | <u>(245)</u> | <u>(2,000)</u> |
| Total investments and other assets | <u>13,441</u> | <u>12,600</u> | <u>122,804</u> |
| TOTAL | <u>¥ 95,089</u> | <u>¥ 96,004</u> | <u>\$ 868,789</u> |

(Continued)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Interim Consolidated Balance Sheets

September 30, 2014 as compared with March 31, 2014 (Unaudited)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|-----------------------|-------------------|--|
| | September 30, 2014 | March 31, 2014 | September 30, 2014 |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Short-term bank loans | ¥ 2,000 | ¥ - | \$ 18,273 |
| Current portion of long-term debt | 2,238 | 4,525 | 20,447 |
| Payables: | | | |
| Trade notes | 7,969 | 8,330 | 72,809 |
| Trade accounts | 10,606 | 10,326 | 96,902 |
| Other | 225 | 248 | 2,055 |
| Income taxes payable | 366 | 366 | 3,343 |
| Accrued bonuses | 1,103 | 1,127 | 10,077 |
| Other current liabilities | 4,355 | 4,893 | 39,789 |
| | <u>28,865</u> | <u>29,817</u> | <u>263,727</u> |
| LONG-TERM LIABILITIES: | | | |
| Long-term debt | 7,683 | 8,602 | 70,196 |
| Liability for retirement benefits | 5,844 | 6,104 | 53,394 |
| Deferred tax liabilities | 467 | 184 | 4,266 |
| Other long-term liabilities | 202 | 221 | 1,845 |
| | <u>14,197</u> | <u>15,112</u> | <u>129,712</u> |
| EQUITY (Note 5): | | | |
| Common stock—authorized, 360,800,000 shares; issued, 90,200,000 shares as of September 30, 2014 and March 31, 2014 | 4,510 | 4,510 | 41,206 |
| Capital surplus | 1,742 | 1,742 | 15,915 |
| Retained earnings | 43,467 | 43,078 | 397,140 |
| Treasury stock—at cost, 2,412,551 shares as of September 30, 2014 and 2,410,552 shares as of March 31, 2014 | (546) | (545) | (4,988) |
| Accumulated other comprehensive income: | | | |
| Unrealized gain on available-for-sale securities | 3,135 | 2,665 | 28,643 |
| Foreign currency translation adjustments | 13 | 15 | 118 |
| Remeasurement of defined benefit plans | (302) | (397) | (2,759) |
| Total | <u>52,019</u> | <u>51,069</u> | <u>452,276</u> |
| Minority interests | 6 | 5 | 54 |
| | <u>52,026</u> | <u>51,074</u> | <u>475,340</u> |
| TOTAL | <u>¥ 95,089</u> | <u>¥ 96,004</u> | <u>\$ 868,789</u> |

See notes to interim consolidated financial statements.

(Concluded)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Interim Consolidated Statements of Income Six-Month Periods Ended September 30, 2014 and 2013 (Unaudited)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|---|----------|---|
| | Six-Month Period Ended September 30 | | Six-Month Period Ended September 30 |
| | 2014 | 2013 | 2014 |
| NET SALES (Note 6) | ¥ 45,124 | ¥ 45,128 | \$ 412,279 |
| COST OF SALES | 37,801 | 38,077 | 345,372 |
| Gross profit | 7,322 | 7,050 | 66,898 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Delivery expense | 2,085 | 2,035 | 19,049 |
| Provision of allowance for doubtful accounts | (24) | 83 | (219) |
| Salaries and allowances | 2,364 | 2,306 | 21,598 |
| Provision for employees' bonuses | 336 | 332 | 3,069 |
| Provision for directors' bonuses | 30 | 27 | 274 |
| Retirement benefit expenses | 191 | 208 | 1,745 |
| Other | 1,703 | 1,657 | 15,559 |
| Total selling, general and administrative expenses | 6,686 | 6,650 | 61,087 |
| Operating income (Note 6) | 636 | 400 | 5,810 |
| OTHER INCOME (EXPENSES): | | | |
| Interest and dividend income | 126 | 121 | 1,151 |
| Interest expense | (88) | (113) | (804) |
| Gain on sales of goods | 157 | 154 | 1,434 |
| Dividend income of insurance | 124 | 129 | 1,132 |
| Loss on disposition of property and equipment | (101) | (85) | (922) |
| Other—net | 99 | 128 | 904 |
| Other income—net | 318 | 334 | 2,905 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS | 954 | 734 | 8,716 |
| INCOME TAXES | 384 | 387 | 3,508 |
| INCOME BEFORE MINORITY INTERESTS | 570 | 346 | 5,207 |
| MINORITY INTERESTS IN NET INCOME (LOSS) | 1 | (0) | 9 |
| NET INCOME | ¥ 568 | ¥ 347 | \$ 5,189 |
| | Yen | | U.S. Dollars |
| PER SHARE OF COMMON STOCK (Note 5): | | | |
| Basic net income | ¥ 6.48 | ¥ 3.96 | \$ 0.05 |
| Cash dividends applicable to the period | 4.00 | 4.00 | 0.03 |

See notes to interim consolidated financial statements.

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Interim Consolidated Statements of Comprehensive Income Six-Month Periods Ended September 30, 2014 and 2013 (Unaudited)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---------|---|
| | Six-Month Period Ended September 30 | | Six-Month Period Ended September 30 |
| | 2014 | 2013 | 2014 |
| INCOME BEFORE MINORITY INTERESTS | ¥ 570 | ¥ 346 | \$ 5,207 |
| OTHER COMPREHENSIVE INCOME: | | | |
| Unrealized gain on available-for-sale securities | 468 | 729 | 4,275 |
| Foreign currency translation adjustments | (2) | 9 | (18) |
| Retirement benefit adjustments | 94 | - | 858 |
| Share of other comprehensive income in associate accounted for using the equity method | 0 | 0 | 0 |
| Total other comprehensive income | 561 | 738 | 5,125 |
| COMPREHENSIVE INCOME | ¥ 1,131 | ¥ 1,085 | \$ 10,333 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| Owners of the parent | ¥ 1,130 | ¥ 1,085 | \$ 10,324 |
| Minority interests | 1 | (0) | 9 |

See notes to interim consolidated financial statements.

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Interim Consolidated Statements of Cash Flows

Six-Month Periods Ended September 30, 2014 and 2013 (Unaudited)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---------|---|
| | Six-Month Period Ended September 30 | | Six-Month Period Ended September 30 |
| | 2014 | 2013 | 2014 |
| OPERATING ACTIVITIES: | | | |
| Income before income taxes and minority interests | ¥ 954 | ¥ 734 | \$ 8,716 |
| Adjustments for: | | | |
| Income taxes—paid | (393) | (379) | (3,590) |
| Depreciation and amortization | 2,067 | 2,137 | 18,885 |
| Loss on sales and disposition of property and equipment | 96 | 72 | 877 |
| Gain on sales of investment securities | - | (79) | - |
| Changes in assets and liabilities: | | | |
| Decrease in trade accounts receivable | 976 | 3,105 | 8,917 |
| Increase in inventories | (1,181) | (854) | (10,790) |
| Decrease in trade accounts payable | (80) | (90) | (730) |
| (Decrease) increase in allowance for doubtful accounts | (27) | 57 | (246) |
| Increase in liability for retirement benefits | 153 | 155 | 1,397 |
| Other—net | (50) | (389) | (456) |
| Total adjustments | 1,561 | 3,735 | 14,262 |
| Net cash provided by operating activities | 2,515 | 4,470 | 22,978 |
| INVESTING ACTIVITIES: | | | |
| Purchases of property and equipment | (1,892) | (2,297) | (17,286) |
| Purchases of intangible assets | (349) | (174) | (3,188) |
| Proceeds from sales of property and equipment | 5 | 23 | 45 |
| Purchases of investment securities | (117) | (85) | (1,068) |
| Proceeds from sales of investment securities | 7 | 17 | 63 |
| Net proceeds from purchase of investment in subsidiary resulting in change of scope of consolidation | - | 56 | - |
| Other—net | (44) | (45) | (402) |
| Net cash used in investing activities | (2,391) | (2,504) | (21,845) |
| FORWARD | ¥ 124 | ¥ 1,965 | \$ 1,132 |

(Continued)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Interim Consolidated Statements of Cash Flows

Six-Month Periods Ended September 30, 2014 and 2013 (Unaudited)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|---|----------|---|
| | Six-Month Period Ended September 30 | | Six-Month Period Ended September 30 |
| | 2014 | 2013 | 2014 |
| FORWARD | ¥ 124 | ¥ 1,965 | \$ 1,132 |
| FINANCING ACTIVITIES: | | | |
| Increase in short-term bank loans | 2,000 | - | 18,273 |
| Repayments of long-term debt | (3,276) | (1,606) | (29,931) |
| Dividends paid | (351) | (351) | (3,206) |
| Other—net | (138) | (116) | (1,260) |
| Net cash used in financing activities | (1,766) | (2,074) | (16,135) |
| FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS | (0) | 7 | (0) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1,642) | (101) | (15,002) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 13,271 | 13,077 | 121,251 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | ¥ 11,628 | ¥ 12,976 | \$ 106,240 |

See notes to consolidated financial statements.

(Concluded)

KYODO PRINTING CO., LTD. and Consolidated Subsidiaries

Notes to Interim Consolidated Financial Statements (Unaudited)

1. BASIS OF PRESENTING INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim 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.

The accounting standard for quarterly financial statements requires companies to prepare a set of interim consolidated financial statements for each quarter comprised of the consolidated balance sheet as of the current quarter-end and the consolidated statements of income, and comprehensive income, and cash flows for the year-to-date period. A statement of changes in equity is not required.

The interim consolidated statements changes in equity are not presented herein.

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

The interim 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 ¥109.45 to \$1, the approximate rate of exchange as of September 30, 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. SIGNIFICANT ACCOUNTING POLICIES

Substantially the same accounting policies have been followed in these interim consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended March 31, 2014, with certain simplified methods, except for the policy specifically allowed and adopted for interim accounting periods described below.

- a. Consolidation*—KYODO PRINTING (VIETNAM) CO. LTD. is newly included in the scope of consolidation and reported in “Living and industrial materials” segment for the six-month period ended September 30, 2014 since the Company paid up the capital in August 2014. Nihon Shoseki Shinsha Co., Ltd., which was reported in “Other” segment, was excluded from the scope of consolidation for the six-month period ended September 30, 2014 due to the completion of liquidation.
- b. Tax Expense*—Tax expense for interim period is measured by applying a reasonably estimated effective tax rate for the annual fiscal year as adjusted after tax effect accounting to income before income taxes for the interim period.

3. ACCOUNTING CHANGE

On May 17, 2012, the Accounting Standards Board of Japan (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.

- (1) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- (2) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are 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 are 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) 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 (3) above effective April 1, 2014. With respect to the application of (3) above effective April 1, 2014, the Group changed the method of attributing expected benefit to periods from a straight-line basis to a plans’ benefit formula basis and also changed the method of determining the discount rate for which a term of bonds is referred to from the method based on a period approximating the average remaining service period to the method using a single weighted average discount rate that reflects the expected timing and amount of benefit payments. The effects of these changes were to decrease liability for retirement benefits by ¥266 million (\$2,430 thousand) and to increase retained earnings by ¥171 million (\$1,562 thousand) as of April 1, 2014. The effects to operating income and income before income taxes and minority interests for the six-month period ended September 30, 2014 were immaterial.

4. SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents as of September 30, 2014 and 2013, consisted of the following:

| | Millions of Yen | | Thousands of |
|--|-----------------------|-----------------------|---------------------------------------|
| | September 30, 2014 | September 30, 2013 | U.S. Dollars September 30, 2014 |
| Cash and time deposits | ¥ 11,908 | ¥ 13,330 | \$ 108,798 |
| Time deposits exceeding three months to maturity | (279) | (354) | (2,549) |
| Cash and cash equivalents | <u>¥ 11,628</u> | <u>¥ 12,976</u> | <u>\$ 106,240</u> |

5. SUBSEQUENT EVENT

Appropriation of Retained Earnings

The following appropriation of retained earnings as of September 30, 2014, was approved at the Company's Board of Directors' meeting held on November 10, 2014:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|-----------------|------------------------------|
| Year-end cash dividends, ¥4.00 (\$0.03) per share | ¥ 351 | \$ 3,206 |

6. SEGMENT INFORMATION

Information about Sales and Profit (Loss)

| | Millions of Yen | | | |
|---------------------------------|--|-------------------|---------------------------------------|----------------------|
| | Reportable Segment | | | Total |
| <u>September 30, 2014</u> | Publications and commercial printing | Business media | Living and industrial materials | |
| Sales: | | | | |
| Sales to external customers | ¥ 21,113 | ¥ 13,453 | ¥ 9,760 | ¥ 44,327 |
| Intersegment sales or transfers | 941 | 483 | 187 | 1,613 |
| Total | <u>¥ 22,055</u> | <u>¥ 13,936</u> | <u>¥ 9,948</u> | <u>¥ 45,940</u> |
| Segment profit | ¥ 259 | ¥ 360 | ¥ 158 | ¥ 778 |
| | Millions of Yen | | | |
| | Other (*1) | Total | Reconciliations (*2) | Consolidated (*3) |
| Sales: | | | | |
| Sales to external customers | ¥ 797 | ¥ 45,124 | ¥ - | ¥ 45,124 |
| Intersegment sales or transfers | 4,032 | 5,646 | (5,646) | - |
| Total | <u>¥ 4,829</u> | <u>¥ 50,770</u> | <u>¥ (5,646)</u> | <u>¥ 45,124</u> |
| Segment profit | ¥ 83 | ¥ 862 | ¥ (226) | ¥ 636 |

| September 30, 2013 | Millions of Yen | | | |
|---------------------------------|--|-------------------|---------------------------------------|----------|
| | Reportable Segment | | | |
| | Publications and commercial printing | Business media | Living and industrial materials | Total |
| Sales: | | | | |
| Sales to external customers | ¥ 21,298 | ¥ 13,542 | ¥ 9,562 | ¥ 44,402 |
| Intersegment sales or transfers | 822 | 482 | 166 | 1,471 |
| Total | ¥ 22,120 | ¥ 14,024 | ¥ 9,728 | ¥ 45,873 |
| Segment profit | ¥ 166 | ¥ 254 | ¥ 102 | ¥ 523 |

| | Millions of Yen | | | |
|---------------------------------|-----------------|----------|-------------------------|----------------------|
| | Other (*1) | Total | Reconciliations (*2) | Consolidated (*3) |
| Sales: | | | | |
| Sales to external customers | ¥ 726 | ¥ 45,128 | ¥ - | ¥ 45,128 |
| Intersegment sales or transfers | 3,811 | 5,283 | (5,283) | - |
| Total | ¥ 4,537 | ¥ 50,411 | ¥ (5,283) | ¥ 45,128 |
| Segment profit | ¥ 91 | ¥ 614 | ¥ (214) | ¥ 400 |

| | Thousands of U.S. Dollars | | | |
|---------------------------------|--|-------------------|---------------------------------------|-------------------|
| | Reportable Segment | | | |
| | Publications and commercial printing | Business media | Living and industrial materials | Total |
| September 30, 2014 | | | | |
| Sales: | | | | |
| Sales to external customers | \$ 192,900 | \$ 122,914 | \$ 89,173 | \$ 404,997 |
| Intersegment sales or transfers | 8,597 | 4,412 | 1,708 | 14,737 |
| Total | <u>\$ 201,507</u> | <u>\$ 127,327</u> | <u>\$ 90,890</u> | <u>\$ 419,735</u> |
| Segment profit | \$ 2,366 | \$ 3,289 | \$ 1,443 | \$ 7,108 |

| | Thousands of U.S. Dollars | | | |
|---------------------------------|---------------------------|-------------------|-------------------------|----------------------|
| | Other (*1) | Total | Reconciliations (*2) | Consolidated (*3) |
| Sales: | | | | |
| Sales to external customers | \$ 7,281 | \$ 412,279 | \$ - | \$ 412,279 |
| Intersegment sales or transfers | 36,838 | 51,585 | (51,585) | - |
| Total | <u>\$ 44,120</u> | <u>\$ 463,864</u> | <u>\$ (51,585)</u> | <u>\$ 412,279</u> |
| Segment profit | \$ 758 | \$ 7,875 | \$ (2,064) | \$ 5,810 |

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.

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

* * * * *