

TOPPAN

ANNUAL REPORT 2016



Realize Potential,
Sustain Growth

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Editorial Policy

Annual Report 2016 was prepared to reflect the opinions of institutional investors voiced in discussions and, based on Toppan's particular strength of "printing technologies" accumulated since its foundation, to report comprehensively on the Company's activities and growth strategies. From the perspective of engagement with society, the report also provides an insight into our CSR thinking and activities in line with ISO 26000. We hope that it will help readers to understand how the Company aims to solve social issues through corporate activities. For more detailed information on the Company's financial position, please see the securities report (Japanese only).

* Some titles are omitted in this report.

* Names of companies, products, and services are trademarks or registered trademarks of each company.

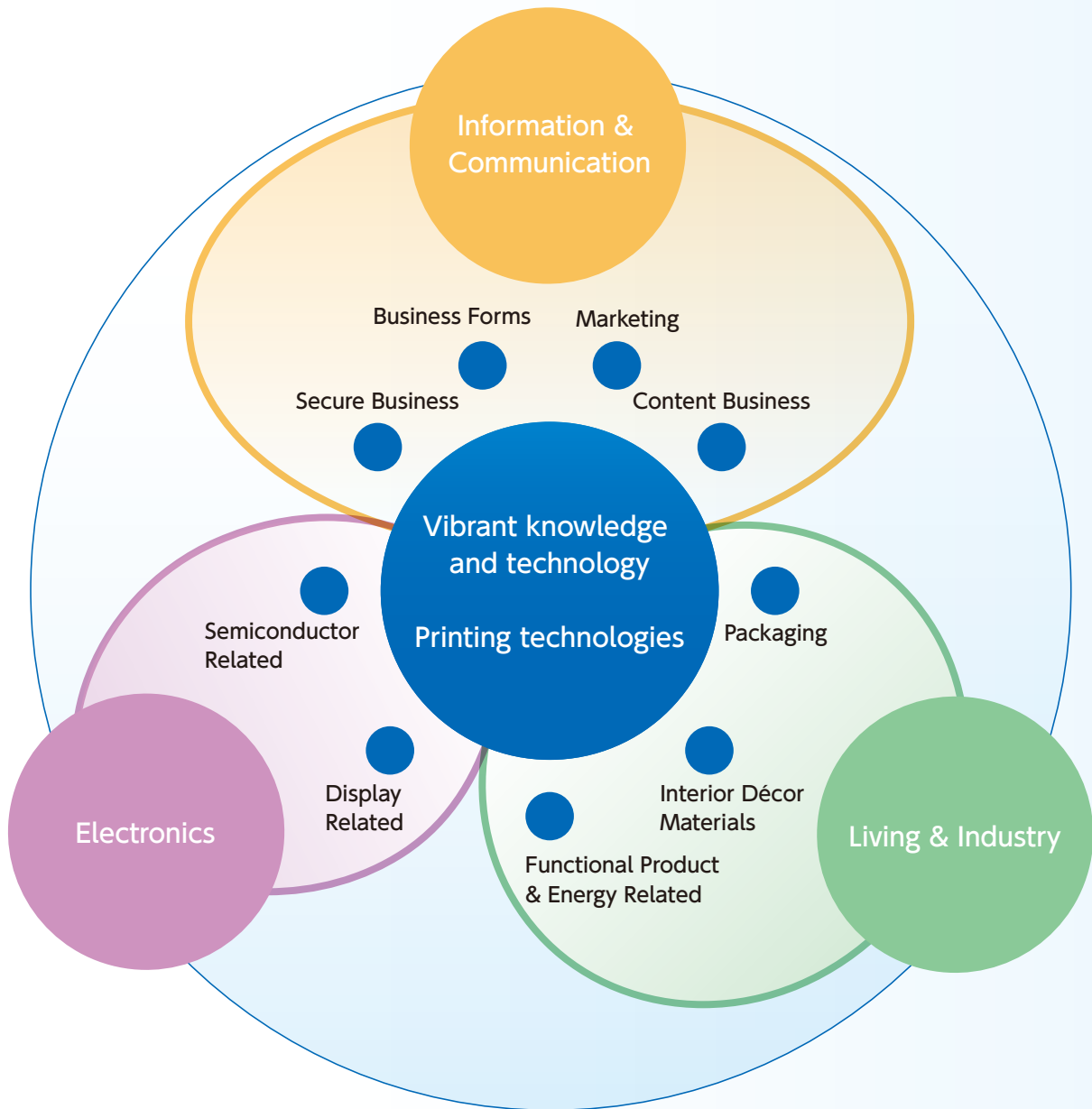
* From a universal design perspective, this report was compiled using a UD font.

Providing New Value with Printing Technology at Its Core

Printing technology transformed human culture and society immeasurably. Recognizing the possibilities of this information infrastructure, Toppan has developed a unique system that provides solutions based on its "printing technologies."

As a result, the Toppan Group has grown beyond its traditional printing business and now offers a broad range of products and services with printing technologies at their core in the Information & Communication, Living & Industry, and Electronics segments.

As of the end of March 31, 2016, Toppan had 167 Group companies and 46,705 employees in Japan and overseas. In the fiscal year ended March 31, 2016, the Company's consolidated net sales were ¥1,474.7 billion. Based on TOPPAN VISION 21, set out in 2000, the Toppan Group will continue innovating and taking on challenges to create new value and sustain growth.



Sales Promotion Personnel

The Toppan Group's sales promotion personnel offer plans and proposals that are tailored to addressing the challenges customers face. These efforts include exhibiting products and services at trade fairs.



Printing Press Operators

These personnel play a key role in the production of printing products. They pass on and hone skills and enable the production of high-quality printing products.



Research Personnel

As the main driver of the Group's research and development, the Toppan Technical Research Institute conducts research and development to create new businesses and provide new products for existing businesses.

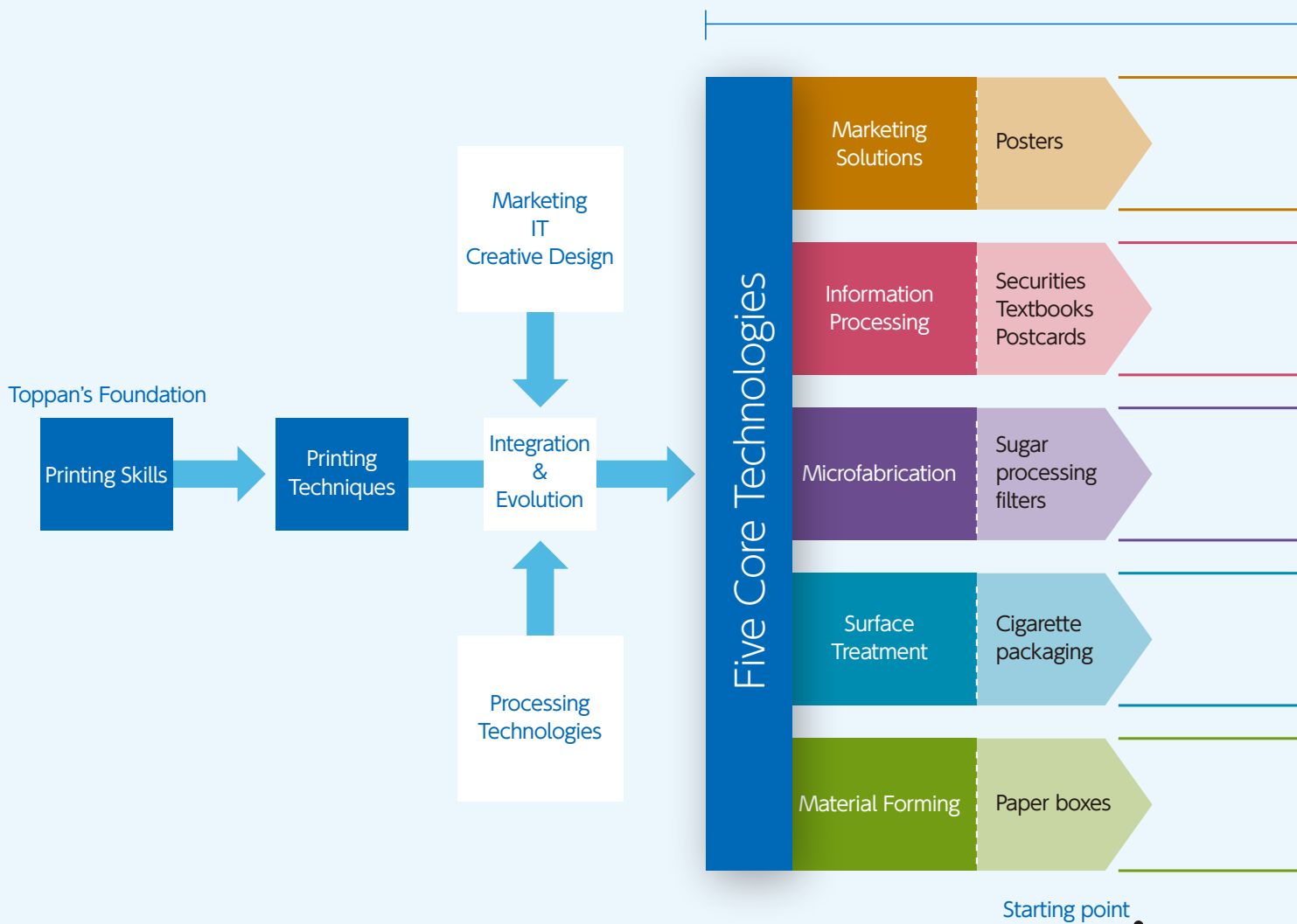
Comprehensive Solutions Enabled by Printing Technologies

Erhöht relief printing, the Japanese word for which became the Company's name, was used to print banknotes at the Ministry of Finance's Paper Money Bureau, now the National Printing Bureau.

The fine patterns this type of printing enables were extremely effective in preventing counterfeiting.

Thus, since its foundation, Toppan has leveraged expertise in printing securities, including banknotes, and accumulated **information processing** technologies supported by advanced security. Further, the package printing business, a mainstay in our early days, is the source of the **surface treatment** and **material forming** technologies that we developed subsequently.

After World War II, Toppan rode the wave of Japan's rapid economic growth and expanded its business fields significantly. The etching of plates led to a variety of **microfabrication** techniques. Also, our track record in media coordination encompassing all points of contact with customers resulted in the

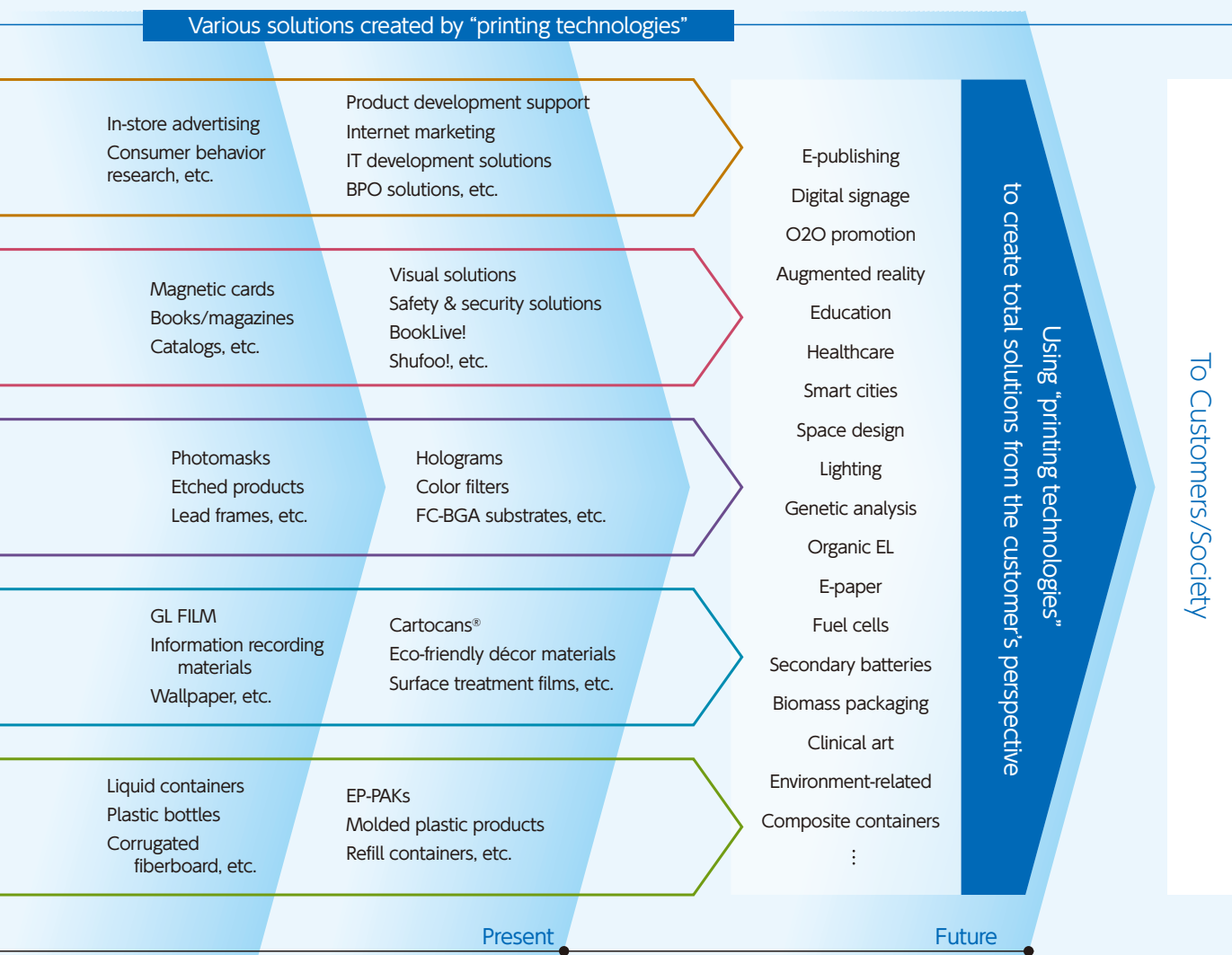


creation of **marketing solutions**.

In this way, the Toppan Group has brought to bear diverse expertise and incorporated processing technology to evolve printing technology and establish it as a proprietary resource.

In addition to applying **information processing**, **microfabrication**, **surface treatment**, **material forming**, and **marketing solutions** as discrete technologies, we combine them to create powerful new solutions.

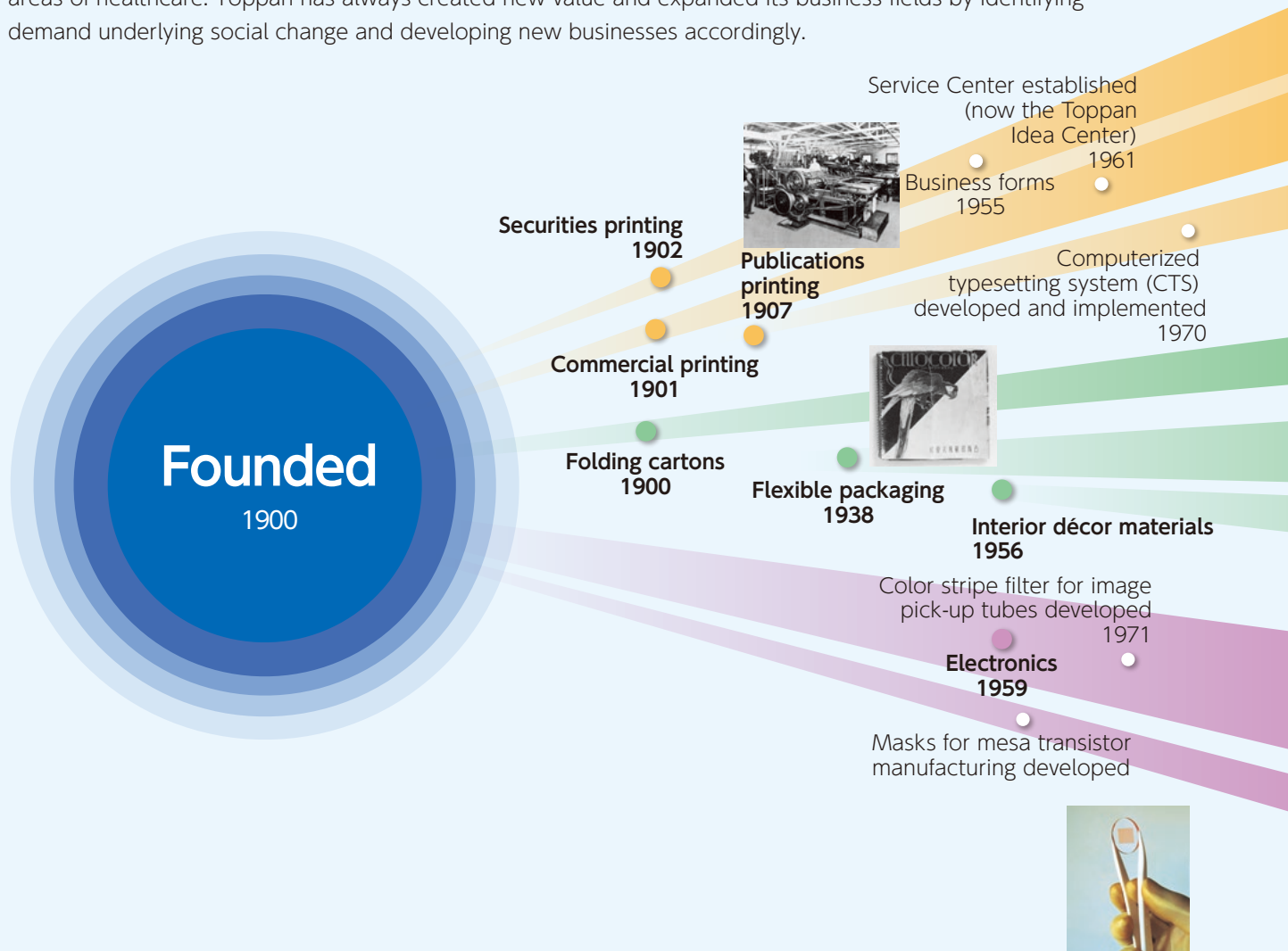
Reflecting each client's particular needs, the Toppan Group adapts its printing technologies to realize comprehensive solutions to diverse issues.



Toppan —116 Years of Creating Value

The Toppan Group was founded in 1900 with a view to taking advantage of the Erhöht relief printing method, a leading-edge technology of the day. Since then, the Group has advanced steadily by developing new technologies and creating new markets. The Group has always identified the needs of society and people accurately and expanded the scope of its business.

In 1959, we entered the electronics business, and in 1961 we established departments for planning and marketing. Our businesses cover a wide range of areas, including sales promotion solutions that combine real and digital media; business process outsourcing (BPO) underpinned by advanced security; barrier films and LCD color filters; e-books and content and systems for schools; and businesses related to gene analysis and other areas of healthcare. Toppan has always created new value and expanded its business fields by identifying demand underlying social change and developing new businesses accordingly.



Information & Communication

Toppan Group
Data Center launched
2013

Stepped up provision of
comprehensive solutions

IT business
1994

Strengthened initiatives
for BPO business



Marketing Research Laboratories
opened throughout Japan
1985

Electronic advertising flyer site Shufoo!
2001



IC chip card developed
1983

Acquired one of Singapore's
major printing companies,
SNP Corporation Pte. Ltd.
(presently Toppan Leefung Pte. Ltd.)
2008

Integrated e-bookstore
BookLive! opened
2011

BookLive!

Living & Industry

GL FILM developed
1986



Cartocan® sales launched
1996

Established production
base for
functional films
2009

Completed construction
of Gunma Central Plant
2014

Environmentally friendly interior
décor materials developed
1995

Developed incombustible products
2009



Transparent barrier film
plant opened in
the United States
2016

Commenced manufacture
of large color filters
2004

Ortus Technology Co., Ltd.,
brought into the Group
2010

Toppan Photomasks Inc.
established
2005



Mass production of copper
touch panels commenced
2013

Electronics

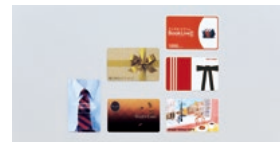
Business Domains and Products and Services

Information & Communication

Providing customers who require smooth communication with solutions that enhance the value of information and deliver it effectively

Secure Business

Securities documents; passbooks; product coupons; gift tokens; lottery tickets; business forms; smart cards; various types of other cards; in-store instant smart card issuing services; card printers; gift card ASP services; network security systems; holograms and other counterfeit prevention devices; BPO services; production of manuals; production of reports; etc.



Gift cards



Smart cards

Marketing

Posters; catalogs; pamphlets; flyers; direct mail; calendars; corporate histories; corporate communication tools; POP materials; various gift items; premiums; space design and event planning; promotional event planning and implementation; media services; video production; application development; system development and operation; outsourced communications-related work (BPO); etc.



Pamphlets and catalogs



In-store advertising (POP)



BPO

Living & Industry

Providing a wide range of products and services throughout the world to create living environments that offer comfort and peace of mind

Packaging

Flexible packaging materials; folding cartons; cups; plastic molded goods; composite liquid containers; labels; corrugated fiberboard; development and production of functional packaging materials; design of materials and structures; development and manufacture of packaging-related system equipment; contract-based filling services; marketing planning; product planning; communication planning; universal design consulting; etc.



GL BARRIER



Air Hold Pouch™



Stand-up pouch with steam vent

Electronics

Providing display- and semiconductor-related products based on technological development capabilities

Display Related

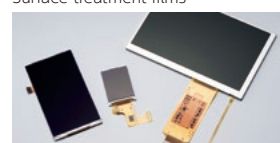
Color filters; surface treatment films; copper touch panels; metal masks for OLED; TFT LCDs; etc.



Surface treatment films



Color filters



TFT LCDs



Passports for various countries incorporating leading-edge anti-counterfeit technology



Paperless application systems



Digital flyer website Shufoo!



High-quality 4K image

Business Forms

Continuous forms; integrated slips; envelopes; catalogs; pamphlets; flyers; cards; digital media-related business; DPS (data printing services); document management; RFID solutions; NFC; sales and maintenance of equipment; etc.



Data printing services (DPS)



Business forms

Content Business

Weekly, monthly, and other magazines; planning and production of supplements; books, including art books, dictionaries, and other reference materials; comics; textbooks; CDs, DVDs, and online and other electronic publications; e-book-related business; publication planning and editing; promotional event planning and implementation; advertising and alliance business; etc.



Books and magazines



Integrated e-bookstore BookLive!



Textbooks produced by Tokyo Shoseki Co., Ltd.



Cartocan®



Medical and pharmaceutical packaging

Functional Product & Energy Related

GL BARRIER transparent barrier film; electronics packaging materials; lithium-ion battery-related materials; media and supplies for printers; precision processed and exterior decorated components; functional paper (FS Series); etc.



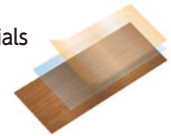
Media and supplies for printers



FS Series functional paper

Interior Décor Materials

Decorative sheets; wallpaper; flooring materials; interior materials; exterior products and materials; original products and materials; 101 series; etc.



Smart NANO® technology for decorative sheets



Incombustible product Materium®



Incombustible aluminum product Fortina®



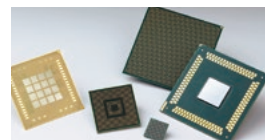
Copper touch panels



Metal masks for OLED

Semiconductor Related

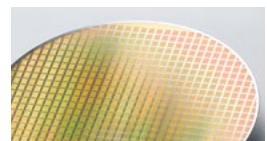
Photomasks for semiconductors; FC-BGA substrates; lead frames; etched products; on-chip color filter arrays; etc.



FC-BGA substrates



Semiconductor photomasks



On-chip color filter arrays

Financial Highlights

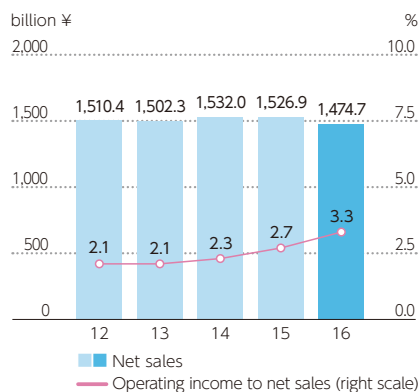
Toppan Printing Co., Ltd. and Subsidiaries

Years Ended March 31

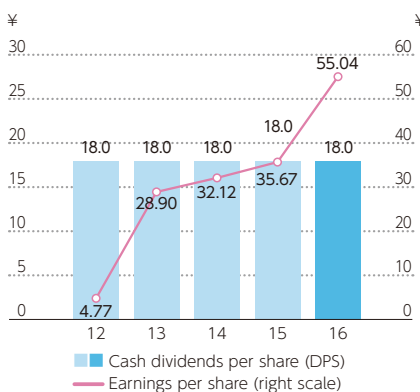
	2012	2013	2014	2015
FOR THE YEAR				
Net sales	¥ 1,510,415	¥ 1,502,308	¥ 1,532,043	¥ 1,526,915
Operating income	31,555	32,092	35,722	40,877
Profit before income taxes	8,807	38,849	40,735	46,405
Profit attributable to owners of parent	3,068	18,562	20,621	22,868
Return on assets	0.2%	1.2%	1.2%	1.2%
Return on equity	0.4%	2.5%	2.7%	2.7%
Net cash provided by operating activities	¥ 83,457	¥ 103,596	¥ 118,026	¥ 104,111
Net cash used in investing activities	(89,031)	(52,139)	(108,648)	(70,603)
Net cash provided by (used in) financing activities	(89,755)	7,051	15,013	9,876
Per share of common stock (yen and dollars)				
Earnings per share (Basic)	¥ 4.77	¥ 28.90	¥ 32.12	¥ 35.67
Earnings per share (Diluted)	—	—	31.10	31.96
Cash dividends per share	18.00	18.00	18.00	18.00
Research and development expenses	¥ 21,496	¥ 20,689	¥ 19,821	¥ 19,084
Capital expenditures	66,814	76,827	72,177	76,138
Depreciation and amortization	80,923	67,965	62,473	61,176
AT YEAR-END				
Total assets	¥ 1,586,823	¥ 1,633,066	¥ 1,712,351	¥ 1,994,642
Net assets	866,219	888,422	913,108	1,082,844
Equity ratio	46.1%	46.3%	45.7%	46.8%
Debt-equity ratio	35.4%	38.9%	42.1%	38.3%

* U.S. dollar amounts are translated from yen at the rate of ¥112.68=U.S.\$1, as of March 31, 2016.

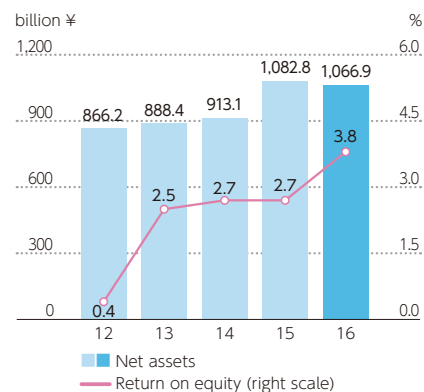
Net sales & operating income to net sales



Cash dividends per share (DPS) & earnings per share (basic)

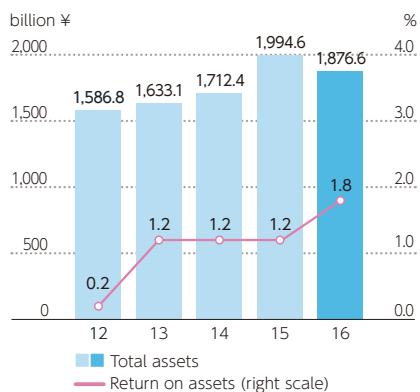


Net assets & return on equity



	Millions of yen except per share data	Thousands of U.S. dollars* except per share data	% Change
	2016	2016	2015 vs 2016
	¥ 1,474,682	\$ 13,087,345	-3.4
	48,532	430,706	18.7
	52,968	470,075	14.1
	35,245	312,788	54.1
	1.8%		
	3.8%		
	¥ 101,632	\$ 901,952	-2.4
	(55,294)	(490,717)	-21.7
	(89,282)	(792,350)	—
	¥ 55.04	\$ 0.49	54.3
	49.34	0.44	54.4
	18.00	0.16	0.0
	¥ 17,975	\$ 159,523	-5.8
	63,203	560,907	-17.0
	59,692	529,748	-2.4
	¥ 1,876,575	\$ 16,654,020	-5.9
	1,066,852	9,467,980	-1.5
	49.8%		
	30.1%		

Total assets & return on assets



Overview of the Toppan Group's Operating Results

Net sales **¥1,474.7 billion** **Operating income** **¥48.5 billion**

Net sales in the fiscal year under review declined 3.4% year on year, to ¥1,474.7 billion. Looking at the performance of our individual business segments, Information & Communication enjoyed higher sales, but sales in Living & Industry and Electronics decreased.

Operating income increased 18.7%, to ¥48.5 billion. Although operating income was down in Electronics, it was up in Information & Communication and Living & Industry.

Cash dividends per share

¥18.00

The end-of-term dividend for the fiscal year under review was ¥9.00 per share. Combined with an interim dividend of ¥9.00 per share, annual dividends were ¥18.00 per share.

Overview of the Toppan Group's Financial Position

Total assets **¥1,876.6 billion** **Net assets** **¥1,066.9 billion**

Total assets at the end of the fiscal year under review decreased by ¥118.1 billion from the previous fiscal year-end to ¥1,876.6 billion. This decline is attributable to decreases in cash and cash equivalents of ¥43.2 billion, investment securities of ¥27.3 billion and notes and accounts receivable of ¥18.4 billion, respectively.

Liabilities decreased by ¥102.1 billion from the previous fiscal year-end, to ¥809.7 billion. This decline is attributable to decreases in long-term indebtedness of ¥46.0 billion and current portion of long-term indebtedness of ¥30.9 billion.

Net assets decreased ¥16.0 billion from the previous fiscal year-end, to ¥1,066.9 billion. This decline is attributable to decreases in non-controlling interests of ¥16.9 billion and net unrealized gains on securities of ¥12.0 billion, in spite of an increase in retained earnings of ¥22.4 billion.

Forward-Looking Statements

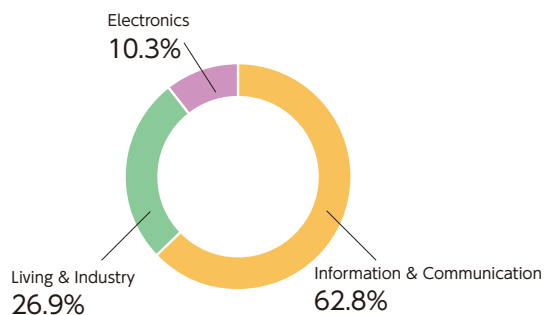
This annual report includes certain "forward-looking statements." These statements are based on management's current expectations and are subject to change in certain circumstances. Actual results may differ due to changes in economic, business, competitive, technological, regulatory, and other factors.

Segment Highlights

Note: In conjunction with the reorganization of divisions and the establishment of the Living & Industry Division and the Electronics Division in April 2015, changes have been made to the reportable segments, effective the period under review. The following year-on-year information is based on figures for the same period of the previous year that have been restated to reflect this change.

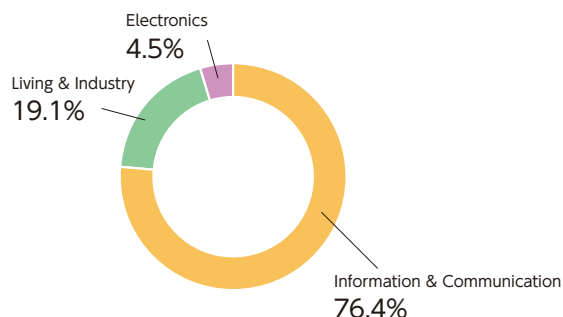
Information & Communication FY2016.3	Living & Industry FY2016.3	Electronics FY2016.3
Net sales Up 0.7% YOY ↑ ¥938.6 billion	Net sales Down 2.2% YOY ↓ ¥410.5 billion	Net sales Down 24.8% YOY ↓ ¥153.0 billion
Operating income Up 21.2% YOY ↑ ¥57.8 billion	Operating income Up 31.8% YOY ↑ ¥14.5 billion	Operating income Down 46.5% YOY ↓ ¥3.4 billion

Sales by segment



Note: Calculated based on sales to external customers

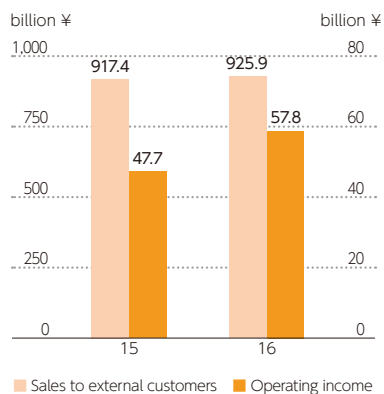
Operating income by segment



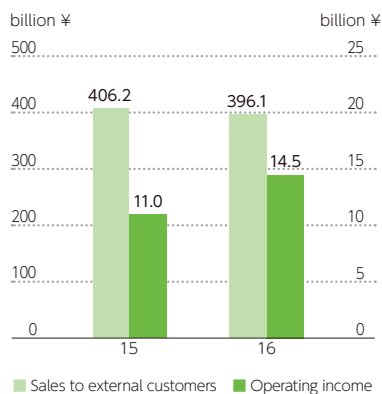
Note: Percentage figures are calculated based on sales before elimination of inter-segment transactions.

Sales to external customers & operating income by segment

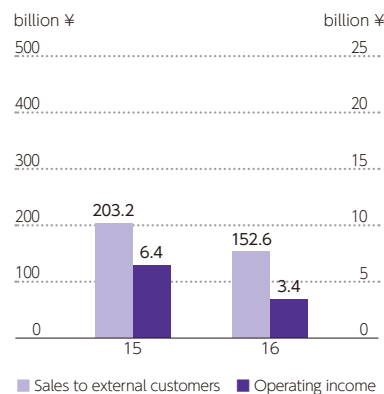
Information & Communication



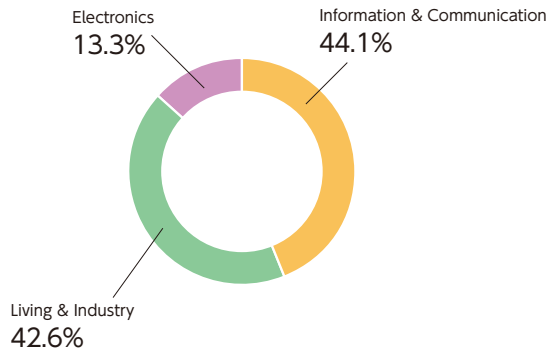
Living & Industry



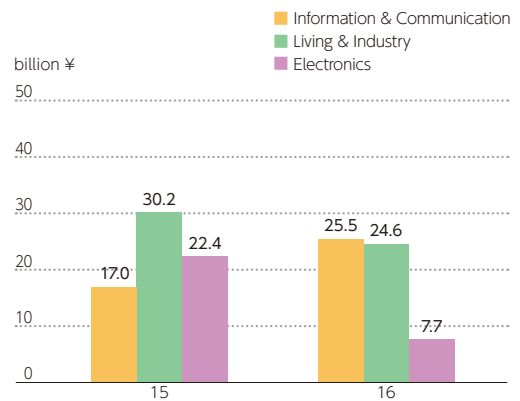
Electronics



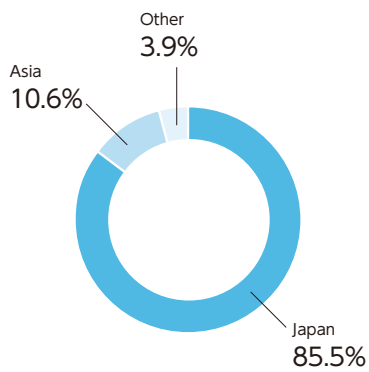
Capital investment by segment



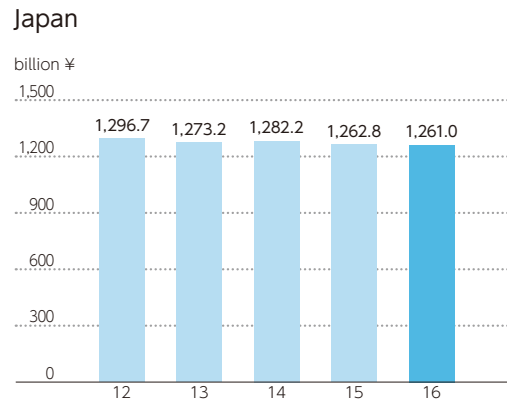
Capital investment



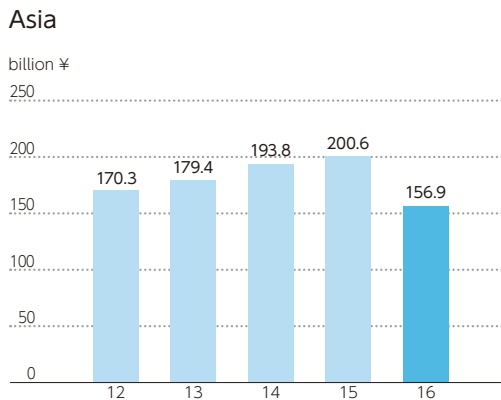
Contributions to net sales by region



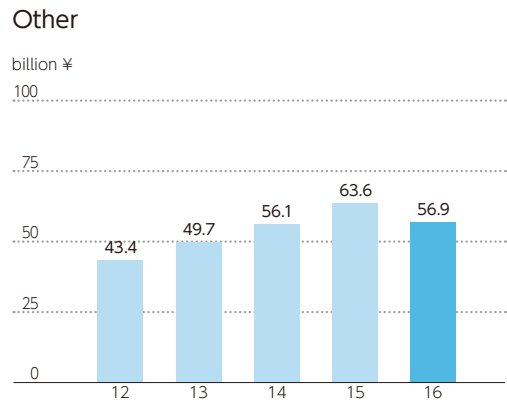
Net sales by region



Net sales by region



Net sales by region



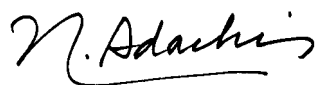
As a corporate group growing with society, we will create original value while helping to address society's challenges.

As TOPPAN VISION 21 states, the fundamental role of the printing business is to “contribute to a fulfilling lifestyle as a mainstay of information and culture.” Since its foundation, the Toppan Group has evolved existing printing concepts and extended and advanced its business fields not only to create economic value but also social value. We benefit society in an array of different ways. For example, we create digital archives of Japan’s cultural heritage, supply environment-friendly containers, and operate Toppan Hall, which has received a Suntory Music Award. Just as people have personalities, companies have corporate characters. Tireless efforts to engage with and contribute to society have formed the Toppan Group’s corporate character.

A feature of our philosophy is our approach to personnel. Understanding how deeply we depend on personnel and viewing them as valuable assets, we have concentrated efforts on personnel development. Furthermore, we have enabled female employees to play important roles, created a corporate group that is a rewarding organization to work for, and provided employees with a range of work-style options.

Aspiring to be a strong corporate group that is trusted and respected by society, the Toppan Group will continue engaging in business activities earnestly. As such, I would like to ask our shareholders and investors for their continued support.

August 2016



Naoki Adachi
Chairman & Representative Director

The Toppan Group has advanced its businesses by leveraging printing technologies to create new value. Our flexible, innovative solutions capabilities enable us to identify society’s emerging needs and convert them into business opportunities. I am confident that the real value of these capabilities will become even more apparent going forward.

In the fiscal year ended March 31, 2016, we established new earnings models in response to digitization and globalization. Also, we took decisive steps to transform our business portfolio during the fiscal year. While moving forward with structural reform in existing businesses, with developments including new bases overseas, I feel that we have made steady progress in sowing the seeds of future growth. Further, in relation to business management, we reformed our governance system.

As for the fiscal year ending March 31, 2017, under a new business management system, the Toppan Group will review the corporate profile it should target. While establishing a plan to realize this profile, we will cement foundations for growth. Initially, we will implement structural reform rigorously to strengthen management foundations. Then, we will achieve further significant advances through a multifaceted approach in growing business areas.

The Toppan Group will sustain growth by tackling medium-to-long-term management issues. In conjunction with these efforts, we will also continue helping to address challenges faced by society.

August 2016



Shingo Kaneko
President & Representative Director



Naoki Adachi
Chairman & Representative Director

Shingo Kaneko
President & Representative Director



The Group will take advantage of its diverse resources to achieve sustained growth amid changing conditions.

Shingo Kaneko
President & Representative Director

Q How do you evaluate the Toppan Group's achievement of earnings growth for a fourth consecutive fiscal year?

A I believe our performance reflected the benefit of concerted efforts to establish new earnings models as soon as possible amid challenging business conditions.

In the fiscal year ended March 31, 2016, Japan's economy continued recovering modestly overall as corporate earnings, the employment market, and personal income improved. On the other hand, the economic outlook is still

uncertain due to sluggish consumer spending and economic slowdowns in China and other emerging countries in Asia as well as rapid yen appreciation and lower share prices on stock exchanges in Japan since the beginning of 2016 and declining crude oil prices.

In the printing industry, business conditions were challenging on the whole. While corporate advertising expenditure grew mainly for online advertising, a trend toward shrinking continued in the publishing market. Furthermore, unit prices fell as a result of lackluster demand for paper media and intensified competition from companies in various industries and areas of business.

In response to these business conditions, the Toppan Group made concerted efforts to strengthen profitability

based on TOPPAN VISION 21, its vision of the Group in the 21st century. Aiming to establish new earnings models as soon as possible, the Group reinforced competitive advantages and advanced cost reductions in existing businesses while actively investing management resources in growth areas through new businesses.

As a result, in the fiscal year ended March 31, 2016, although net sales declined 3.4% year-on-year, to ¥1,474.7 billion (US\$13,087.3 million), the Group grew earnings for the fourth consecutive fiscal year, achieving year-on-year increases of 18.7% in operating income, to ¥48.5 billion (US\$430.7 million), and 54.1% in profit attributable to owners of parent, to ¥35.2 billion (US\$312.8 million).

Q How did respective business segments perform?

A Information & Communication and Living & Industry enhanced their profitability, while structural reform of Electronics produced consistent results.

In **Information & Communication**, amid growing concern about personal information protection, the **Secure Business** generated higher revenues from smart cards and business process outsourcing (BPO) services, including BPO services for the national identification number system. As for **Business Forms**, revenues from business forms were lackluster due to such factors as declining demand resulting from digitization, reductions in the volume of delivery slips, and falling unit prices stemming from simplification. These factors counteracted efforts to win orders for one-stop outsourcing services that encompass procurement and management operations for ledgers and other printed products. Meanwhile, the data printing services business performed steadily thanks to solid growth in BPO service orders mainly from government agencies, municipalities, and financial institutions. In the **Marketing Business**, higher revenues from sales promotion tools and BPO services for such areas as back-office operations compensated for stagnant revenues from flyers, pamphlets, catalogs, and other general printing products. Also, the business advanced new initiatives by expanding and improving video production, omni-channel marketing, multilingual support services, and the applications and services of the digital flyer website Shufoo!. In the **Content Business**, magazine and book sales edged down due to a shrinking publishing market. However, we stepped up the development of businesses related to multi-media content

that includes digitization, such as cloud services for hybrid publishing and the published content rights business. As a result, Information & Communication posted year-on-year increases of 0.7% in net sales, to ¥938.6 billion (US\$8,330.2 million), and 21.2% in operating income, to ¥57.8 billion (US\$513.2 million).

In **Living & Industry**, the **Packaging Business** captured demand for environment-friendly products and saw revenues increase from various types of packaging materials that use flexible packaging materials or GL BARRIER. While revenues from folding cartons decreased, the paper-based Cartocan beverage container performed steadily, testifying to recognition of the product's outstanding recyclability and differentiated shape. Also, the Gunma Central Plant, which began full-scale operations in May 2015, ramped up production of high-value-added packaging for medical care products and pharmaceuticals based on its clean production environment and advanced quality-control system. In the **Functional Product & Energy-Related Business**, revenues from lithium-ion battery-related materials rose. Further, in the **Interior Décor Materials Business**, although we actively marketed such products as the environment-friendly Toppan Eco Sheet and the incombustible decorative panel Materium, sales struggled in Japan. As a result, in Living & Industry, net sales declined 2.2% from the previous fiscal year, to ¥410.5 billion (US\$3,643.1 million). However, operating income rose 31.8%, to ¥14.5 billion (US\$128.7 million).

In **Electronics**, the **Display Related Business** saw weak growth in revenues from color filters as a result of a prolonged adjustment phase in the production of small and medium-sized liquid crystal displays. Also, revenues from TFT liquid crystal panels declined. As for the **Semiconductor Related Business**, although revenues from photomasks decreased as the semiconductor market slowed further, steady structural reform aimed at strengthening earnings foundations produced benefits. Revenues from FC-BGA substrates, which are high-density semiconductor package substrates, saw sluggish growth. As a result, Electronics recorded year-on-year decreases of 24.8% in net sales, to ¥153.0 billion (US\$1,357.9 million), and 46.5% in operating income, to ¥3.4 billion (US\$30.1 million).

Further, from the fiscal year ended March 31, 2016, the classification of reporting segments changed as a result of the reorganization of business segments in April 2015, which led to the establishment of the Living & Industry and Electronics divisions. In the year-on-year comparisons of business results above, the previous fiscal year's figures have been adjusted to reflect this new classification of reporting segments.

Q What type of initiatives is the Toppan Group focusing particular efforts on?

A Aiming to tackle our *three management challenges*, we undertook structural reform of existing businesses and accelerated forays into growth areas in Japan and overseas.

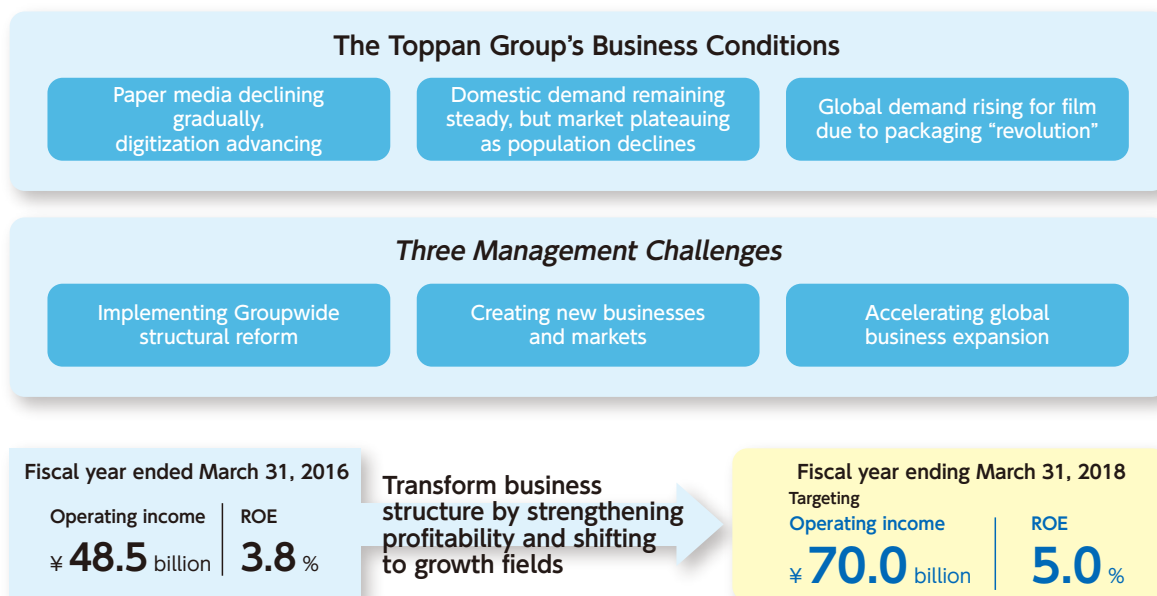
In the fiscal year ended March 31, 2016, we advanced the following initiatives to address our *three management challenges*.

In relation to the first management challenge—implementing Groupwide structural reform—we increased the pace of efforts in **Electronics**. As well as consolidating overseas production bases and optimizing personnel deployment in the photomasks business, in the color filters business we sold all of our shares in a subsidiary in Taiwan. Also, the FC-BGA substrate business transferred production to the Niigata Plant, which is able to manufacture high-value-added products, and optimized the production capabilities of the Toyama Plant. Regarding **Information & Communication**, the existing printing business, including publication printing, is reorganizing production bases to optimize personnel deployment and equipment utilization and increase in-house manufacturing. As a result, while output of the existing printing business decreased year-on-year, overall profit margins improved. In

other businesses, based on careful analysis, we intend to take necessary measures and generate cash for use in growth areas.

With regard to the second management challenge—creating new businesses and markets—as information media diversify and digitization advances, we targeted earnings growth in **Information & Communication** by integrating paper and digital media and strengthening capabilities related to ICT (information and communications technology). We also worked to provide comprehensive solutions that leverage our marketing expertise. In particular, **Marketing** is seeing favorable growth for various BPO services provided for financial institutions, promotional campaigns, back-office operations, and healthcare and other public-sector projects involving natural and local government. Further, the digital flyer website Shufoo! is extending its core customer group—which has been housewives in their 20s, 30s, and 40s—to include middle-aged and elderly men, and the website’s value as a medium for distributing public information has risen markedly. In addition, with a view to capturing demand associated with the rising numbers of tourists visiting Japan, we have expanded and improved high-quality video production and multilingual support services. In the **Secure Business**, we captured demand for secure BPO services that is resulting from the introduction of the national identification number system. At the same time, the business developed and marketed new services, such as the International Brand Prepaid

Basic Approach



Card ASP Service. In the **Content Business**, the digital books business BookLive Co., Ltd., moved into the black. Also, we focused efforts on acquiring shares of new markets emerging as a result of digitization, such as cloud services for hybrid paper and electronic publishing. In **Living & Industry**, May 2015 saw the beginning of full-fledged operations at the Gunma Central Plant, which boasts the latest equipment and is one of the largest flexible packaging material plants in Japan. As well as raising production capacity, this core plant is contributing significantly to efforts to enhance the productivity of the Group's flexible packaging material business.

As for initiatives addressing the third management challenge—accelerating global business expansion—the barrier film business stepped up the pace of forays into the North American market. In June 2015, our U.S. subsidiary Toppan USA, Inc., which is based in Georgia, opened an office in Chicago. Following on from this, the subsidiary established the Group's first overseas barrier film production base by opening a plant in Georgia in April 2016. Based on this new office and plant, we will strengthen our ability to supply the Midwestern United States, where customers are concentrated; Europe; and Latin America. Meanwhile, the photomasks business plans to use Asia as a base from which to roll out products

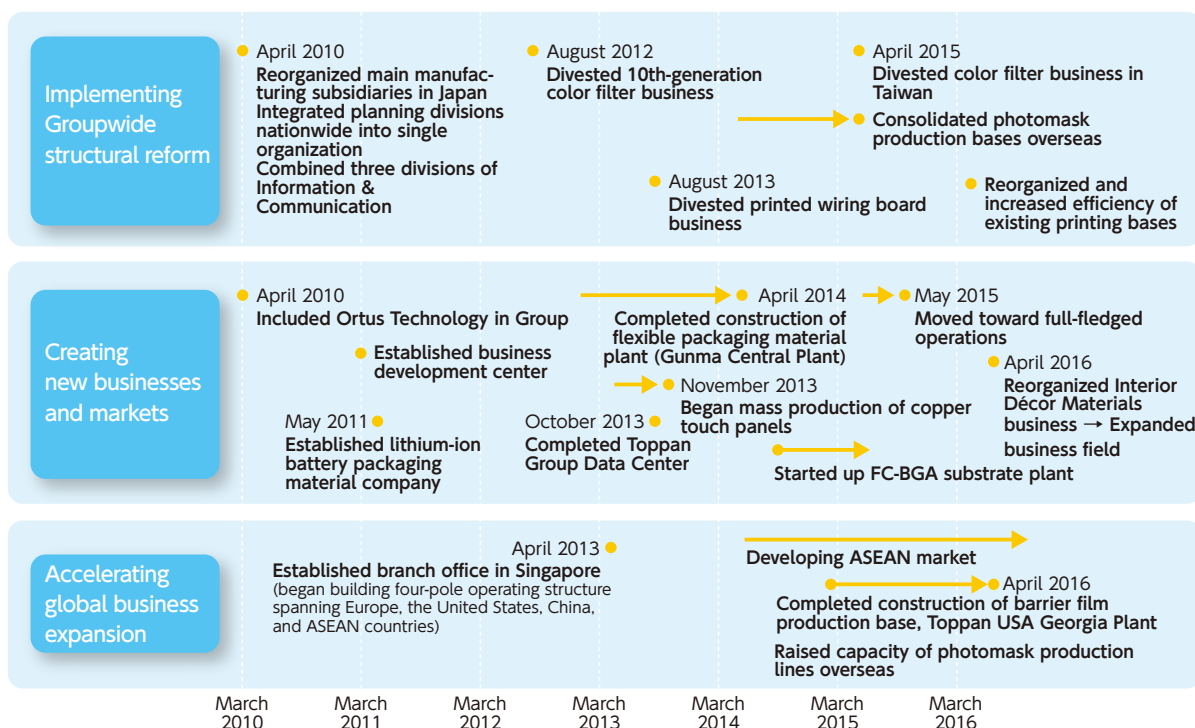
globally. To this end, the business expanded the production line of its plant in Shanghai in June 2015.

Q What are the Group's priority management policies going forward?

A We will accelerate reform aimed at becoming a corporate group with even more robust business foundations and achieving operating income of ¥70.0 billion and ROE of 5%.

The Toppan Group has positioned the three fiscal years beginning from the fiscal year ended March 31, 2016, as a phase of profitability improvement in which it will advance reform to become a corporate group with even more robust business foundations. Comparing results in the fiscal year ended March 31, 2016, and in the fiscal year ending March 31, 2018, we aim to grow operating income from ¥48.5 billion to ¥70.0 billion and ROE from 3.8% to 5.0%. To achieve these targets, in all business fields the Toppan Group will accelerate structural reform of existing businesses and the development of new businesses.

Implementing Measures Steadily to Tackle the *Three Management Challenges*



Information & Communication

Expanding Initiatives in Non-Printing Growth Areas Increasing Orders Based on Comprehensive Solutions

For more than a century, the Toppan Group has been engaged in the printing business and concentrated efforts on maximizing content value. Today, we apply the information processing technology acquired through these efforts in a broad array of business areas, from the production of digital content and various types of marketing tools through to the production of leading-edge visual media based on such technologies as augmented reality and virtual reality. We will pioneer new business areas by honing such technologies and the capabilities of personnel that use them while actively forming alliances with external organizations. When leveraging these technologies and capabilities, rather than seeking orders for individual products and services, we will focus on acquiring orders for large-scale projects by offering comprehensive solutions that integrate the identification of issues through to the formulation and implementation of measures to address them.

Playing a central role in such efforts, the BPO business is catering to a growth area. In Japan, the market for BPO services is expected to surpass ¥4 trillion by the fiscal year ending March 31, 2020. As well as demand related to financial institutions and healthcare, the introduction of the national identification number system is generating significant new demand. In response, the Toppan Group is working to acquire more orders from government agencies and develop new related businesses. In 2016, we are in the process of establishing BPO Square Asaka, our 11th base in Japan, and we intend to accelerate such

initiatives even further.

Also, based on the abovementioned visual media technologies, we will strengthen our ability to offer visual communication solutions that incorporate such features as high-quality 4K video content and which support clients' sales promotion efforts and initiatives targeting visitors to Japan. Further, in relation to the 2020 Tokyo Summer Olympic and Paralympic Games, we are affiliated with the Olympics and Paralympics Business Council, which three business associations lead, and we will take multifaceted measures with a view to capturing new demand in 2020 and beyond.

In media-related businesses, we will strengthen efforts to roll out diverse media, including digital media. In particular, thanks to prior investment, BookLive has moved into the black, and the company is on the cusp of a new stage in its development. Going forward, we will implement more efficient sales promotion measures based on data analysis and exploit our unique capabilities to establish new businesses engaged in such activities as the development and provision of original content.

Living & Industry

Leveraging Transparent Barrier Film to Target the Global Market

Expanding the Interior Décor Materials Business with a Focus on "Living"

While capitalizing on the world-class barrier performance of GL BARRIER to increase the sales of barrier film-related businesses globally, we will enhance production capacity and production efficiency in Japan and overseas.

The hub for a range of initiatives will be the Gunma

Strategies and Priority Businesses by Segment

	Strategy	Priority Businesses
Information & Communication	Expand non-printing businesses by integrating paper and digital media and strengthening ICT-related capabilities and acquire business opportunities by leveraging comprehensive solutions	BPO Solutions Secure
Living & Industry	Expand businesses in Japan and overseas and create new businesses centered on "living" while advancing development and sales of lifestyle materials and industrial materials centered on barrier film business	Barrier film Flexible packaging Environmental design
Electronics	Strengthen cost-competitiveness through structural reform and increase ability to cater to global markets to secure earnings in areas where the Toppan Group can exploit technological advantages	FC-BGA substrates Touch panels On-chip color filters

Central Plant—the Toppan Group's core plant for flexible packaging materials manufacturing. In the fiscal year ending March 31, 2017, we plan to take maximum advantage of the full-fledged operations of the plant, which boasts a clean production environment and an advanced quality-control system.

In products, in addition to primary packaging for pharmaceuticals and functional packaging such as retort pouches, we aim to fundamentally transform our order mix by entering such upstream business areas as material processing. With respect to production technology, we will exploit the Internet of Things (IoT) to realize small-lot supply capabilities. At the same time, our expertise in leading-edge manufacturing will enable us to raise the efficiency of manufacturing sites, and we will disseminate the achievements of these efforts to other plants.

Meanwhile, as a global strategy we will continue to target demand for alternatives to glass and metal containers. Currently, in the global packaging materials market environmental concerns are driving the replacement of glass and metal containers with film packaging materials. Consequently, the transparent barrier film market has an opportunity to grow significantly. Our strategy is to increase sales to global companies and support the overseas businesses of Japanese companies, thereby expanding our market share in step with customers' advances. Further, we will capture demand in the overall market steadily by providing solutions that not only replace existing containers with film packaging materials but also with composite containers.

In North America, where the abovementioned replacement demand is considered to be particularly large, we will strengthen supply capabilities even further based on our Chicago office and the plant in Georgia. Also, in the ASEAN region, which is experiencing significant economic growth, we want to accelerate business development using Thailand and Indonesia as bases. Therefore, we will invest aggressively and consider alliances with major local companies.



Further, to make maximum use of our resources, Toppan Printing assumed the interior décor materials business of Toppan Cosmo, Inc., and incorporated the business into a new Environmental Design Subdivision in April 2016. As its first initiative following reorganization, in June 2016 the business launched the Smart NANO series of decorative sheets, which use Tokyo University of Science's nanotechnology and are designed for the world's most advanced interior décor materials. Not limiting itself to the housing sector, the Interior Décor Materials business will extend the scope of its activities by marketing such products with advanced functionality to industrial customers.

Electronics

Implementing Rigorous, Far-Sighted Structural Reform of Existing Businesses

Exploiting Technological Advantages to Foster New Businesses

We will rigorously improve the profitability of existing businesses while continuing to implement bold structural

Capital investment by segment

	[Millions of yen]		
	FY2015.3	FY2016.3	FY2017.3 (Forecasts)
Information & Communication	16,993	25,460	32,900
Living & Industry	30,162	24,616	21,300
Electronics	22,435	7,702	10,600
Elimination and/or all corporate items	6,548	5,425	7,200
Total	76,138	63,203	72,000

reform of underperforming businesses, with downsizing or conversion as options.

In the color filters business, we will work to increase sales of high-value-added products for smartphones and other mobile devices. In conjunction with these efforts, the Group will optimize production capabilities for each size of product in consideration of trends.

As for the photomasks business, we intend to respond flexibly to market changes and continue far-sighted reforms in Japan and overseas. While reorganizing operations in Japan, Europe, and the United States to reflect market sizes, we aim to expand our production base in Shanghai to claim a larger share of China's growing market.

Also, the Toppan Group aims to use its technological advantages to claim leading shares of niche markets in such growth areas as FC-BGA substrates, copper touch panels, and on-chip color filter arrays.

Through the abovementioned initiatives, in the fiscal year ending March 31, 2017, we expect year on year increases of 2.4% in net sales, to ¥1,510.0 billion, and 4.1% in operating income, to ¥50.5 billion. Further, we expect profit attributable to owners of parent to decline 31.9%, to ¥24.0 billion.

Q Could you explain the Toppan Group's financial strategy and policy on returns to shareholders?

A We will keep cash balanced while actively investing in growth areas. We will endeavor to raise dividends, targeting a consolidated dividend payout ratio of at least 30%.

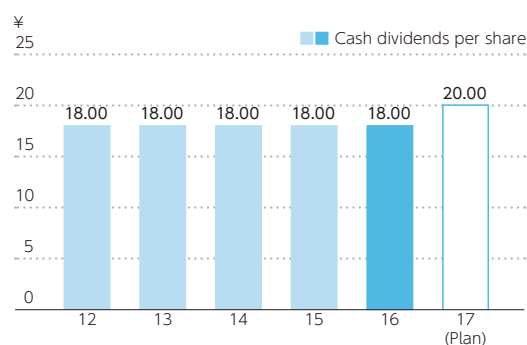
The Toppan Group's financial strategy is to secure funds stably and strengthen financial foundations to realize more stable business management and returns to shareholders and thereby heighten business and corporate value.

Ahead of schedule, we met an initial target for internal funds, calling on us to accumulate approximately ¥60.0 billion over five years. By reviewing inefficient assets and curbing working capital, we secured internal funds of ¥84.9 billion between the fiscal year ended March 31, 2013, and the fiscal year ended March 31, 2016. Further, in December 2013, we raised ¥80.0 billion through an issuance of convertible bonds. Plans call for using these funds as part of ¥125.0 billion earmarked for growth investment—which is separate from regular capital investment—over the coming five years. Already, we have realized negative net interest-

bearing debt. While maintaining this financial position, we will implement structural reform throughout the Group and enhance profitability.

To return profits to shareholders flexibly while sustaining growth, Toppan pays cash dividends in accordance with a policy of giving comprehensive consideration to such factors as consolidated business results in each fiscal term, the consolidated dividend payout ratio, cash on hand, internal reserves, and future investment plans. Specifically, Toppan is committed to raising the level of cash dividends and target a consolidated dividend payout ratio of at least 30%. Based on this policy, for the fiscal year ended March 31, 2016, we paid an interim dividend and a year-end dividend of ¥9.00 (US\$0.08) per share, resulting in full-year dividends of ¥18.00 (US\$0.16) per share. In light of the achievement of earnings growth for a fourth consecutive fiscal year, for the fiscal year ending March 31, 2017, we expect to pay an interim dividend and a year-end dividend of ¥10.00 per share, increasing full-year dividends to ¥20.00 per share.

Cash dividends per share



Q What is the Toppan Group's approach to corporate governance?

A We will continue to implement transparent governance with a focus on sustaining growth and enhancing corporate value.

In accordance with Japan's Corporate Governance Code, the Toppan Group will continue building a transparent governance structure.

We are reviewing a range of aspects of the Board of Directors. Our aims are to revise criteria for agenda item submission, expedite decision making, and strengthen supervisory functions. As part of these efforts, we have

reduced the number of directors from 26 to 19 and increased the number of external directors from two to three, two of whom are independent directors. Currently, we have five audit & supervisory board members, including three external members, two of whom are independent. Also, to clarify authority and responsibilities in relation to the execution of duties, we introduced an executive officer system from the fiscal year ending March 31, 2017.

To maximize Group companies' independence and the level of freedom with respect to business management, the Toppan Group uses a parent-subsidary listing format. Taking into account management strategies and changes in business conditions, we intend to comprehensively examine our approach to business management with respect to matters including the pros and cons of current systems, burdens arising from reorganization, and risks. Shares held for strategic reasons contribute to strengthening business relationships and alliances, and we regularly reexamine the rationale of continuing to hold such shares.

Through such initiatives, we aim to sustain growth and enhance corporate value over the medium-to-long term.

are declining year by year. Generally, the printing industry is seen as a mature industry. However, we take the opposite view.

For the Toppan Group, which has garnered many different in-house resources as it has evolved printing technologies, society's diversifying needs and the increasing pace of change in the world will lead directly to business opportunities. The Group has robust customer bases in a wide selection of industries. This scope ensures that our experts in marketing, IT, and creative production remain abreast of trends in each industry and at each company. Further, we have established a favorable reputation among customers by consistently providing high-quality comprehensive solutions that are devised from customer viewpoints.

The provision of solutions for customers' issues further contributes to efforts addressing society's issues. The Toppan Group is one of the few corporate groups that has established a position that enables it to advance into this area. With the spread of IoT and artificial intelligence, society is likely to change dramatically. In such changing conditions, the Group will be able to build a wide variety of earnings models and create businesses that help address issues.

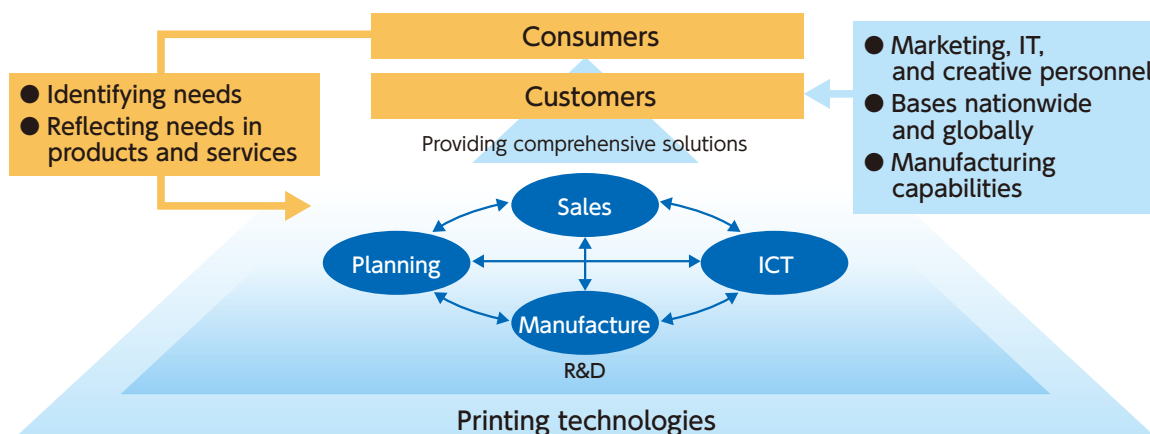
The Toppan Group has sustained growth by adapting flexibly to trends in each era and exploiting change to create opportunities. In the same vein, the Group will reform itself unceasingly and take on challenges in new fields in a concerted drive to enhance corporate value.

Q What type of corporate group will the Toppan Group become?

A While helping address the issues that customers and society face, we will achieve sustainable growth.

In the printing industry, the market for paper media continues to contract, and shipments of printed products

Toppan's Advantage—Comprehensive solutions



Review of Operations by Business Segment

In the fiscal year ended March 31, 2016, Information & Communication grew revenues and earnings for the third consecutive year and enhanced its profit margin significantly year-on-year. In Living & Industry, although revenues edged down, earnings were up significantly thanks to the full-fledged operations of the Gunma Central Plant. Electronics recorded declines in revenues and earnings. However, structural reform

of the photomasks business produced benefits.

Further, from the fiscal year ended March 31, 2016, the classification of reporting segments changed as a result of the reorganization of business segments in April 2015. In the year-on-year comparisons below, the figures for the previous fiscal year's results have been adjusted to reflect this new classification of reporting segments.

Millions of yen

	March 2015		March 2016		
		Change from previous year		Change from previous year	
Net sales	1,526,915	(5,128)	1,474,682	(52,233)	
Operating income	40,877	5,155	48,532	7,655	
Ordinary income	45,245	7,528	51,854	6,609	
Profit attributable to owners of parent	22,868	2,247	35,245	12,377	
Information & Communication	Net sales	932,480	—	938,642	6,162
	Operating income	47,692	—	57,824	10,131
Living & Industry	Net sales	419,596	—	410,510	(9,087)
	Operating income	11,004	—	14,503	3,498
Electronics	Net sales	203,573	—	153,007	(50,566)
	Operating income	6,356	—	3,397	(2,957)
Elimination	Net sales	(28,734)	—	(27,477)	1,258
	Operating income	(24,175)	—	(27,192)	(3,017)

Information & Communication

Net sales

¥ **938.6** billion
(US\$8,330.2 million)

Up 0.7%
year-on-year

In the fiscal year ended March 31, 2016, net sales rose 0.7%, to ¥938.6 billion (US\$8,330.2 million), and operating income increased 21.2%, to ¥57.8 billion (US\$513.2 million).

Based on the first management challenge—implementing Groupwide structural reform—Information & Communication optimized the capabilities of its existing printing business to reflect the size of the publishing market. Meanwhile, the business segment accelerated efforts to tackle the second management challenge—creating new businesses and markets. These efforts entailed integrating paper and digital media as well as strengthening capabilities in relation to ICT (information and communications technology) and comprehensive solutions. This resulted in a significant improvement in profit margin over the previous fiscal year.

In the Secure Business, amid growing concern about personal information protection, the segment leveraged specialized personnel and robust security environments to capture demand for secure business process outsourcing (BPO) in relation to the national identification number system, including BPO services for the insurance industry. Also, the smart card business grew as a result of concentrating efforts on developing and marketing new services, such as the International Brand Prepaid Card ASP Service.

As for Business Forms, revenues from business forms were lackluster due to declines in demand resulting from digitization,

Operating income

¥ **57.8** billion
(US\$513.2 million)

Up 21.2%
year-on-year

reductions in the volume of delivery slips, and lower unit prices as a result of simplification. Meanwhile, the data printing services (DPS) business grew revenues year-on-year, thanks to steady growth in BPO service orders mainly from government agencies, municipalities, and financial institutions.

The Marketing Business saw higher revenues from marketing-related BPO services for sales promotion (SP) tools, back-office operations, and healthcare-related initiatives, which compensated for lower revenues from flyers, pamphlets, catalogs, and other general printing products. Also, we captured demand associated with the rising number of tourists visiting Japan by expanding and improving high-quality video production and multilingual support services. The digital flyer website Shufoo! heightened its value as a medium by strengthening advertising capabilities and launching new services, such as an application for public infrastructure corporations and services for visitors to Japan.

In the Content Business, magazine and book sales edged down in a shrinking publishing market. However, the digital books business BookLive Co., Ltd., moved into the black, and we stepped up the development of businesses related to multi-media content that includes digitization, such as services that support hybrid paper and electronic publishing and the published content rights business.

Living & Industry

Net sales

¥ **410.5** billion
(US\$3,643.1 million)

Down 2.2%
year-on-year

In the fiscal year ended March 31, 2016, net sales declined 2.2% from the previous fiscal year, to ¥410.5 billion (US\$3,643.1 million). However, reflecting significantly improved production efficiency resulting from full-fledged operations of the Gunma Central Plant, operating income rose 31.8%, to ¥14.5 billion (US\$128.7 million).

The Packaging Business saw revenues increase from packaging materials that use flexible packaging materials, particularly the transparent barrier film GL BARRIER, as companies reduce packaging volume or replace aluminum foil packaging. Outside our mainstay areas of packaging for food products and toiletries, we leveraged environment friendliness to step up rollouts of such products as pouches that are an alternative to engine oil cans. While revenues from folding cartons decreased, the environment-friendly paper-based drink container Cartocan performed steadily, testifying to recognition of the product's outstanding recyclability and differentiated shape.

In the Functional Product & Energy Related Business, we strengthened initiatives for packaging materials for lithium-ion batteries and other products in the clean energy field. Also, an emergency magnesium air cell, MgBOX, jointly developed with Furukawa Battery, and a pouch for the preparation of dishes in microwave ovens, Sma-Deli Bag®, each received a Kinoshita Award at the Japan Packaging Institute's 39th awards ceremony.

Operating income

¥ **14.5** billion
(US\$128.7 million)

Up 31.8%
year-on-year

In the Interior Décor Materials Business, revenues decreased year-on-year because active marketing of such products as the environment-friendly Toppan Eco Sheet and the incombustible decorative panel Materium, which features superior functionality and design, were unable to completely compensate for lower revenues in Japan.

In the Packaging Business, the Group's core plant for the manufacture of flexible packaging materials, the Gunma Central Plant, began full-fledged operations in May 2015. The plant exploited its clean production environment and advanced quality-control system to ramp up production of high-value-added packaging for medical care products and pharmaceuticals. In conjunction with these efforts, the plant is significantly enhancing the productivity of the Group as a whole by introducing state-of-the-art production techniques and disseminating achievements across the Group to other production bases.

Meanwhile, based on the third management challenge—accelerating global business expansion—we are enhancing our capabilities in North America. In April 2016, we opened our first overseas production base for transparent barrier film in Georgia, U.S.A. We also bolstered sales capabilities by opening an office in Chicago in June 2015. In the ASEAN region, we took steps to capture local demand by expanding and improving facilities.

Electronics

Net sales

¥ **153.0** billion
(US\$1,357.9 million)

Down 24.8%
year-on-year

In the fiscal year ended March 31, 2016, net sales declined 24.8%, to ¥153.0 billion (US\$1,357.9 million), while operating income decreased 46.5%, to ¥3.4 billion (US\$30.1 million).

The Display Related Business saw a year-on-year decline in revenues from color filters as a result of a prolonged adjustment phase in the production of small and medium-sized liquid crystal displays. Despite marketing efforts focused on industrial equipment applications, revenues from TFT liquid crystal panels also declined year-on-year due to challenging business conditions.

In the Semiconductor Related Business, as the semiconductor market slowed further, revenues from photomasks decreased from those of the previous fiscal year. Nonetheless, we captured demand for leading-edge products, and steady structural reform aimed at strengthening earnings foundations produced benefits. Meanwhile, revenues from FC-BGA substrates, which are high-density semiconductor package substrates, decreased year-on-year due to lower sales overseas.

In Electronics, Japan's market for flat-panel televisions and semiconductors is contracting. Globally, the liquid crystal display market is flagging as China's economy decelerates. Business conditions remain tough due to industry reorganization and increased in-house manufacturing among finished product manufacturers. In response to these business conditions, based on our *three management challenges* we worked to implement

Operating income

¥ **3.4** billion
(US\$30.1 million)

Down 46.5%
year-on-year

rigorous structural reform of existing businesses, strengthen our ability to cater to global markets, and create new businesses in areas in which we can exploit our technological capabilities.

The color filter business reorganized manufacturing resources in light of trends in markets and among customers. For example, we sold all of our shares in a subsidiary in Taiwan. At the same time, the color filter business also worked to stabilize its earnings. We continued initiatives aimed at claiming leading shares of niche markets, including the rolling out of TFT liquid crystal panels for industrial equipment and the development of copper touch panels that exploit copper's properties.

As for the photomasks business, we advanced strategies for respective overseas regions and worked to improve profitability. We are strengthening our manufacturing and sales capabilities by implementing structural reform rigorously through consolidation of overseas production bases and optimization of personnel deployment in North America and Europe. In Asia's fast-growing market, we are raising the capacity of the production line at our plant in Shanghai. Further, anticipating the development of increasingly high-performance semiconductors, we are developing leading-edge, next-generation photomasks. In addition, the FC-BGA substrate business transferred production to the Niigata Plant, which is able to manufacture high-value-added products, and optimized the Toyama Plant's production capabilities.



Makoto Arai
Senior Managing Director
Information & Communication Division

By providing comprehensive solutions that cater to customer needs effectively, we will create new businesses.

Widening Range of Business Opportunities

In the Information & Communication Division, the Secure, Marketing, and Content businesses collaborate with each other and operate a wide array of businesses. We cater to a range of industries, including the manufacturing, distribution, financial, and publishing industries. Strong partnerships established over many years are one of the Toppan Group's strengths.

In Japan, the Marketing Business covers a particularly extensive field—stretching from store promotions through to digital marketing—that offers a wide range of business opportunities. Further, we are pursuing new business opportunities in such growth areas as ICT and media, health and healthcare, education, and tourism.

Exploiting Our Advantage: Comprehensive Solutions

We were one of the first companies to change over from a business model focused on orders to one focused on solutions. And, we continue to evolve our business model. The Toppan Group realizes comprehensive solutions that reflect customers' viewpoints. Our sales personnel stay abreast of the latest developments, detect customers' problems or hidden issues promptly, and collaborate with planning divisions to offer timely, effective solutions. At present, we are evolving comprehensive solutions even further by accumulating ICT and operating know-how and combining it with our long-standing expertise in manufacturing, marketing, and creativity. Consequently, we develop and operate businesses in diverse fields beyond the boundaries of the printing industry, with competitors now including the advertising, system integrators (Slers), consulting, and distribution fields.

Another of our strengths is that we have diverse personnel working across a variety of business fields who are eager to take on new challenges. Throughout our organization, there is an enterprising culture that encourages each employee to take on new challenges. Therefore, without restricting ourselves to handling information-related products, we are broadening the scope of operations by being open to new ideas and exploring and realizing many different possibilities in collaboration with other divisions and companies.

Leveraging Design Expertise and Specialization

At present, we are creating businesses focused on design, which we have always valued.

The Graphic Trials initiative in which we invite cutting-edge, creative personnel, both in Japan and overseas, to take on the challenge of using new forms of printing expression in the production of posters, is an example of such efforts. Meanwhile, our design capabilities have been earning plaudits internationally. In recent years, designs by our creative personnel have won or placed highly in international advertising awards, such as the Cannes Lions International Festival of Creativity and the CLIO Health Award (formerly the CLIO Healthcare Award).

We intend to leverage design expertise to heighten recognition of the Toppan brand and accelerate business development in Asia and other overseas markets.

Creating New Businesses

In response to the unprecedented speed of technological innovation, we intend to utilize artificial intelligence (AI) and the Internet of Things (IoT) actively. Currently, we are accelerating the acquisition and exploitation of new technology by stepping up collaborations with venture companies and research centers in Japan and overseas through such initiatives as sending personnel to Silicon Valley in the United States. Further, we will increase the number of personnel with specialized knowledge and focus on technology when solving customers' issues.

Also, in conjunction with the decrease in paper media, we will continue consolidating and optimizing manufacturing facilities to strengthen profitability further.

The division will continue to exploit a strong position that combines tangible and intangible resources to increase business with existing clients. At the same time, we will take measures from a medium-to-long-term perspective in new fields to create new businesses.

Priority Strategies

in Information & Communication

The Toppan Group has a broad, solid customer base comprising approximately 25,000 client companies. All issues that these companies have in relation to communication or marketing represent business targets for the Information & Communication segment.

Methods of communication are diversifying with the digitization of media, the introduction of print-digital hybrid media, extensive use of websites and databases, and the increasing possibilities in visual expression. Against this backdrop, the Toppan Group will combine its specialized personnel, expertise, and systems-building capabilities to provide comprehensive solutions optimally designed to address the challenges customers face.

Main Initiatives

Tapping into Demand from Visitors to Japan

In response to the increasing numbers of visitors to Japan in recent years, we have established a brand concept called Tabido® to unify the measures we have been taking to tap into demand from visitors to Japan.

In addition to acquiring large orders in the meetings, incentives, conferences, and exhibitions area, we are catering to multilingual needs by developing and marketing the SupporTra translation support system, which is growing sales steadily. Also, we are increasing private-public sector collaborative efforts. For example, we participate as a founding

member in the Council for Global Communication Development and Promotion, which is under the auspices of the Ministry of Internal Affairs and Communications. And, we have begun research and development to create a speech translation system that will help municipal authorities handle inquiries.

We are engaged in a diverse range of other activities for visitors to Japan, including the provision of services through the digital flyer website Shufoo!, a tourism guide app, and digital signage for purchase promotion as well as services related to Japan's duty-free system.

Using Multilingual Signage for Purchase Promotion

Due to space limitations in sales areas, the installation of point-of-purchase (POP) advertising that includes detailed product information in multiple languages is difficult. Also, the deployment of multilingual store assistants is challenging. In such situations, multilingual signage is the optimal solution. Customers can purchase products with greater peace of mind because multilingual signage gives detailed information about products and how to use them. Also, store assistants have to respond to fewer customer inquiries because customers can readily see the detailed information they want to know.

Touch-panel signage

Customers can view whatever information they require. When the signage is not being used, it shows commercials and other videos.

Barcode reading port

Information about a product can be displayed by simply holding its barcode up to the port.

Product information printouts

Paper sheets including translated product information and usage instructions are printed out. These sheets provide multilingual, supplementary product descriptions that cannot be included in or attached to products.



Tabido® barcode signage

Acceleration of Growth in the BPO Business

In Japan, business process outsourcing (BPO)—in which companies or public organizations contract other companies to perform routine tasks—represents a market that is growing at an average of 2.4% per year and which is forecast to be worth more than ¥4.0 trillion in the fiscal year ending March 31, 2020.* Particularly in the near term, demand for BPO is likely to increase significantly as companies and organizations establish new businesses and projects in response to the introduction of the national identification number system as well as changes in the medical, healthcare, environmental, and energy sectors.

The greatest differentiating factor of the Toppan Group's BPO services is integrated capabilities that other BPO providers cannot match. We combine the six functions shown in the chart below to provide customers with optimized comprehensive solutions in three areas: back-office services, customer contact services, and operations support services.

In July 2016, we began full-fledged operations at a new core base for the BPO business, BPO Square Asaka, which is in the

Asaka Plant. Our goal is for customers to use the base as a "communication hub" that comprises functions and personnel for all types of BPO, such as business design, contact centers, back-office centers, systems development, and quality control. In addition, through the use of leading-edge technology, such as the Internet of Things (IoT) and wearable devices, we will offer efficient BPO solutions and be able to handle 100,000 operational processes per day—50% more than before. We will deploy BPO Square Asaka's technology and expertise at our 11 bases around Japan. At the same time, nationwide, we will strengthen our ability to cater to operations that require even higher levels of security and management know-how.

Also, in May 2016 we concluded a preliminary agreement on an operational tie-up with Vietnam's largest IT company, FPT Corporation. As well as developing BPO services that use IoT and big data, we will explore the joint construction of a BPO operations base.

* Source: Yano Research Institute Ltd., *BPO (Business Process Outsourcing) Industry 2015*

Combining six functions to offer solutions optimized to meet companies' needs



Concentration on Increasing Sales of the Secure Business

While undertaking the global rollout of security-related printing technologies that it has been developing since its establishment, the Toppan Group is offering an extensive selection of solutions, which include related services that provide very high levels of information security.

In November 2015, we launched the International Brand Prepaid Card ASP Service, which manages the balances of prepaid cards issued under international brands. This is Japan's first service enabling customers to simultaneously launch credit cards under the MasterCard and VISA brands, and we are marketing the service to financial institutions and companies in the travel industry. We plan to broaden the scope of the service by offering it to companies in the distribution and

service industries as well as to visitors to Japan.

Further, we began offering a service incorporating fintech (financial technology). Mobile Account Transfer Service enables the completion of account transfer information through the use of a tablet computer in conjunction with SpeedEntry plus, a paperless application system that many financial institutions use. We also offer a variety of other highly convenient services, such as a smartphone app for opening an account and machines for the instant issuing of cards.

We will actively capture demand in security-related growth areas through products and services that incorporate radio frequency identification (RFID) and IoT.

In Pursuit of Visual Communication

The increased capacity of networks is dramatically changing communication by enabling, for example, the distribution of videos via the Internet and the evolution of mobile devices. Aiming to communicate the appeal of customers' products and services more effectively, the Toppan Group is exploiting a variety of methods in pursuit of highly immersive visual expression.

■ Use of Virtual Reality for the Digital Archiving of Cultural Treasures

We are advancing initiatives to use virtual reality technology for the digital archiving and display of cultural treasures. Since 1997, we have undertaken the digital archiving of well-known cultural treasures in Japan and overseas, providing 50 pieces of content. In addition to being one of the first to tackle 4K, ultra-high-definition virtual reality in 2007, in recent years we have been developing next-generation virtual reality that is compatible with 12K and HMDs (head-mounted displays). Moreover, we have established virtual reality theaters at 22 cultural and tourism centers in Japan and overseas, including the Palace Museum in Beijing, China, and the Tokyo National Museum.



Toppan VR Theater
Content: The Palace VR: *The Forbidden City—The Palace of Emperors*
© The Palace Museum/Toppan Printing Co., Ltd.

■ Development of Numerous Applications for Companies and Municipal Authorities

To cater to diversifying consumer needs, companies are offering a greater number of variations of each product. The communication of the range of specifications available for such products to consumers in an effective, readily understandable way is a major issue for companies.

In response to this situation, we have developed the T-VSS (TOPPAN Virtual Simulation Service) system, which uses cloud computing to manage large amounts of product information and provide it to consumers in the form of three-dimensional images. The system enables companies to provide information more realistically based on consumers' preferences. For example, the system can show automobiles in different colors or with various optional components or simulate rooms installed with different types of household equipment.

Beyond such sales promotion applications, our virtual reality technology has a wide range of uses. For example, it is used for Street Museum®, which transforms streets nationwide into a virtual museum. Simulators related to manufacturing plants and training and educational simulators also incorporate the technology. Based on its technologies for information visualization, the Toppan Group will offer companies and organizations an array of communication solutions and expand the possibilities of visual expression.



An example of a T-VSS system application



We aim to reach a stage of higher growth in Japan and overseas by contributing to everyday life and industry through our businesses and advanced manufacturing.

Naoyuki Matsuda
Senior Managing Director
Living & Industry Division

Achieving Differentiation by Addressing Social Issues

Reorganization in April 2015 led to the establishment of the Living & Industry Division, which comprises the Packaging, Functional Product & Energy Related, and Interior Décor Materials businesses. This segment provides a wide range of living and industrial materials centered on barrier film and caters to numerous growth markets in Japan and overseas.

The Toppan Group's businesses are tasked with addressing and solving a variety of social issues through their operations. Meanwhile, we must constantly provide client manufacturers with new, high-value-added products and services that achieve differentiation. Viewing these requirements as basically two sides of the same coin, we cater to them simultaneously as we take on new challenges.

For example, we offer new ways of using packages to realize solutions that cater to changes in eating habits in Japan. In the Packaging business, we are capitalizing on our developmental capabilities to create products that accurately reflect emerging trends in society. In particular, we are concentrating efforts on expanding and improving our lineup of barrier film. In addition to food-related products, we aim to increase applications for barrier film in relation to medical and pharmaceutical products and environment-friendly products.

Further, in April 2016 we assumed the interior décor materials business of Toppan Cosmo, Inc., which made a new start as part of the Environmental Design Subdivision. While marketing products and providing solutions focused on "living," the business will develop an array of operations catering to such areas as urban development.

Strengthening Supply Capabilities in North America and the ASEAN Region

Working in collaboration with head office, the segment's Global Strategy Department controls the strategies of various overseas businesses.

In North America and Europe, as lifestyles change and environmental awareness increases, demand is growing for the environment-friendly transparent barrier film we offer that is usable with microwave ovens. In particular, significant demand for alternatives to glass and metal containers is expected in North America. Therefore, we are strengthening supply

capabilities through such initiatives as the opening of a new plant in Georgia in April 2016.

Further, markets are expanding in the ASEAN region and other areas as standards of living rise. In such regions, we will increase our market share more rapidly through alliances with optimal partners, such as major local companies or trading companies that have entered local markets.

Realizing Cutting-edge Manufacturing

The Gunma Central Plant, which began full-fledged operations as our core plant for flexible packaging materials in May 2015, is steadily continuing to improve its manufacturing margin. We are creating a positive "ripple effect" by expanding the latest initiatives to packaging materials plants nationwide, including bringing in new production equipment and adopting designs that take into consideration the movement of personnel and equipment.

Regarding product development, the segment's Business Innovation Center oversees the strategies of each business while creating new business models based on longer-term perspectives. These efforts include envisioning society's needs in 2030 and investigating and researching products and services accordingly.

Aiming for a New Stage of Higher Growth

In the living and industrial materials field, only a handful of companies manufacture as broad a selection of product types as the Toppan Group. Moreover, in recent years we have been strengthening comprehensive solutions that transcend traditional business boundaries. For example, through collaboration with the Information & Communication segment we provide sales promotion solutions based on packaging materials. Our unique strengths are our solid base of customers in Japan and overseas and a cycle whereby we unearth customer needs to create new businesses.

In the first fiscal year of a three-year phase of profitability improvement, we made steady progress in strengthening the profitability of each business. In the current fiscal year, we will advance such efforts even more rigorously. At the same time, aiming to achieve the management vision and overall optimization, we will align the strategies of each business toward the realization of a new stage of higher growth.

Priority Strategies

in Living & Industry

Currently in the market, global environmental preservation, measures in response to increasing levels of sophistication and globalization, and measures to prevent food wastage are major social issues. In Living & Industry, through the development and marketing of living-related and industrial materials—such as environment-friendly packaging and interior décor materials that are compatible with universal design—we are advancing and expanding businesses that support safe, comfortable living on a global scale.



Initiatives in the Packaging Business

Based on the Toppan Group's extensive capabilities and expertise, the Packaging Business provides solutions that comprehensively cover stages from research and analysis through to development, manufacturing, sales, and promotion. These solutions maximize social and customer value.

Our Comprehensive Solutions for Packaging



Gunma Central Plant's State-of-the-art-Facilities

In May 2015, the Gunma Central Plant began full-fledged operations. Through this plant, we will raise productivity and heighten added value in relation to various types of packaging that use flexible packaging materials or the transparent barrier film GL BARRIER. As the Group's core plant for the manufacture

of flexible packaging materials, the Gunma Central Plant is significantly progressive in four respects.

First, the plant incorporates the latest methods to ensure clean manufacturing environments and realizes sophisticated quality control. For example, in compliance with FSSC 22000* international standards, we have introduced automatic pallet

exchanging equipment and established discrete hygiene measures for each manufacturing area. Moreover, we have introduced leading-edge testing equipment and increased traceability.

Second, the plant has outstanding productivity and developmental capabilities. We have greatly raised production capacity by introducing the latest production equipment and factory automation systems and incorporating designs that take into consideration the movement of personnel and equipment. Further, the plant enables the Packaging Business to integrate operations from material and product development through to manufacturing.

Third, the plant is highly secure. As well as access control based on smart cards and vein authentication, we control access based on personnel and zone categories, and we have installed security cameras in all manufacturing and other areas.

And fourth, the plant is helping to establish a sustainable society. Its cogeneration system uses natural gas and volatile organic compounds as fuel and won first prize in the industrial applications category of the Fiscal 2015 Co-Gen Award. Furthermore, our greening of the premises has been favorably received, with the Gunma Central Plant becoming the first manufacturing plant to receive SEGES** certification for urban development.

* FSSC (Food Safety System Certification) 22000 is a food safety management method that the Global Food Safety Initiative recommends.

** The Organization for Landscape and Urban Green Infrastructure provides SEGES (Social and Environmental Green Evaluation System) certification for urban development that contributes to society and the environment by preserving or creating greenery.



VOC Recycling System



Coater

Enhancement of the Group's Overall Productivity

By exploiting the above capabilities of the Gunma Central Plant to the fullest and introducing its advances to other plants, the Group as a whole will improve productivity fundamentally.

Specifically, we will expand capabilities for the manufacturing of such functional packaging materials as those used for pharmaceutical goods and retort pouches to transform our order mix. Also, we will raise productivity even further by continued investment to build an ordering system that uses the Internet of Things (IoT) and standardize material specifications.

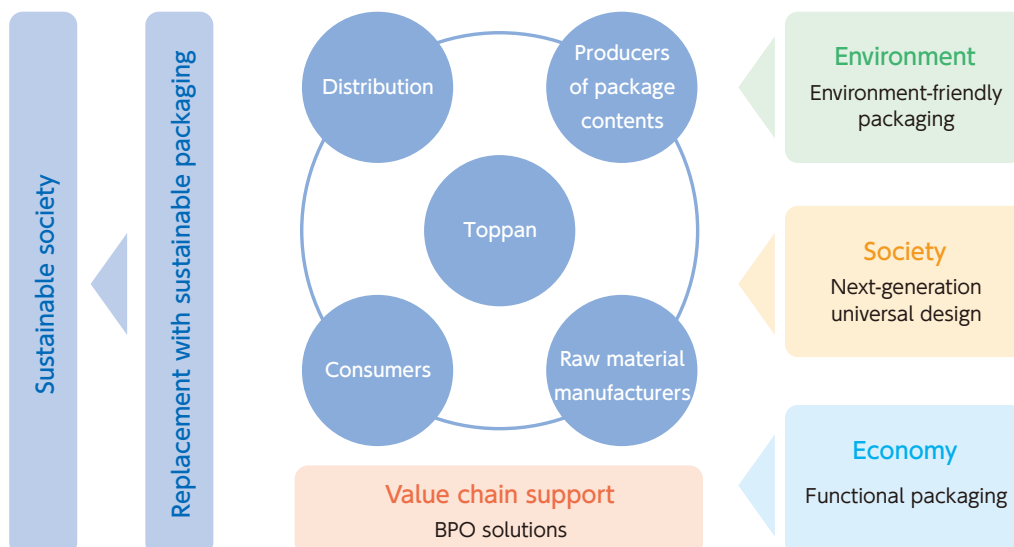


Gunma Central Plant

In Pursuit of Sustainable Packaging

Today, efforts to ensure environmental, social, and economic sustainability are critical for a business's long-term success. With this in mind, the Toppan Group's packaging business is developing and marketing sustainable packaging that replaces traditional packaging.

Taking product life cycles into account, we optimize packaging designs and use quantitative methods to evaluate and reduce packaging's environmental impact. Also, keeping society's expectations in mind, we ensure our designs



incorporate “next-generation universal design” concepts, which focus on making products easy to use for the disabled, seniors, and all other consumers. Furthermore, for customers who are developing products, we offer structural solutions that

contribute to the realization of easy-to-use products. By continuing to provide packaging that consumers can use easily and want to keep using, we will help maximize the brand and social value of customers’ products.

Interior Décor Materials Business

In April 2016, we assumed the interior décor materials business of Toppan Cosmo, Inc., which made a new start as part of the Environmental Design Subdivision. While developing and mass-producing decorative sheets with superior functionality and design, the subsegment will develop existing markets further and expand its lineup of products for non-housing markets with a focus on incombustible products. In addition, the Group will help create comfort in consumers’ day-to-day lives by taking maximum advantage of its resources to offer a broad array of solutions ranging from those centered on “living” through to solutions related to mobility, the environment and energy, healthcare, and urban development.

Decorative Sheets Realized through Nanotechnology

As part of the abovementioned strategy of offering a wide range of solutions, we have developed the Smart NANO®

series of decorative sheets with a variety of added properties. As the first interior décor materials to benefit from technology for the formation of nanocapsules, which a research group at Tokyo University of Science developed, products in the series feature hardness as well as damage and stain prevention properties far superior to those of traditional products. In August 2016, we launched decorative sheets for home flooring as our first offerings to incorporate this technology.

We plan to grow sales of the Smart NANO series by rolling out products for a wide range of applications, including interior and exterior materials, in Japan and overseas. Our target is to grow revenues from the series and related sales to approximately ¥50.0 billion by the year ending March 31, 2021. Moreover, we will develop products with a variety of functions, such as CO₂ reduction, incombustibility, and durability for outdoor use.

Overseas Regional Strategies

For each overseas region, we will establish strategies and expand businesses in accordance with them. In the North American market, we followed the June 2015 establishment of an office in Chicago by completing the construction of a plant in Georgia in April 2016. A barrier film production base, the new plant is on a par with our Fukuoka and Fukaya plants in Japan. The new plant will drive our business forward in North America by catering to a market for transparent barrier film that is expanding due to demand arising from the replacement of aluminum foil, glass bottles, and metal cans. Meanwhile, the Interior Décor Materials business will bolster production facilities and extend its product lineup to expand existing business and strengthen tie-ups with local distributors to claim

a larger share of non-housing markets.

In the European market, the Interior Décor Materials and barrier film businesses will strengthen sales capabilities with a view to increasing revenues in existing business areas. Given the high level of environmental awareness in Europe, the barrier film business will step up efforts to tap into aluminum replacement demand.

As for rapidly growing markets in the ASEAN region, we will use existing bases to extend market shares for flexible packaging materials in Indonesia and folding cartons in Thailand while considering alliances with optimal partners. In China, we will target orders for industrial materials and other high-value-added products.

North America	Develop new markets for barrier film driven by on Toppan USA Georgia Plant Strengthen base of Interior Décor Materials business to expand existing businesses and create new businesses
Europe	Rebuild sales system for interior décor materials and barrier films
ASEAN region	Capture market demand by expanding existing flexible packaging material business (Indonesia) and expand carton business (Thailand)
China	Increase orders for high-value-added products in leading-edge markets



Tetsuro Ueki
Director
Electronics Division

We aim to transform our model to become a proactive solutions business and enhance profitability.

Optimizing Our Business Portfolio

The Electronics segment comprises the Display Related and Semiconductor Related businesses, previously included in the former Material Solutions segment. As challenging business conditions continue, we are making unstinting efforts to advance structural reform, one of our main management tasks. In the fiscal year under review, our efforts to improve earnings of the photomasks business met with some success. In the current fiscal year, we intend to transform our business model by continuing these efforts and creating new businesses.

As for the market outlook, demand for photomasks is likely to grow in Asia due to such factors as the numerous semiconductor plants being built in China. The Toppan Group will capture this demand by developing new markets. At the same time, we will take measures to cater to the miniaturization of products in Japan.

In the Semiconductor Related business, we will also concentrate on FC-BGA substrates used in semiconductor packages. We are shifting our focus from game consoles and other consumer products toward high-value-added industrial equipment with long life cycles. While continuing to accumulate earnings through the manufacture of small volumes of many types of products, we are transferring production to the Niigata Plant, which is equipped to manufacture high-end products.

Also, with our sights set on tapping into growing demand for sensors, we will concentrate on on-chip color filter arrays and copper touch panels. For copper touch panels, we intend to focus on markets with growth potential, such as vehicle-mounted products and products compatible with stylus input.

By developing businesses strategically in these ways, we will optimize our business portfolio and build a stable earnings structure over the medium-to-long term.

Strengthening Manufacturing Capabilities Based on Market Insight

Keeping the possibility of alliances with specialized companies in mind, we aim to create and start up new businesses efficiently and rapidly. For example, in May 2016 we established a liquid crystal light control film business

through a tie-up with Kyushu Nanotec Optics Co., Ltd. This business will manufacture films that can be changed from transparent to clouded mode by using power to adjust light transmittance. As well as applications for automobiles and other modes of transport, through collaboration among segments we plan to market these films for applications in such areas as offices, public facilities, and screens and signage used in advertising and sales promotions. We will continue to take marketing into account as we use new technology to provide products and services.

To launch businesses smoothly, it is important to be able to analyze customers' requirements and have the manufacturing competence to realize target functionality and specifications efficiently. The Group will realize such capabilities by combining its processing technology with the technology that Group company ORTUS TECHNOLOGY Co., Ltd., possesses for assessing the value of individual technologies and components from the perspective of a device manufacturer.

Transforming into a Solutions Business

In responding to a changing market, rather than adopting the traditional approach of a business that receives orders, we need to think proactively about what we should make and what the extent of our involvement should be and develop businesses accordingly. Further, I think there are many ways in which we can make good use of technological capabilities to reach our goals. For example, by pursuing and establishing high-value-added products and services that the Toppan Group can provide in supply chains—including in such fields as material development and peripheral services—the Group will accelerate its transformation from a components business to a solutions business.

We will cater to market needs by continuing to exploit our strong information-gathering capabilities, collaborating with other segments, and refining technology tirelessly.

Priority Strategies

in Electronics

Given challenging supply and demand trends, we will continue rigorous structural reform of Electronics. Further, we will optimize the segment's business portfolio from a global perspective, exploit our technological capabilities to become a leader in niche markets, and secure earnings strategically.

Main Initiatives

Photomasks Business

In the fiscal year ended March 31, 2016, the photomasks business advanced structural reform aimed at strengthening its earnings base and made steady progress in this effort. We will continue these efforts to realize structural reform that anticipates changes in markets in Japan, North America, and

Europe. Meanwhile, with our sights set on China and other markets in Asia that promise growth, we will enhance production capabilities at our bases in Shanghai, Taiwan, and South Korea.

Development of Next-Generation EUV Photomasks

In the global semiconductor industry, exposure technology that forms fine patterns on silicon substrates through light reflected from extreme ultraviolet (EUV) photomasks is attracting attention. Although this method enables further miniaturization of semiconductors, the inclusion of unneeded wavelengths from light sources has been a problem. In response, the Toppan Group has succeeded in developing

next-generation EUV photomasks that regulate light reflection. We realized these new products by applying leading-edge technology that creates a special three-dimensional structure on the light-shielding band of photomasks. The Group will ship samples to semiconductor manufacturers in the current fiscal year and begin mass production in earnest in the fiscal year ending March 31, 2018.

Initiatives Aimed at the Provision of New Value

Liquid Crystal Light Control Film Business

In May 2016, we reached an agreement with Kyushu Nanotec Optics Co., Ltd. on a tie-up to establish a liquid crystal light control film business, acquired exclusive rights to manufacture and sell the company's liquid crystal light control film, and commenced sales. Also, we intend to establish a new production line and begin mass production in the first half of the fiscal year ending March 31, 2018. In addition, we plan to bring to market the world's first reverse-type products, which become transparent when the power is off and cloud when it is on, in September 2016. We expect to roll out these films for a wide range of applications, including automobiles and other types of vehicle, because they ensure safety when electricity supplies are cut.

Aiming for sales of ¥20.0 billion from related businesses in the fiscal year ending March 31, 2021, we will expand the

liquid crystal light control film business globally through Groupwide efforts to increase sales. Furthermore, we aim to combine our display-related and surface treatment technologies with the unique technologies of Kyushu Nanotec Optics to develop more-competitive products and grow market share.



An example of an application for liquid crystal light control film

Milestone Events for the Toppan Group

- Information & Communication
- Living & Industry
- Electronics
- Groupwide



Began full-fledged operations at our core plant for the manufacture of flexible packaging materials, the Gunma Central Plant.

Received a Kinoshita Award from the Japan Packaging Institute for Sma-Deli Bag®, a zipped pouch specially for use in microwave ovens that enables simple cooking of delicious dishes.

Began offering operational optimization solutions that curb human error at manufacturing sites.

Unveiled Materium®, an incombustible decorative panel for interior walls that combines decorative sheets, which have the texture of natural materials, with incombustible base materials.

Toppan USA established a new office in Chicago.



Developed packaging for pharmaceuticals that is made of biomass polyethylene and easy to open.



Established an information distribution website focused on sports for the disabled, SPORTRAIT.

Launched Maxfactory Engine Oil 1L Pouch, the first pouch for engine oil in Japan's oil services industry.

Announced commitment to health-focused management.



Developed inductive coupling-based dual interface card SMARTICS-AIR.

Developed a self-operation-type system for the instant issuing of cards, Toppan ACIS-BS-SOC.

2015

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov



Launched VRscope®, a sales promotion solution that uses smartphones to provide intuitively controlled virtual experiences.



Developed a 3D copper touch panel module for automotive displays.

Launched new type of flyer distribution for Shufoo! that recommends the flyers of users' favorite stores when users are near them.

Due to closer operational tie-ups, Mapion became a wholly owned subsidiary.

Shortlisted in the design category of the 62nd Cannes Lions International Festival of Creativity.

BookLive! and the digital flyer website Shufoo! collaborated to increase distribution of the Free Comic Series.

Began marketing TOPPAN Editorial Navi, cloud-based book production support services that are designed for hybrid paper and electronic publishing.



Won a bronze prize in the design category of international advertising award program, CLIO Health (formerly the CLIO Healthcare Award).

Began offering tourists Street Museum®, a GPS-linked content distribution platform that provides unique, impressive images of the places tourists visit in Japan.

Began sales of a clinical art workshop program.



Announced the establishment of BPO Square Asaka, a new core base for the BPO business.



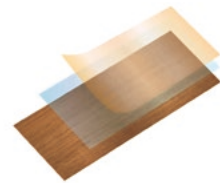
Opened first overseas production site for transparent barrier films—the Toppan USA Georgia Plant.

Our recyclable Aluminum-free Paper Carton Drink Container won the Minister of the Environment's Commendation at the 25th Grand Prize for the Global Environment Award.

Advanced the provision of solutions aimed at increasing operational efficiency through the use of IoT and the logistics support robot CarriRo in a joint effort with ZMP and SAP Japan.

Began providing an energy information service for households that uses the REEDA energy consumption estimation method, which is based on day-to-day activities within households.

Shanghai Toppan Advertising, a subsidiary in Shanghai, formed an operational tie-up with Chinese company Wolma to step up the offering of solutions aimed at store revitalization in China.



Used the nanotechnology of Tokyo University of Science to develop the Smart NANO® series of world-class decorative sheets for interior décor materials, which feature robust scratch resistance that maintains attractive appearance.

Dec

2016

Jan

Feb

Mar

Apr

May

Jun

Began collaboration with NTT Data to begin catering to the insurance industry through operations for the collection of national identification numbers.

Assumed the interior décor materials business of Toppan Cosmo through a company split.

Began offering Toppan FP Digital Solution, a comprehensive solution that provides packaging optimally suited to small-lot manufacturing of various types of products in the flexible packaging materials field.

Gunma Central Plant's cogeneration system received the Director's Prize in the industrial applications category of the Fiscal 2015 Co-Gen Award.



Developed EP-PAK Allcarto, a paper-based container with a spout for liquids and enhanced recyclability.

Developed a next-generation EUV photomask for leading-edge semiconductors.

Kyushu Nanotec Optics and Toppan began collaboration in the liquid crystal light control film business.

Concluded a preliminary agreement on a tie-up in relation to the BPO business overseas with Vietnam's largest IT company, FPT Corporation.

Toppan's Corporate Structure

Toppan's Corporate Structure is an expression of the values that form the foundation of our corporate activities and consists of our Corporate Philosophy, Corporate Creed, and Conduct Guidelines.

As a trusted partner in the communities we serve, we are forever committed to enhancing our customer-focused relationships and creating true value in the products we offer.

Toppan's Corporate Structure



Toppan Corporate Philosophy

Toppan's Corporate Philosophy is an overarching concept that binds our activities and expresses the values and points of view which we hold dear as a company.

Each of us shall
reciprocate our customers' continued trust,
create dedicated products
by harnessing our vibrant
knowledge and technology,
and contribute to a fulfilling lifestyle as
a mainstay of information and culture.

► Each of us

Our Corporate Philosophy displays the body of common values held by each and every Toppan employee. In all conscience, it is the basis of our respect for human dignity.

► Reciprocate our customers' continued trust

Our customers' satisfaction and pleasure comes first and this means building a strong relationship of trust with them. Building trust forms the basis of all our operations.

► Create dedicated products

Every product we manufacture for a customer must be a creation superior in quality. Each creation is to be a product or service built on responsibility, enthusiasm and ingenuity. This is the customer service into which we have poured our cultivated experience and intellect. We will continue to produce our "dedicated products" into the future.

► Harnessing our vibrant knowledge and technology

"Vibrant" depicts the reproduction capabilities, creativity, and elaborate detail of "printing." It is our design and marketing "knowledge," and strength in "technology" that draw out these features. By combining these strengths we shall continue to realize the many ideas presented by our customers.

► Contribute to a fulfilling lifestyle

We activate the lines between people and people, people and companies, and companies and companies. In this way, we are assertively contributing to the realization of a heartfelt and fulfilling lifestyle.

► A mainstay of information and culture

We can boast of a major contribution to the development of information and culture through printing. We shall continue to develop our various technologies and fulfill our role with pride and determination.

Corporate Creed

Our Corporate Creed represents the standards which guide our corporate activities. At Toppan all of our activities are based on our Corporate Creed.

To build our customers' trust through sincerity, enthusiasm, and creativity in all our corporate endeavors.

To strive for total innovation from a global perspective by conducting marketing and technological development rich in originality.

To conduct fair and open business operations while acknowledging our social responsibilities and aspiring for harmony with our global environment.

To create a positive working environment by maximizing our individual talents and strengths as a team.

To enhance our corporate standing and promote the continual development of the Toppan Group through the exploration of new possibilities.

Conduct Guidelines

Toppan's Conduct Guidelines define the basic concepts and norms of behavior that enable management and employees of the Company to act in compliance with the law, in letter and in spirit, and in accordance with the Corporate Philosophy and Corporate Creed.

Chapter 1 Basic Principles

1. Respecting basic human rights
2. Having high ethical standards and acting as a responsible member of society
3. Complying with laws and Company rules and conducting fair business operations
4. Avoiding all links with antisocial groups
5. Striving to improve quality and providing creations that contribute to customer satisfaction
6. Recognizing the importance of information related to business and managing it appropriately
7. Proactively undertaking conservation of the global environment
8. Embracing change and taking on new challenges
9. Building trust from society through social contribution activities and appropriate disclosure of information
10. Bringing together individual strengths to fully exploit the integrated strength of the Group

Directors and Audit & Supervisory Board Members

Directors



Naoki Adachi

Chairman & Representative Director

- 1962 Joined Toppan Printing
- 1990 Head of Sales Department, Corporate Planning Office
- 1993 Director, Head of Commercial Printing Subdivision, Commercial Printing Division
- 1995 Managing Director, Head of Commercial Printing Division
- 1997 Senior Managing Director, Head of Commercial Printing Division and Overseeing Securities Printing Division
- 1998 Representative Executive Vice President, Overseeing Sales, Securities Printing Division, and Commercial Printing Division
- 2000 President & Representative Director
- 2010 Chairman & Representative Director



Shingo Kaneko

President & Representative Director

- 1973 Joined Toppan Printing
- 2000 Senior General Manager, Sales Department I, Commercial Printing Division
- 2003 Director, Head of Commercial Printing Subdivision, Commercial Printing Division
- 2006 Managing Director, Head of Corporate Planning Division and Overseeing Management Audit Office and Business Innovation Division
- 2008 Senior Managing Director, Head of Corporate Planning Division and Overseeing Management Audit Office, Public Relations Division, Business Innovation Division, and Legal Affairs Division
- 2009 Representative Executive Vice President, Overseeing Sales, Management Audit Office, Public Relations Division, Corporate Planning Division, Cultural Project Division, Personnel & Labor Relations Division, and International Division
- 2010 President & Representative Director



Yoshihiro Furuya

Executive Vice President

- 1973 Joined Toppan Printing
- 2004 Director, Head of Kansai Subdivision, Packaging Division
- 2007 Managing Director, Head of Tokyo Subdivision, Packaging Division
- 2010 Senior Managing Director, Head of Living Environment Division
- 2011 Senior Managing Director, Head of Living Environment Division and Functional Product Division
- 2013 Senior Managing Director, Head of Living Environment Division
- 2014 Executive Vice President and Head of Barrier Film Business Development Office
- 2015 Executive Vice President



Yoshiyuki Nagayama

Executive Vice President
Nishinohon Division

- 1972 Joined Toppan Printing
- 2004 Director, Head of Kansai Commercial Printing Subdivision, Commercial Printing Division
- 2007 Managing Director, Head of Kansai Commercial Printing Subdivision, Information & Communication Division and Overseeing East Chugoku & Shikoku Subdivision, and Kansai Subdivision, Packaging Division
- 2011 Senior Managing Director, Head of Nishinohon Division
- 2016 Executive Vice President, Head of Nishinohon Division

Yukio Maeda

Senior Managing Director
Overseeing Company-wide Sales and Public Relations Division

- 1975 Joined the Company
- 2006 Director, Head of Chubu Subdivision
- 2010 Managing Director, Head of Corporate Planning Division and Public Relations Division and Overseeing Information & Publications, Information & Communication Division
- 2013 Senior Managing Director, Head of Corporate Planning Division, Public Relations Division and Media Business Division
- 2014 Executive Vice President, Toppan Forms Co., Ltd.
- 2016 Senior Managing Director, Overseeing Company-wide Sales and Public Relations Division



Hidetaka Kakiya

Senior Managing Director
Finance & Accounting Division

- 1973 Joined Toppan Printing
- 2008 Director, Head of Accounting Department, Finance & Accounting Division
- 2010 Director, Head of Finance & Accounting Division
- 2012 Managing Director, Head of Finance & Accounting Division
- 2014 Senior Managing Director, Head of Finance & Accounting Division



Makoto Arai

Senior Managing Director
Information & Communication Division

- 1979 Joined Toppan Printing
- 2008 Director, Head of Commercial Printing Subdivision, Information & Communication Division
- 2011 Director, Deputy Head of Information & Communication Division
- 2012 Managing Director, Deputy Head of Information & Communication Division
- 2015 Senior Managing Director, Head of Information & Communication Division



Naoyuki Matsuda

Senior Managing Director
Living & Industry Division

- 1975 Joined Toppan Printing
- 2010 Director, Head of Living Environment Subdivision, Living Environment Division
- 2014 Managing Director, Head of Living Environment Division and Overseeing Chubu Subdivision
- 2015 Managing Director, Head of Living & Industry Division
- 2016 Senior Managing Director, Head of Living & Industry Division



Shinichi Okubo

Senior Managing Director
Personnel & Labor Relations Division
Overseeing Secretary Office,
Legal Affairs Division, and Cultural Project Division

- 1975 Joined Toppan Printing
- 2005 Director, Head of Personnel & Labor Relations Division
- 2009 Managing Director, Head of Personnel & Labor Relations Division and Overseeing Secretary Office and Legal Affairs Division
- 2014 Senior Managing Director, Head of Personnel & Labor Relations Division and Overseeing Secretary Office, Public Relations Division, Legal Affairs Division, and Cultural Project Division
- 2016 Senior Managing Director, Head of Personnel & Labor Relations Division and Overseeing Secretary Office, Legal Affairs Division, and Cultural Project Division



Atsushi Ito

Senior Managing Director
Higashinihon Division

- 1975 Joined Toppan Printing
- 2007 Director, Head of Hokkaido Subdivision
- 2011 Managing Director, Head of Higashinihon Division
- 2015 Senior Managing Director, Head of Higashinihon Division



Hideharu Maro

Senior Managing Director
Corporate Planning Division
Overseeing Educational ICT Business Development Division

- 1979 Joined Toppan Printing
- 2009 Director, Deputy Head of Kansai Division
- 2010 Director, Deputy Head of International Division
- 2011 Director, Head of International Division
- 2012 Managing Director, Head of International Division
- 2014 Managing Director, Head of Corporate Planning Division and Overseeing International Division
- 2015 Managing Director, Head of Corporate Planning Division and Overseeing Educational ICT Business Development Division
- 2016 Senior Managing Director, Head of Corporate Planning Division and Overseeing Educational ICT Business Development Division



Directors



Nobuaki Sato
Managing Director
Secure Business Center
Information & Communication
Division



Tetsuro Ueki
Director
Electronics Division



Taro Izawa
Managing Director
Business Development &
Research Division



Sumio Ezaki
Director
Barrier Film Center
Living & Industry Division



Yasuhiko Yamano
Director
Manufacturing Management
Division

Audit & Supervisory Board Members



Jitsumei Takamiyagi
Senior Audit & Supervisory Board
Member



Seishi Tanoue
Audit & Supervisory Board
Member

External Directors and External Audit & Supervisory Board Members



Kunio Sakuma
External Director

• Attendance at meetings of the Board of Directors: 15 times / 17 times (number of times attended / number of times meetings held)

1968 Joined Toyo Ink Co., Ltd.
1994 Director, Toyo Ink Co., Ltd.
2000 President & Representative Director, Toyo Ink Co., Ltd.
2006 External Corporate Auditor, Toppan Printing
2010 External Director, Toppan Printing (to present)
2011 Chairman & Representative Director, Toyo Ink SC Holdings Co., Ltd.
2015 Chairman, Toyo Ink SC Holdings Co., Ltd. (to present)

Reasons for Appointment

Kunio Sakuma was appointed as an external director because it was concluded that he could oversee the execution of the duties of directors from an objective viewpoint based on his outstanding record as a corporate manager and extensive experience and knowledge.



Yoshinobu Noma
External Director

• Attendance at meetings of the Board of Directors: 14 times / 17 times (number of times attended / number of times meetings held)

1991 Joined Mitsubishi Bank, Ltd.
1999 Joined Kodansha Ltd.
2003 Managing Director, Kodansha Ltd.
2004 Executive Vice President, Kodansha Ltd.
2010 External Director, Toppan Printing (to present)
2011 President, Kodansha Ltd. (to present)

Reasons for Appointment

Yoshinobu Noma was appointed as an external director because it was concluded that he could oversee the execution of the duties of directors from an objective viewpoint based on his experience as a corporate manager and wide-ranging insight.



Ryoko Toyama

External Director

- 1998 Associate, School of Knowledge Science, Japan Advanced Institute of Science and Technology
- 2001 Associate Professor, School of Knowledge Science, Japan Advanced Institute of Science and Technology
- 2008 Visiting Professor, School of Knowledge Science, Japan Advanced Institute of Science and Technology (to present)
Professor, Chuo Graduate School of Strategic Management (to present)
- 2016 External Director, Toppan Printing (to present)

Reasons for Appointment

Ryoko Toyama was appointed as an external director because we believe that she is capable of successfully fulfilling her responsibility as an external director considering her great insight into business administration supported by an academic background.



Shuya Nomura

External Audit & Supervisory Board Member

- Attendance at meetings of the Board of Directors: 13 times / 17 times;
attendance at meetings of the Audit & Supervisory Board: 9 times / 13 times
(number of times attended / number of times meetings held)
- 1998 Professor of the Faculty of Law, Chuo University
- 2004 Registered as Attorney
Joined Daini Tokyo Bar Association
Professor of the Chuo Law School (to present)
Special Counsel, Mori Hamada & Matsumoto (to present)
- 2010 External Audit & Supervisory Board Member, Toppan Printing (to present)

Reasons for Appointment

Shuya Nomura was appointed as an external audit & supervisory board member because it was concluded that he could conduct objective audits from the viewpoint of an outside expert based on his extensive knowledge and insight as a lawyer and a professor of law at a graduate school.



Hiroyuki Shigematsu

External Audit & Supervisory Board Member

- Attendance at meetings of the Board of Directors: 17 times / 17 times;
attendance at meetings of the Audit & Supervisory Board: 13 times / 13 times
(number of times attended / number of times meetings held)
- 1972 Regular Staff, Board of Audit of Japan
- 2002 Director General of 4th Bureau, Board of Audit of Japan
- 2004 Secretary General, Board of Audit of Japan
- 2009 Commissioner, Board of Audit of Japan
- 2011 President, Board of Audit of Japan
- 2012 Retired from Board of Audit of Japan
- 2013 Professor of the College of International Relations, Nihon University (to present)
- 2014 External Audit & Supervisory Board Member, Toppan Printing (to present)

Reasons for Appointment

Hiroyuki Shigematsu was appointed as an external audit & supervisory board member because it was concluded that he could provide oversight and counsel in relation to business management from an objective viewpoint because he is highly experienced, knowledgeable, and impartial.



Keiko Kakiuchi

External Audit & Supervisory Board Member

- 1998 Registered as Attorney
Joined Miyahara Suda & Ishikawa Law Firm
- 2003 Joined Kasahara Law Office
- 2012 Established Ryowa Sogo Law Office
- 2016 External Audit & Supervisory Board Member, Toppan Printing (to present)

Reasons for Appointment

Keiko Kakiuchi was appointed as an external audit & supervisory board member because we believe that she is capable of successfully fulfilling her responsibility considering her thorough knowledge of the practice of corporate legal affairs supported by her experience as a lawyer.

* Ms. Ryoko Toyama, Mr. Hiroyuki Shigematsu and Ms. Keiko Kakiuchi have been designated independent officers because it was deemed that adequate independence from the Company's Board of Directors is ensured and that there is no risk of conflicts of interest with general shareholders due to the fact that they do not receive monetary amounts or other assets from the Company other than officers' compensation and they are not responsible for the execution of the operations of major business partners or major shareholders of the Company. Further, Mr. Yoshinobu Noma is the president and CEO of Kodansha Ltd., which contracts the Company to perform printing processing and other operations. Sales from Kodansha Ltd. in the past three fiscal years accounted for less than 0.5% of the Group's consolidated net sales. In light of Independence Standards for External Officers of Toppan Printing, established in November 2015, and the standards of the Tokyo Stock Exchange, the Company confirmed that the appointment of Mr. Noma as an independent director would not be an issue.

Corporate Governance

Toppan aspires to be a company widely esteemed by society as it pursues a path of enduring growth. As well as strengthening the soundness of our management practices, setting up the most appropriate governance system will assist us with our aims of achieving greater efficiency in our operations and maximizing the value of our entire Group.

Corporate Governance

Toppan employs an Audit & Supervisory Board under the Companies Act of Japan. Through the supervisory functions of the Board of Directors and the audit functions of the Audit & Supervisory Board, the Company ensures the compliance of directors' execution of duties. To strengthen its governance system, Toppan has established the Management Audit Office, the Compliance Department, and the Ecology Center. In addition, the Company's Related Company Administration Regulations, which serve to promote fair management practices within the Company, guide the development of governance with the aim of maximizing the value of the entire Company. With regard to management structure, we have three external directors, who strengthen supervisory functions by providing appropriate advice from standpoints that are independent from those of the in-house senior management team.

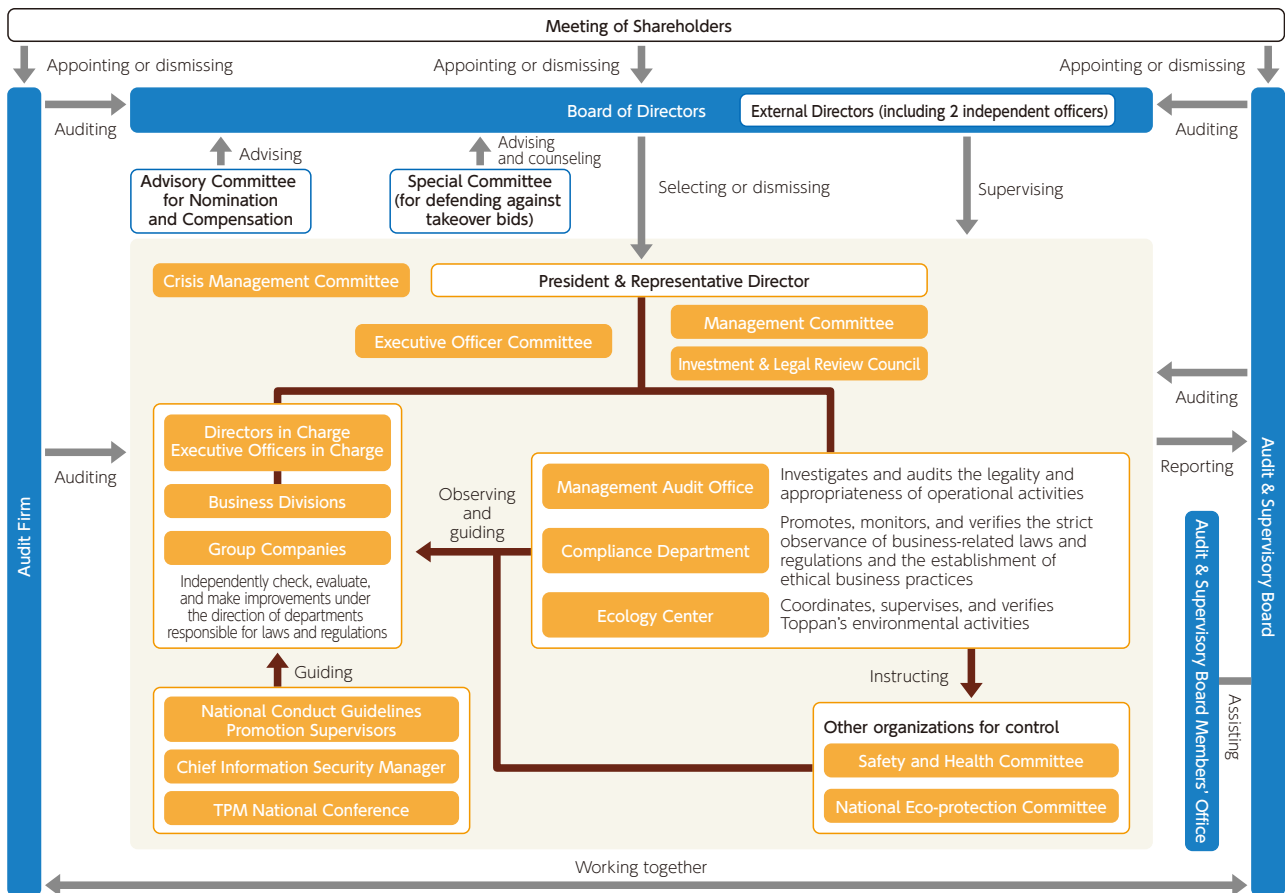
With a view to realizing better corporate governance that contributes to our sustained growth and enhances corporate value over the medium-to-long term, we established the Toppan Printing Basic Policy on Corporate Governance at a meeting of the Board of Directors convened on November 26, 2015. In establishing this policy, we gave due consideration to the intention and spirit of the principles of Japan's Corporate Governance Code.

<http://www.toppan.co.jp/english/ir/management/governance-policy.html>

[Directors, the Board of Directors, and Committees]

As of June 29, 2016, the Board of Directors comprises 19 directors, seven fewer than in the fiscal year ended March 31, 2016. The Board of Directors includes three external directors, two of whom are independent external directors; convenes monthly; and holds extraordinary meetings as required. In the fiscal year ended March 31,

Corporate Governance Structure



2016, the Board of Directors convened 17 times. The Board of Directors realizes appropriate supervisory functions through resolutions and reporting pursuant to the Regulations of the Board of Directors. Comprising directors appointed by the president & representative director, the Management Committee conducts preliminary examination of significant management matters, thereby contributing to the efficiency of decision making in business management. In the fiscal year ended March 31, 2016, the Management Committee convened 18 times; took certain decisions; and contributed to rational, efficient business management and expedited decision making through preliminary examination of agenda items for resolution by the Board of Directors.

Further, based on a resolution of the Board of Directors on April 27, 2016, Toppan introduced an executive officer system with a view to establishing a flexible business management system able to respond rapidly and precisely to changes in business conditions and to clarifying further the authority and responsibilities of officers who execute duties. Based on a resolution of the Board of Directors on May 13, 2016, the Company appointed personnel for this new system, which includes eight senior executive officers and 15 executive officers.

[Audit & Supervisory Board Members, the Audit & Supervisory Board, and the Audit Firm]

Toppan's Audit & Supervisory Board comprises five audit & supervisory board members, two internal and three external, two of whom are independent audit & supervisory board members. In addition to the Board's own meetings, audit & supervisory board members attend meetings of the Board of Directors and Management Committee along with important meetings relating to crisis management. The audit & supervisory board members work closely with our external auditing firm and internal audit sections to conduct systematic audits of our operational sites and related companies. In the fiscal year ended March 31, 2016, the Audit & Supervisory Board convened 13 times and received reports from directors and employees concerning the execution of duties. Based on these audits, our auditors advise on whether the activities of Toppan's directors and sections are lawful and whether its management is sound, appropriate, and in compliance with Company policies and rules, all from a perspective of preventive auditing. Regular meetings of related companies' boards of auditors also enhance the effectiveness of auditors' investigations of our Group. In the fiscal year ended March 31, 2016, meetings of related companies' audit board members were held twice, and information was shared with corporate auditors from outside the Company.

KPMG AZSA LLC audits our accounts to verify that we are using the correct accounting methods so as to improve the reliability and transparency of our financial information.

[Strengthening Audit Functions]

Existing independently of Toppan's business divisions, the Management Audit Office conducts impartial and objective audits of our management and operational structures and our general business practices from the perspectives of legal compliance and rationality. Any issues of concern are fed back to audited sections along with proposals for improvements, and audit results are reported to the president & representative director, relevant directors, and the Audit & Supervisory Board. In the fiscal year ended March 31, 2016, we performed 31 regular management and operations audits, and for our internal control mechanisms related to financial reporting, we conducted system and operating status evaluations at all our business divisions and our main subsidiaries. The Compliance Department of the Legal Affairs Division is responsible for promoting compliance with laws and regulations and for establishing corporate ethics. It disseminates information on and inculcates Toppan's Conduct Guidelines, conducts training on compliance with laws and regulations, and is responsible for auditing information security. The Ecology Center in the Manufacturing Management Division exercises general control over Toppan's environmental activities. It is responsible for the entire process from auditing individual operational sites to following up on improvements.

[External Directors and External Audit & Supervisory Board Members]

Aiming to strengthen the supervisory functions of the Board of Directors, the Company increased the number of external directors to three by appointing Ms. Ryoko Toyama as an external director at the general meeting of shareholders convened on June 29, 2016. Also, we believe that appointing external audit & supervisory board members with a high degree of independence from the Board of Directors is important for sound governance. With this in mind, we aim to ensure that the three external audit & supervisory board members we appoint are sufficiently independent from the Board of Directors. To this end, the Company confirms that the three external audit & supervisory board members do not receive monetary amounts or other assets from the Company other than compensation as officers, are not responsible for the execution of the operations of major business partners, and are not major shareholders of the Company.

With respect to assessments of independence, we clarified standards for assessing the independence of external directors and external audit & supervisory board members by establishing the Independence Standards for External Officers of Toppan Printing through a resolution of the Board of Directors on November 26, 2015. The Company bases assessments of the independence of external directors and external audit & supervisory board members on these standards and the standards of the

Tokyo Stock Exchange. Details of our standards are available on our website.

<http://www.toppan.co.jp/english/ir/management/governance-policy.html>

Further, external directors Mr. Yoshinobu Noma and Ms. Ryoko Toyama and external audit & supervisory board members Mr. Hiroyuki Shigematsu and Ms. Keiko Kakiuchi are independent officers pursuant to the standards of the Tokyo Stock Exchange.

In addition, we have established a system to support external officers. External directors exchange information and opinions with other directors as required. Also, the president's office provides external directors with information from inside and outside the Company. External audit & supervisory board members receive internal and external information from other audit & supervisory board members and their dedicated personnel, as required, and exchange information and opinions with other audit & supervisory board members.

[Evaluation of the Board of Directors]

To ensure the Board of Directors executes duties appropriately and effectively, the Company has established the following system.

- (1) The Audit & Supervisory Board evaluates each director's execution of duties and confirms that it is consistent with the responsibilities of directors and the basic policies of the Company's internal control system.
- (2) The Audit & Supervisory Board reports the results of the abovementioned evaluations to the Board of Directors, which then confirms the status of each director's execution of duties.
- (3) The Board of Directors discloses a summary of the abovementioned confirmed results.

Annual analysis and evaluation of the effectiveness of the Board of Directors and disclosure of a summary of the results are stipulated in the Toppan Printing Basic Policy on Corporate Governance. A summary of the evaluation conducted in the fiscal year ended March 31, 2016, is as follows.

1 Evaluation method

With respect to the effectiveness of the Board of Directors, the Audit & Supervisory Board surveyed and received responses from all 26 directors in relation to 1) the role of the Board of Directors, 2) the composition of the Board of Directors, and 3) the administration of the Board of Directors.

2 Summary of evaluation results

- As a result of the survey, the Audit & Supervisory Board confirmed that the Company's Board of Directors

functions appropriately and effectively overall.

- However, the Audit & Supervisory Board identified the need for revisions with respect to the number of directors, ensuring sufficient time to discuss respective agenda items, and enhancing discussions of management strategies and plans.

3 Response to the evaluation

Number of directors

The general meeting of shareholders on June 29, 2016, reduced the number of directors on the Board of Directors from 26 to 19. Further, a meeting of the Board of Directors on April 27, 2016, introduced an executive officer system with the aim of establishing a flexible business management system able to respond rapidly and appropriately to changes in business conditions.

The Company will continue to examine the number of directors and composition of the Board of Directors while taking into account the breadth of the Company's business fields and business conditions.

Ensuring there is sufficient time to discuss respective agenda items and enhancing discussions of management strategies and plans

At meetings of the Board of Directors, the Company aims to realize discussions that are livelier and more focused on strategic issues. To these ends, the Company will comprehensively revise standards for submitting agenda items to the Board of Directors and the decision-making bodies under it. Moreover, the Company will ensure there is sufficient time for the discussion of respective agenda items while including more agenda items that relate to management strategy.

Compliance

The Company has established the Toppan Group Conduct Guidelines, which set out basic compliance regulations. By ensuring that all employees are informed about these guidelines, we ensure compliance in employees' execution of duties. To facilitate these efforts, the Company has established the Compliance Department in the Legal Affairs Division at Head Office. This department coordinates with the legal affairs departments of subsidiaries to ensure Groupwide compliance with laws and regulations and sound corporate ethics. Further, to ensure the dissemination of the Toppan Group Conduct Guidelines in each workplace, the Company and its subsidiaries have introduced a leader system to promote the guidelines. Approximately 800 leaders conduct workshops at respective workplaces in the Company and Group companies to ensure employees are fully informed of the guidelines. In the fiscal year ended March 31, 2016, the Company conducted 83 training sessions for guideline promotion leaders nationwide to strengthen adherence to

the Toppan Group Conduct Guidelines. Further, the Company implemented training for the personnel of relevant divisions about antitrust law and conducted audits and investigative interviews focused on compliance status.

In addition, the Management Audit Office, which is responsible for internal auditing, audits the execution of duties of each business division and subsidiary regularly and reports the results of these audits to the representative directors, other relevant directors, and audit & supervisory board members of the Company and subsidiaries as required.

Further, to enable early identification of compliance violations and prompt, appropriate responses, the Company has established the Toppan Group Helpline in accordance with the Whistle-blowing Rules. If the Company deems a whistle-blowing report received from one of its officers or employees via the Toppan Group Helpline to be sincere and objectively and rationally justifiable, the Company shall not treat the whistle-blower

disadvantageously because of said whistle-blowing report and shall protect the whistle-blower from reprisals or discrimination as a result of the said report.

Remuneration of Officers

Advisory Committee for the Nomination and Compensation of Directors

A resolution of the Board of Directors on May 26, 2016, established the Advisory Committee for the Nomination and Compensation of Directors. Through this committee, the Company aims to further enhance the transparency and objectivity of decision-making processes regarding the nomination and compensation of directors. Furthermore, the committee must include at least one external officer meeting the requirements of the Independence Standards for External Officers. The committee comprised two internal directors, one independent external director, and one independent external audit & supervisory board member as of June 29, 2016.

(1) Total compensation provided by the submitting company in each officer classification, total compensation by type, and number of officers receiving compensation

Officer classification	Total compensation (¥ million)	Total compensation by type (¥ million)		Number of officers receiving compensation
		Basic compensation* (company performance-linked compensation)	Bonus	
Directors (excluding external directors)	1,077	963 (314)	107	26
Audit & supervisory board members (excluding external audit & supervisory board members)	75	75 (12)	0	3
External directors and audit & supervisory board members	65	62 (12)	3	5

* Figures in parentheses are included in the adjacent figures.

Note: Based on a resolution of a meeting of the Board of Directors on May 25, 2006, and deliberation by corporate auditors on May 22, 2006, a decision was made to abolish the system of retirement bonuses for officers and introduce a compensation system aimed at acquiring treasury stock. Further, the policy on deciding the amount of compensation for officers is as follows. To link compensation to long-term business performance, a portion of the monthly compensation of full-time directors is allotted to the acquisition of treasury stock and used to purchase treasury stock through an officers' share ownership plan.

(2) Total consolidated compensation received from submitting company by officer

Name	Total consolidated compensation (¥ million)	Officer classification	Company classification	Consolidated compensation by type (¥ million)		
				Basic compensation	Bonus	Bonus
Naoki Adachi	192	Director	Submitting company ¹	160	18	—
		Director	Toppan Forms Co., Ltd.	7	2	—
Shingo Kaneko	166	Director	Submitting company ²	148	16	—

Notes: 1. Basic compensation of ¥160 million from the submitting company includes ¥46 million of company performance-linked compensation, as mentioned above.

2. Basic compensation of ¥148 million from the submitting company includes ¥52 million of company performance-linked compensation, as mentioned above.

3. Only officers receiving total consolidated compensation of ¥100 million or more have been included.

(3) Policy on determining amount of compensation for officers

The compensation of directors is determined by making adjustments to the standard compensation for each position in accordance with the level of contribution to business management based on certain criteria. Total compensation of directors is within a total compensation range determined by a resolution of the general meeting of shareholders. Moreover, to link compensation to long-term business performance, a portion of the monthly

compensation of full-time directors is allotted to the acquisition of treasury stock and used to purchase treasury stock through an officers' share ownership plan.

The compensation of audit & supervisory board members is determined through consultation among audit & supervisory board members and is within total compensation determined by a resolution of the general meeting of shareholders.

Internal Management Structure

Risk Management Structure

Toppan engages in comprehensive risk management to avoid risks and minimize damage in the event of a crisis. We have adopted Rules on Risk Management covering how to avoid risks and to reduce damage that does occur. A department in the head office is assigned for each risk requiring management, with its director held accountable for the prevention, avoidance, and resolution of that risk. These risks and our responses to them are reviewed once a year in accordance with Company rules. In addition, through its regular meetings, a Risk Management Liaison Meeting, comprising members of each head office department in charge of risk management, regularly shares information and plans for risks.

Initiatives for Business Continuity Management

Based on a basic plan for earthquake disaster countermeasures, the Toppan Group conducts business continuity management (BCM) activities to minimize damage to the Group and continue the supply of products and services to customers in the event of a large-scale disaster.

The Toppan Group is improving business continuity capabilities by taking advance measures, such as seismic reinforcement and the provision of satellite cellphones. At the same time, we regularly conduct BCM drills, which is an extremely important part of business continuity management.

In the fiscal year ended March 31, 2016, we introduced an IP communication system to strengthen communication in emergencies. Further, we have been checking the business continuity capabilities of suppliers through regular surveys. In the fiscal year ended March 31, 2016, with a

view to strengthening supply chains, we held our first BCM workshops for suppliers.

In recognition of our activities to date, we received a BCAA Award 2015 from the nonprofit organization Business Continuity Advancement Organization (BCAO).

Enhancement of the Transparency of Management Activities

Fair and Open Disclosure

We are committed to the fair and open disclosure of the details of management activities. The Toppan Group discloses investor relations information in accordance with its Basic Policy on Investor Relations. The Group has included an investor relations section on its website for greater fairness, transparency, and promptness. The Group discloses financial information through this investor relations page and through *Toppan Story*, a quarterly magazine for shareholders. Also, after the settlement of accounts at the end of the second quarter and at the end of the fiscal year, the Group holds briefings on financial results attended by senior management and posts documents from the briefings in the investor relations section of its website.

Basic Policy on Investor Relations

1. Information disclosure standards

Toppan discloses information in line with the Timely Disclosure Rules stipulated by the Tokyo Stock Exchange. With regard to information that is not required by the Timely Disclosure Rules, the policy of Toppan is to proactively and fairly disclose as far as possible via its website information that is useful in enabling shareholders and investors to understand the Company.

2. Methods of information disclosure

Information required by the Timely Disclosure Rules is disclosed via the Tokyo Stock Exchange's TDnet system in line with the aforementioned rules. Information disclosed on TDnet is featured on Toppan's website as promptly as possible. However, the website may not feature all of the information disclosed by Toppan. Expressions used may also differ from information disclosed via other methods.

Risks to be managed and the relevant head office divisions in charge

Risks to be Managed	
Accidents involving products or product liability	Accidents or complaints related to products (Manufacturing Management Div.)
Accidents or disasters related to Company operations	Accidents related to main computer systems (ICT Management Div.)
	Occupational accidents, traffic accidents, or other accidents involving employees (Personnel & Labor Relations Div.)
	Incidents related to notes or accounts receivable (Finance & Accounting Div.)
	Legal problems with orders received (Legal Affairs Div.)
	Leakage of personal information, internal confidential information, etc. (Legal Affairs Div.)
	Accidents or disasters related to fires or explosions (Manufacturing Management Div.)
Defamation, slander, or other criminal damages	Illegal activities related to the storage of solvents, management of dangerous chemicals, etc. (Manufacturing Management Div.)
	Damage to the Company's internal computer system due to cyber terrorism, illegal access or use of Company information, leakage of personal information, internal information, etc. (ICT Management Div.)
Relationships with antisocial organizations	Acts of violence against the Company (threats, kidnapping, robbery) (Personnel & Labor Relations Div.)
Natural disasters	Unreasonable demands from antisocial organizations, transactions conducted between business partners and antisocial organizations (Legal Affairs Div.)
Risk in business management	Material losses or personal accidents suffered by customers or the Company due to earthquakes, wind, or water damage, lightning, etc. (Personnel & Labor Relations Div.)
Unlawful activities related to external contracts	Shareholder derivative lawsuits, hostile takeovers (Legal Affairs Div.)
Infringement of intellectual property rights	Violations of the Subcontract Law of Japan, illegal transactions with business partners (Manufacturing Management Div.)
Environmental problems	Infringements of patents, trademarks, or copyrights (Legal Affairs Div.)
Risk in overseas business activities	Violations of environmental laws or standards, illegal disposal of industrial waste (Manufacturing Management Div.)
	Product accidents, environmental problems, fires or natural disasters, damage to human or physical resources caused by international conflicts or terrorism, etc. (Corporate Planning Div.)

Toppan's CSR Activities

Toppan views CSR activities as an essential part of the management of a company. To realize our Corporate Structure as stipulated in TOPPAN VISION 21, we promote activities based on material topics. More specifically, we have incorporated ISO 26000 (the international standard for organizations' social responsibilities) into our own CSR management, and by rising to the challenge of helping to address the problems facing society, Toppan aspires to be a strong corporate group that is trusted and respected by society.

CSR Activities

Corporate social responsibility (CSR) activities are an important component of efforts to realize Toppan's Corporate Structure. The Toppan Group conducts these activities in accordance with the guidelines of the United Nations Global Compact and the guidelines on organizations' social responsibility of the ISO 26000 standard. The ISO 26000 standard emphasizes stakeholders and sets out seven core subjects that organizations should tackle: organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement and development.

Dialogues with Stakeholders

The Toppan Group views as stakeholders its customers (client companies and consumers), business partners, communities, shareholders and investors, and employees, who affect or are affected by its business. The Group incorporates feedback gained from these stakeholders through day-to-day business activities in its corporate social responsibility activities. Further, in the fiscal year ended March 31, 2016, the Group continued participating in Global Compact Network Japan and discussing such matters as human rights and supply chains with non-governmental organizations and experts.

Selecting Material Topics

The Toppan Group has identified topics likely to increase in importance. We evaluated CSR topics based on two considerations: their influence on stakeholder assessments

and decisions and the Group's economic, environmental, and social impacts. As a result, we have identified human rights, human resource development and diversity, the environment, promoting the advancement of social responsibility in the value chain, and privacy (personal information protection) as topics likely to increase in importance.

The Toppan Group will promote initiatives related to the issues identified while reviewing material topics as required.

Selection steps

(1) Classifying detailed issues and identifying relevant topics

- ISO 26000
- Global Reporting Initiative Sustainability Reporting Guidelines (4th edition)

(2) Prioritizing topics

- Issues raised during stakeholder dialogues
- Criteria for socially responsible investing (SRI)
- Relevance to the management challenges

(3) Opinions from outside Toppan

- Dialogue with experts

Notes:

1. For details on the Toppan Group's CSR initiatives, please see our CSR report (2016 edition to be published in November 2016) and the Group's website: <http://www.toppan.co.jp/english/csr.html>.
2. For matters related to organizational governance, please see "Corporate Governance" on page 42 of this report.



Topics Expected to Become More Material



Seven Core Subjects of ISO 26000 and Toppan's Activities

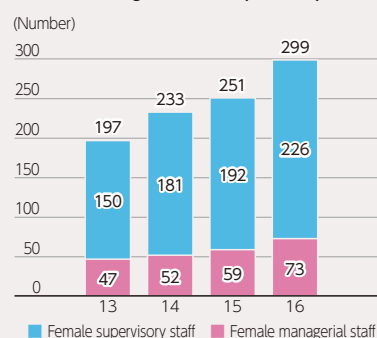
Seven Core Subjects of ISO 26000	For Details
<p>Organizational governance</p>	<ul style="list-style-type: none"> • Corporate Governance • CSR Initiatives • Risk Management Structure • Business Continuity Management
<p>Human rights</p> <p>Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Discrimination and vulnerable groups</p> <p>Issue 6: Civil and political rights Issue 7: Economic, social, and cultural rights Issue 8: Fundamental principles and rights at work</p>	<ul style="list-style-type: none"> • Respecting Basic Human Rights • Collective Labor Agreement • Working for Equal Opportunity and Eliminating Discrimination
<p>Labour practices</p> <p>Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection</p> <p>Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace</p>	<ul style="list-style-type: none"> • Basic Approach Regarding Human Assets • Labor-Management Partnership • Supporting Work-Life Balance • Occupational Health and Safety • Measures for Mental Healthcare • Developing and Fostering Human Assets
<p>Fair operating practices</p> <p>Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition</p> <p>Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights</p>	<ul style="list-style-type: none"> • Disseminating the Conduct Guidelines • Toppan Group Helpline • Compliance Education • Promoting CSR Procurement
<p>Consumer issues</p> <p>Issue 1: Fair marketing, factual and unbiased information, and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption</p> <p>Issue 4: Consumer service, support, and complaint and dispute resolution Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness</p>	<ul style="list-style-type: none"> • Assuring Product Safety and Quality • Protecting Personal Information • Universal Design Initiatives • Contributing to Sustainable Consumption
<p>Community involvement and development</p> <p>Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access</p> <p>Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment</p>	<ul style="list-style-type: none"> • Community Involvement and Development
<p>The environment</p> <p>Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation</p> <p>Issue 4: Protection of the environment, biodiversity, and restoration of natural habitats</p>	<ul style="list-style-type: none"> • Toppan's Environmental Activities • Environmental Management Activities • Toppan's Environmental Burden and Environmental Impact • Eco-protection Activities • Eco-creativity Activities • Environmental Communication Activities

Activities in Fiscal 2015

Number of Recruits

			FY2014	FY2015	FY2016
Regular recruitment of new university graduates and post-graduates	Sales, administration, etc.	Male	69	88	98
		Female	42	50	73
	Technical	Male	94	102	102
		Female	33	40	35
New graduates from high schools and colleges of technology		Male	1	5	3
		Female	11	21	33
Total number of regular recruits (percent female)			250 (34.4%)	306 (36.3%)	344 (41.0%)
Mid-career recruitment of experienced personnel	Male		19	27	—
	Female		10	29	—

Female Managerial and Supervisory Staff



Employment of Persons with Disabilities

	FY2014	FY2015	FY2016
Employees	247	247	250
Percentage of total workforce ^{*1}	2.09%	2.10%	2.07%

*1 The percentage is calculated based on the total number of regular employees (as of June 1) as a denominator. The total number was presented in the Disabled Persons Employment Report in accordance with Article 8 of the Law for Promotion, etc. of the Disabled of Japan.

Employees Taking Maternity or Childcare Leave

	FY2014	FY2015	FY2016
Employees taking maternity leave	76	81	85
Employees taking childcare leave ^{*2}	124 (4)	136 (3)	295 (160)

*2 The number of male employees who took childcare leave is shown in parentheses.

Medium-to-Long-Term Environmental Targets for Fiscal 2020

1 Mitigation of global warming

- Reduce CO₂ emissions by **20%** compared to the fiscal 2008 level (751 kilotons → 600 kilotons: -151 kilotons)

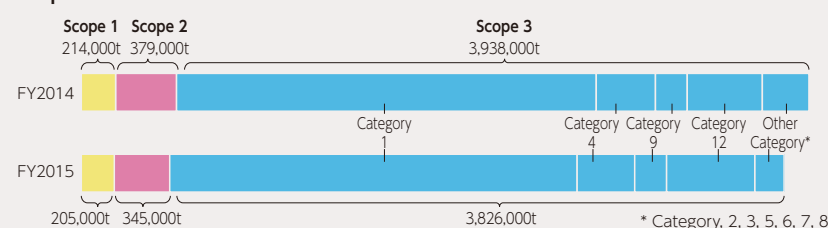
2 Action for building a recycling-oriented society

- Reduce final landfill waste disposal by **87%** compared to the fiscal 2008 level (1,584 tons → 206 tons: -1,378 tons)

3 Conservation of the atmospheric environment

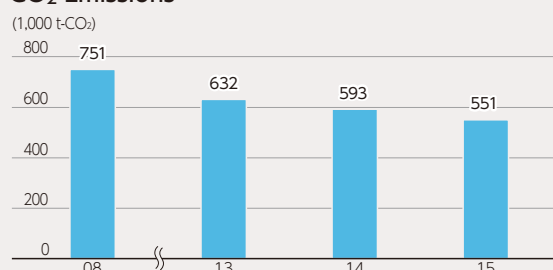
- Reduce VOC emissions into the atmosphere by **70%** compared to the fiscal 2008 level (7,326 tons → 2,198 tons: -5,128 tons)

Scope 1-3 Greenhouse Gas Emissions

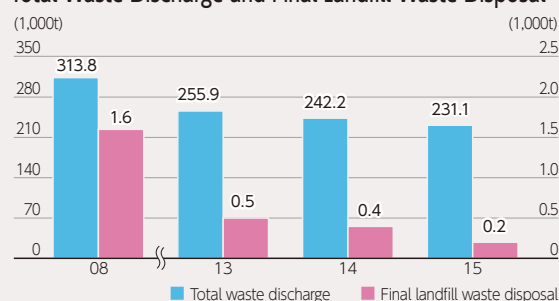


Scope 1: All direct greenhouse gas emissions from owned or controlled sources, including combustion of fuel or industrial processes
 Scope 2: Indirect greenhouse gas emissions from consumption of electricity or heat
 Scope 3: Other indirect greenhouse gas emissions from value chain as a whole, including raw material procurement and distribution through to product disposal

CO₂ Emissions^{*3}



Total Waste Discharge and Final Landfill Waste Disposal



*3 CO₂ emissions are calculated by the method specified in the Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) from the Ministry of the Environment (MOE) of Japan. The CO₂ emissions associated with electricity consumption, however, are calculated uniformly as 0.378 t-CO₂/MWh. CO₂ emissions in fiscal 2015 amounted to 683,296 t-CO₂ when calculated using the effective emission factor from another MOE method specified in the Ministerial Ordinance Concerning the Calculation of Greenhouse Gas Emissions from Business Activities of Specified Dischargers (the latest amendment on April 30, 2015).

New Health-Focused Value Creation

Health is important; it underpins vitality in everyday life and efforts to enhance productivity at work. Aiming to take concrete measures with this in mind, the Toppan Group has made a commitment to health-focused management.

Health—Underpinning the Future of Companies and Society

For companies to conduct business and provide society with value, each employee must be mentally and physically healthy and able to express their individuality and realize their capabilities fully as they work.

Reflecting our Corporate Philosophy's emphasis on respect for human dignity, we have advanced many different initiatives targeting employees' health in collaboration with the Company's health insurance union since our establishment. To visualize and systematize such initiatives and plans as well as maintain and improve employees' health, we announced a commitment to health-focused management in October 2015. The president has become the officer responsible for health-focused business management and has clearly expressed an intention to advance such initiatives.

This commitment states that we will promote the health of our employees and their families while benefiting society by supporting public health through health-related businesses. Also, we have established a health-focused management council, in which we will collaborate closely with the health insurance union to advance these initiatives.

The Toppan Group will develop health-related businesses by exploiting its expertise and capabilities and those of its health insurance union. Through our businesses, we intend to develop progressive health solutions to help create a healthy, safe society.

Dissemination of Health Know-How through Our Businesses

In partnership with other companies, the Toppan Group is leveraging its printing technologies to develop healthcare-related businesses. In such fields as prevention and presymptomatic diseases, health improvement, and integrated community care, we will utilize customer relationship management and business process outsourcing (BPO) solutions to provide comprehensive support. This support will cover strategy formulation through to the implementation of measures and their improvement of them based on verification of effectiveness. In this way, we intend to promote health throughout society.

Example 1 Getting Healthier while Having Fun through a Point System—Yokohama City Initiative

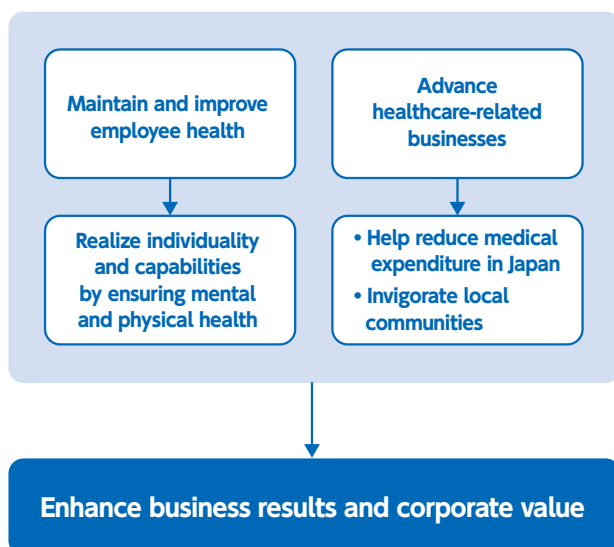
The rapid aging of Yokohama City's population is gradually becoming a problem. According to population projections, in 2025 those aged 65 or older will account for 26.1% of the city's population—about a million people. Meanwhile, a survey of attitudes revealed that falling ill and old age were the greatest worries of the city's residents.

Yokohama City is taking a range of steps to ensure all residents can live independently no matter what their age. For example, it is advancing the 10-year Phase 2 Healthy Yokohama 21 plan, which concludes in the fiscal year ending March 31, 2023, and aims to extend healthy life expectancy.

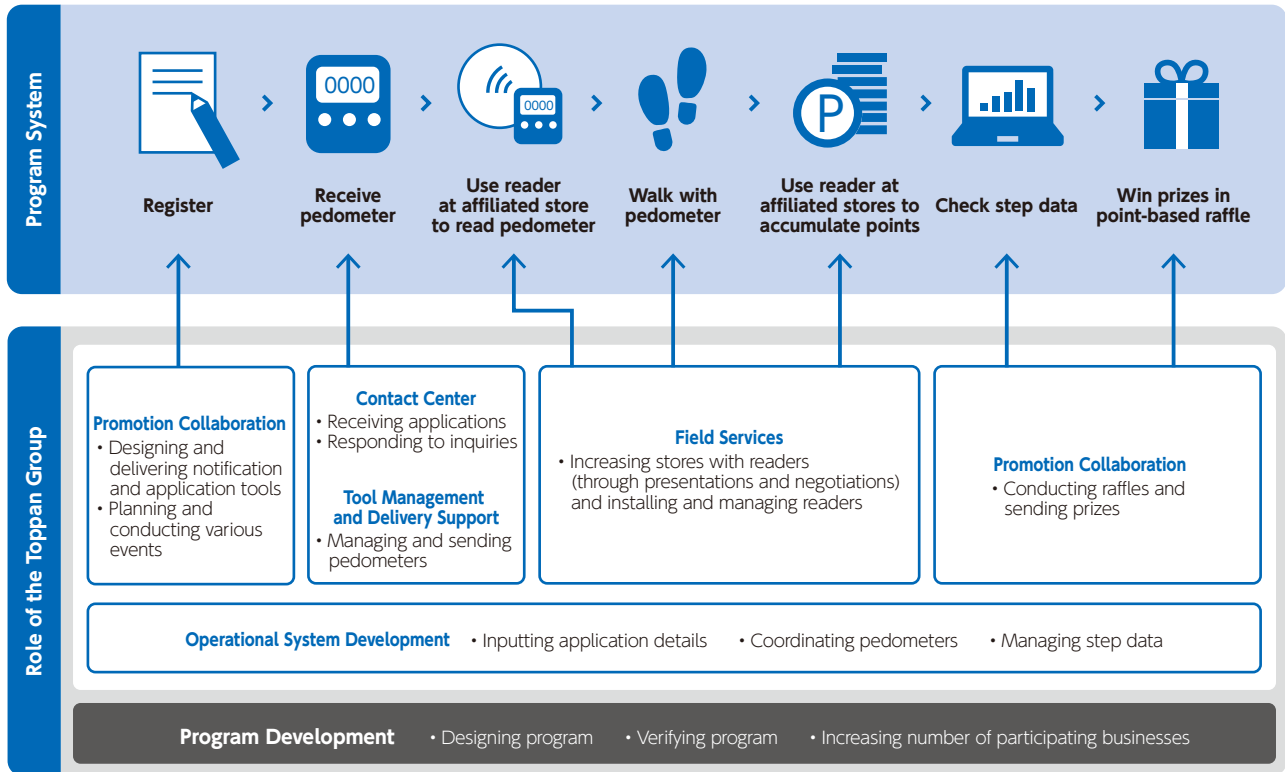
As part of the plan, Yokohama City, Toppan, and other companies have been promoting the Yokohama Walking Point Program since 2014. Through this program, pedometers are provided to applicants who are Yokohama City residents aged 40 or older. Participants receive points based on the number of steps they walk. The accumulation of a certain amount of points qualifies participants for prize draws. In addition, pedometer readers have been installed at participating stores in Yokohama City. Participants receive additional points when they use the readers to scan pedometers. The goal is for residents to improve their health in a relaxed, enjoyable way.

In the program, we conduct back-office operations, manage and send pedometers, respond to applications and inquiries from residents, check and input application details and coordinate pedometers, conduct prize draws, and send prizes.

Our Approach to Health-Focused Management



The Walking Point Program System and the Toppan Group's Role



Example 2 Detecting Lifestyle-Related Diseases Early by Increasing the Percentage of People Receiving Medical Checkups—Fukuoka City Initiative

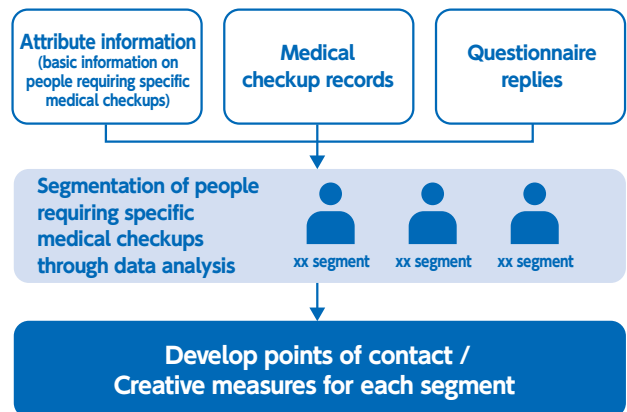
A reduction in Japan's overall medical expenditure has become a major social challenge. Consequently, the importance of detecting and addressing lifestyle diseases early is sure to increase. Therefore, as a society, we have to ensure more people receive specific medical checkups focused on metabolic syndrome.

As a one-stop solution, we have launched a program providing the functions required to increase the percentage of people receiving such checkups.

In the fiscal year ended March 31, 2016, Fukuoka City contracted us to help raise the percentage of people receiving specific medical checkups by conducting analysis and segmentation of those who have not received specific medical checkups based on age, address, and other attributes and contacting them through direct mail. For each age group, we prepared and sent direct mail highlighting the future risk of not receiving a specific medical checkup now as well as the risk of undetected diseases even though a person visits hospital regularly.

We took a range of other measures, such as posting notices about nearby clinics that provide specific medical checkups and conducting questionnaires to gather information.

Analysis and Segmentation of People Requiring Specific Medical Checkups



Principal Consolidated Subsidiaries and Affiliates

As of March 31, 2016

Segment	Name	Country / Region	Paid-in capital	(%) Voting control
Information & Communication	Toppan Forms Co., Ltd.	Japan	¥ 11,750 million	60.7
	Tosho Printing Co., Ltd.	Japan	¥ 13,898 million	51.8
	Tokyo Shoseki Co., Ltd.	Japan	¥ 80 million	58.5
	Toppan Leefung Pte. Ltd.	Singapore	S\$ 128 million	100
	Toppan Media Printec Tokyo Co., Ltd.	Japan	¥ 400 million	53.3
	Toppan Media Printec Kansai Co., Ltd.	Japan	¥ 100 million	55
	Froebel-Kan Co., Ltd.	Japan	¥ 50 million	100
	Total Media Development Institute Co., Ltd.	Japan	¥ 500 million	100
	Toppan Travel Service Corp.	Japan	¥ 100 million	100
	Toppan Security Service Co., Ltd.	Japan	¥ 100 million	100
	Toppan Techno Co., Ltd.	Japan	¥ 400 million	100
	Toppan Co., Ltd.	Japan	¥ 10 million	100
	Toppan Insurance Service Co., Ltd.	Japan	¥ 38 million	100
	Toppan Hall Co., Ltd.	Japan	¥ 30 million	100
	Toppan Human Information Services Co., Ltd.	Japan	¥ 50 million	100
	Toppan Character Production Co., Ltd.	Japan	¥ 50 million	100
	Toppan Mind Wellness Co., Ltd.	Japan	¥ 10 million	100
	Mapion Co., Ltd.	Japan	¥ 600 million	100
	BookLive Co., Ltd.	Japan	¥ 4,881 million	72.2
	Toppan Communication Products Co., Ltd.	Japan	¥ 400 million	100
	Toppan Editorial Communications Co., Ltd.	Japan	¥ 50 million	100
	Sobi Calendars Co., Ltd.	Japan	¥ 10 million	100
	Toppan Graphic Communications Co., Ltd.	Japan	¥ 300 million	100
	T.M.G. Prepress Toppan Co., Ltd.	Japan	¥ 100 million	51
	Toppan Media Printing Hokkaido Co., Ltd.	Japan	¥ 50 million	65
	The Institute of the Formative Art, Co., Ltd.	Japan	¥ 30 million	100
	Shanghai Toppan International Trading Co., Ltd.	PRC	RMB 10 million	100
	Shanghai Toppan Advertising Co., Ltd.	PRC	RMB 9 million	100
	Toppan Printing Co. (America), Inc.	U.S.A.	US\$ 25 million	100
	Toppan Printing Co., (H.K.) Ltd.	PRC	HK\$ 260 million	100
	Toppan Printing Co. (UK) Ltd.	U.K.	STGE 60 thousand	100
	Toppan (Shanghai) Management Co., Ltd.	PRC	RMB 16 million	100
	Toppan Management Systems (S) Pte Ltd	Singapore	S\$ 300 thousand	100 (100)
	Toppan Forms Central Products Co., Ltd.	Japan	¥ 100 million	100 (100)
	Toppan Forms Tokai Co., Ltd.	Japan	¥ 100 million	100 (100)
	Toppan Forms Operation Co., Ltd.	Japan	¥ 100 million	100 (100)
	Techno Toppan Forms Co., Ltd.	Japan	¥ 100 million	100 (100)
	Toppan Forms (Sanyo) Co., Ltd.	Japan	¥ 50 million	100 (100)
	Okinawa Business Forms Co., Ltd.	Japan	¥ 15 million	60 (60)
	Toppan Forms (Hokkaido) Co., Ltd.	Japan	¥ 30 million	100 (100)
	Toppan Forms Logistics and Services Co., Ltd.	Japan	¥ 50 million	100 (100)
	Toppan Forms Kansai Co., Ltd.	Japan	¥ 50 million	100 (100)
	Toppan Forms Nishinohon Co., Ltd.	Japan	¥ 30 million	100 (100)
TOSCO CORPORATION	Japan	¥ 100 million	69.7 (69.7)	

Segment	Name	Country / Region	Paid-in capital	(%) Voting control
Information & Communication	TF Payment Service Co., Ltd.	Japan	¥ 810 million	83.2 (83.2)
	J-SCube Inc.	Japan	¥ 100 million	100 (100)
	Gakko Tosho Co., Ltd.	Japan	¥ 50 million	51 (51)
	Kansai Tosho Printing Co., Ltd.	Japan	¥ 30 million	65 (65)
	Toppan Logistics Co., Ltd.	Japan	¥ 500 million	100 (9.9)
	Kagawa Prefecture Information Services Co., Ltd.	Japan	¥ 50 million	90 (90)
	Kumamoto Castle Tourism Exchange Service Co., Ltd.	Japan	¥ 30 million	61.3 (11.3)
	Fukuoka Science and Creative Co., Ltd.	Japan	¥ 100 million	73.0 (63.0)
	Top Rep Ltd.	Japan	¥ 3 million	100 (100)
	Livretech Co., Ltd.	Japan	¥ 50 million	100 (100)
	Asutoro Publishing Co., Ltd.	Japan	¥ 80 million	100 (100)
	Tosho Estate Co., Ltd.	Japan	¥ 10 million	100 (100)
	EduFront Learning Research Co., Ltd.	Japan	¥ 10 million	100 (100)
	Tokyo Logistics Co., Ltd.	Japan	¥ 50 million	100 (100)
	Toppan Joho Kako Co., Ltd.	Japan	¥ 400 million	100 (2.4)
	Kouyou Sangyo Ltd.	Japan	¥ 34 million	100 (29.4)
	I.N.T. Co., Ltd.	Japan	¥ 100 million	100 (100)
	T.F. Co., Ltd.	PRC	HK\$ 246 million	100 (100)
	Toppan Forms (H.K.)Ltd.	PRC	HK\$ 94 million	100 (100)
	Toppan Forms Computer Systems Ltd.	PRC	HK\$ 2 million	100 (100)
	Tipografia Manson, Limitada	PRC	PTC 100 thousand	65 (65)
	Toppan Forms Card Technologies Ltd.	PRC	HK\$ 2 million	100 (100)
	Toppan Forms (Singapore) Pte. Ltd.	Singapore	S\$ 1 million	100 (100)
	Toppan Forms Information Systems (Shanghai) Co., Ltd.	PRC	RMB 5 million	100 (100)
	Shenzhen Ruixing Printing Co., Ltd.	PRC	RMB 11 million	100 (100)
	Guangzhou Toppan Forms Co., Ltd.	PRC	RMB 6 million	100 (100)
	Data Products Toppan Forms Ltd.	Thailand	BAHT 133million	48 (48)
	Toppan Printing Greece S.A.	Greece	EUR 60 thousand	100
	Toppan Servicing Co., Ltd.	PRC	HK\$ 100 thousand	100 (100)
	Beijing Nippo Printing Co., Ltd.	PRC	RMB 119 million	95 (95)
	Leefung Holdings Ltd.	U.K.	HK\$ 38 million	100 (100)
	Toppan Security Printing Pte. Ltd.	Singapore	S\$ 6 million	100 (100)
	Toppan Vite Ltd.	PRC	HK\$ 100	100 (100)
	Toppan Vite Pte. Ltd.	Singapore	S\$ 100 thousand	100 (100)
	Toppan Excel (Hong Kong) Co., Ltd.	PRC	HK\$ 7 million	100 (100)
	Toppan Best-Set Premedia Ltd.	PRC	HK\$ 600 thousand	100 (100)
	Toppan Best-Set Premedia (Guangzhou) Ltd.	PRC	RMB 18 million	100 (100)
	Toppan Excel Printing (Guangzhou) Co., Ltd.	PRC	HK\$ 103 million	100 (100)
	Toppan Leefung Printing (Shenzhen) Co., Ltd.	PRC	US\$ 16 million	100 (100)
	Toppan Leefung Printing Ltd.	PRC	HK\$ 2	100 (100)
Toppan Leefung International Printing Pte. Ltd.	Singapore	S\$ 1 million	100 (100)	
Toppan Leefung Printing (Europe) Ltd.	U.K.	STGE 1	100 (100)	
Geltin Ltd.	PRC	HK\$ 1 thousand	100 (100)	
Toppan Leefung (Hong Kong) Ltd.	PRC	HK\$ 348 million	100 (100)	

Segment	Name	Country / Region	Paid-in capital	(%) Voting control
Information & Communication	Toppan Leefung Services Ltd.	PRC	HK\$ 2	100 (100)
	Shenzhen Toppan Vite Co. Ltd.	PRC	US\$ 1 million	100 (100)
	Shenzhen Leefung Printers Co., Ltd.	PRC	US\$ 1 million	90 (90)
	Leefung Panpac (Hong Kong) Ltd.	PRC	HK\$ 4 million	100 (100)
	Leefung International Publishing Pte. Ltd.	Singapore	S\$ 2 million	100 (100)
	Toppan Leefung Changcheng Printing (Beijing) Co., Ltd.	PRC	US\$ 18 million	86.5 (86.5) [13.5]
	Toppan Best-Set Premedia (Changsha) Ltd.	PRC	RMB 100 thousand	100 (100)
	Toppan Excel Printing (Meizhou) Co., Ltd.	PRC	HK\$ 93 million	100 (100)
	Toppan Vite (New York) Inc.	U.S.A.	US\$ 10 million	100 (100)
Living & Industry	Toppan Cosmo, Inc.	Japan	¥ 3,000 million	100
	Toppan TDK Label Co., Ltd.	Japan	¥ 2,500 million	66
	Tamapoly Co., Ltd.	Japan	¥ 472 million	64.2
	RIKEN Genesis Co., Ltd.	Japan	¥ 1,985 million	63.1
	Toppan Packaging Products Co., Ltd.	Japan	¥ 400 million	100
	Toppan Plastic Co., Ltd.	Japan	¥ 400 million	100
	Toppan Packaging Service Co., Ltd.	Japan	¥ 100 million	100
	Toppan Containers Co., Ltd.	Japan	¥ 1,000 million	100
	Toppan Prosprint Co., Ltd.	Japan	¥ 1,000 million	99.9
	T&T Enertechno Co., Ltd.	Japan	¥ 1,500 million	51
	Kita-Osaka Shigyo Co., Ltd.	Japan	¥ 10 million	80
	Kansai Bottling Co., Ltd.	Japan	¥ 330 million	48.4
	PT. Indonesia Toppan Printing	Indonesia	RP 48,555 million	100
	Siam Toppan Packaging Co., Ltd.	Thailand	BAHT 500 million	51
	Shanghai Toppan Co., Ltd.	PRC	RMB 464 million	100
	Shanghai Toppan Printing Co., Ltd.	PRC	RMB 66 million	100
	Toppan USA, Inc.	U.S.A.	US\$ 41 million	100
	Toppan Decor Products Inc.	Japan	¥ 100 million	100 (100)
	Tama Kako Co., Ltd.	Japan	¥ 16 million	90.6 (90.6)
	Wako Ltd.	Japan	¥ 10 million	90 (90)
	BNA Inc.	Japan	¥ 240 million	100 (100)
	Kyushu Product Ltd.	Japan	¥ 10 million	100 (100)
	Toppan Yau Yue Paper Products Ltd.	PRC	HK\$ 4 million	100 (100)
	Toppan Yau Yue Paper Products (Shenzhen) Co., Ltd.	PRC	RMB 10 million	100 (100)
	Toppan Leefung Packaging & Printing (Beijing) Co., Ltd.	PRC	US\$ 12 million	100 (100)
	Toppan Leefung Packaging & Printing (Dongguan) Co., Ltd.	PRC	US\$ 31 million	100 (100)
	Toppan Yau Yue Packaging (Shenzhen) Co., Ltd.	PRC	RMB 10 million	100 (100)
	Toppan Yau Yue Paper Products (Dongguan) Co., Ltd.	PRC	US\$ 1 million	100 (100)
	Toppan Yau Yue Packaging (Dongguan) Co., Ltd.	PRC	HK\$ 314 million	100 (100)
	Bestpeng Co., Ltd.	PRC	HK\$ 10 thousand	100 (100)
	Toppan Win Label Co., Ltd.	PRC	HK\$ 23 million	100 (100)
	Toppan Win Label Printing (Dongguan) Co., Ltd.	PRC	HK\$ 107 million	100 (100)
	Toppan Interamerica Inc.	U.S.A.	US\$ 11 million	100 (100)
Toppan Cosmo Europe GmbH	Germany	EUR 153 thousand	100 (100)	
Toyo Ink SC Holdings. Co., Ltd.*	Japan	¥ 31,733 million	24.8 (1.8)	
MARUTO Co., Ltd.*	Japan	¥ 1,807 million	19.3 (0.3)	

Segment	Name	Country / Region	Paid-in capital	(%) Voting control
Electronics	ORTUS TECHNOLOGY Co., Ltd.	Japan	¥ 2,900 million	100
	Toppan Photomasks, Inc.	U.S.A.	US\$ 1	100
	Toppan Electronics Products Co., Ltd.	Japan	¥ 400 million	100
	Toppan Technical Design Center Co., Ltd.	Japan	¥ 490 million	100
	Toppan TOMOEGAWA Optical Films Co., Ltd.	Japan	¥ 1,403 million	82
	Toppan Chunghwa Electronics Co., Ltd.	Taiwan	NT\$ 2,667 million	100
	Toppan Electronics (Taiwan) Co., Ltd.	Taiwan	NT\$ 75 million	100
	Toppan SMIC Electronics (Shanghai) Co., Ltd.	PRC	RMB 529 million	70
	Toppan Photomasks Germany GmbH	Germany	EUR 25 thousand	100 (100)
	Toppan Photomasks GmbH	Germany	EUR 26 thousand	100 (100)
	Toppan Photomasks Korea Ltd.	Korea	KRW 115,300 million	100 (100)
	Toppan Photomasks France S.A.S.	France	EUR 15 million	100 (100)
	Toppan Photomasks Co., Ltd. Shanghai	PRC	US\$ 8,434 thousand	100 (100)
	Toppan Semiconductor Singapore Pte. Ltd.	Singapore	US\$ 250 thousand	100 (100)
	ORTUSTECH (MALAYSIA) Sdn. Bhd.	Malaysia	MYR 7,500 thousand	100 (100)

* Companies marked with an asterisk are affiliates. Others are consolidated subsidiaries.

** In voting control, figures in () parentheses are indirect ownership percentages and are included, and figures in [] parentheses are ownership percentages of closely related persons or consenting persons and are not included.

International Network

As of June 30, 2016

Overseas subsidiaries and offices

ASIA

■ Toppan (Shanghai) Management Co., Ltd.

9F, Global Harbor Tower B, 1188 North Kaixuan Rd, Putuo District, Shanghai 200063, People's Republic of China
[Business management, market research and information gathering](#)

■ Beijing Branch

Beijing Hotel, D-4301, Dong Chang An Jie, No. 33, Dong Cheng District, Beijing 100004, P. R. C.
[Market research and information gathering](#)

■ GuangDong Branch

Room 1901, Jia Jun Center No. 8 Changdong Road, Changping Town, DongGuan, GuangDong 523573, P. R. C.
[Market research and information gathering](#)

■ Toppan Printing Co., Ltd., Beijing Office

Beijing Hotel, D-4303, Dong Chang An Jie, No. 33, Dong Cheng District, Beijing, 100004, People's Republic of China
[Market research and information gathering](#)

■ Shanghai Toppan International Trading Co., Ltd.

9F, Global Harbor Tower B, 1188 North Kaixuan Rd, Putuo District, Shanghai 200063, People's Republic of China
[General trading](#)

■ Shanghai Toppan Advertising Co., Ltd.

9F, Global Harbor Tower B, 1188 North Kaixuan Rd, Putuo District, Shanghai 200063, People's Republic of China
[Sales of commercial printing and marketing services](#)

■ Shanghai Toppan Co., Ltd.

No. 2300, Shengang Road, Dong Bu New District, Songjiang Industrial Zone, Shanghai, 201612, People's Republic of China
[Manufacturing and sales of packaging materials](#)

■ Shanghai Toppan Printing Co., Ltd.

No. 2300, Shengang Road, Dong Bu New District, Songjiang Industrial Zone, Shanghai, 201612, People's Republic of China
[Packaging materials printing and sales](#)

■ Toppan SMIC Electronics (Shanghai) Co., Ltd.

OS4-2F, 965 Guoshoujing Road, Pudong New Area District, Shanghai, 201203, People's Republic of China
[Manufacturing and sales of on-chip color filters](#)

■ Toppan Printing Co., (H.K.) Ltd.

Toppan Printing Centre, 1, Fuk Wang Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong
[Manufacturing and sales of publications printing and commercial printing](#)

■ Toppan Chunghwa Electronics Co., Ltd.

1127-3 Hopin Road, Bade Dist., Taoyuan City, Taiwan, 33444
[Manufacturing and sales of photomasks for semiconductors and on-chip color filters](#)

■ HsinChu Office

4F, No. 2, Ching-Shan St., HsinChu City, Taiwan, 30080
[Sales of photomasks for semiconductors and on-chip color filters](#)

■ Toppan Electronics (Taiwan) Co., Ltd.

10th Floor, No. 109, Sec. 3, Min Sheng E. Road, Taipei, Taiwan, 10544
[Sales of electronic components](#)

■ PT. Indonesia Toppan Printing

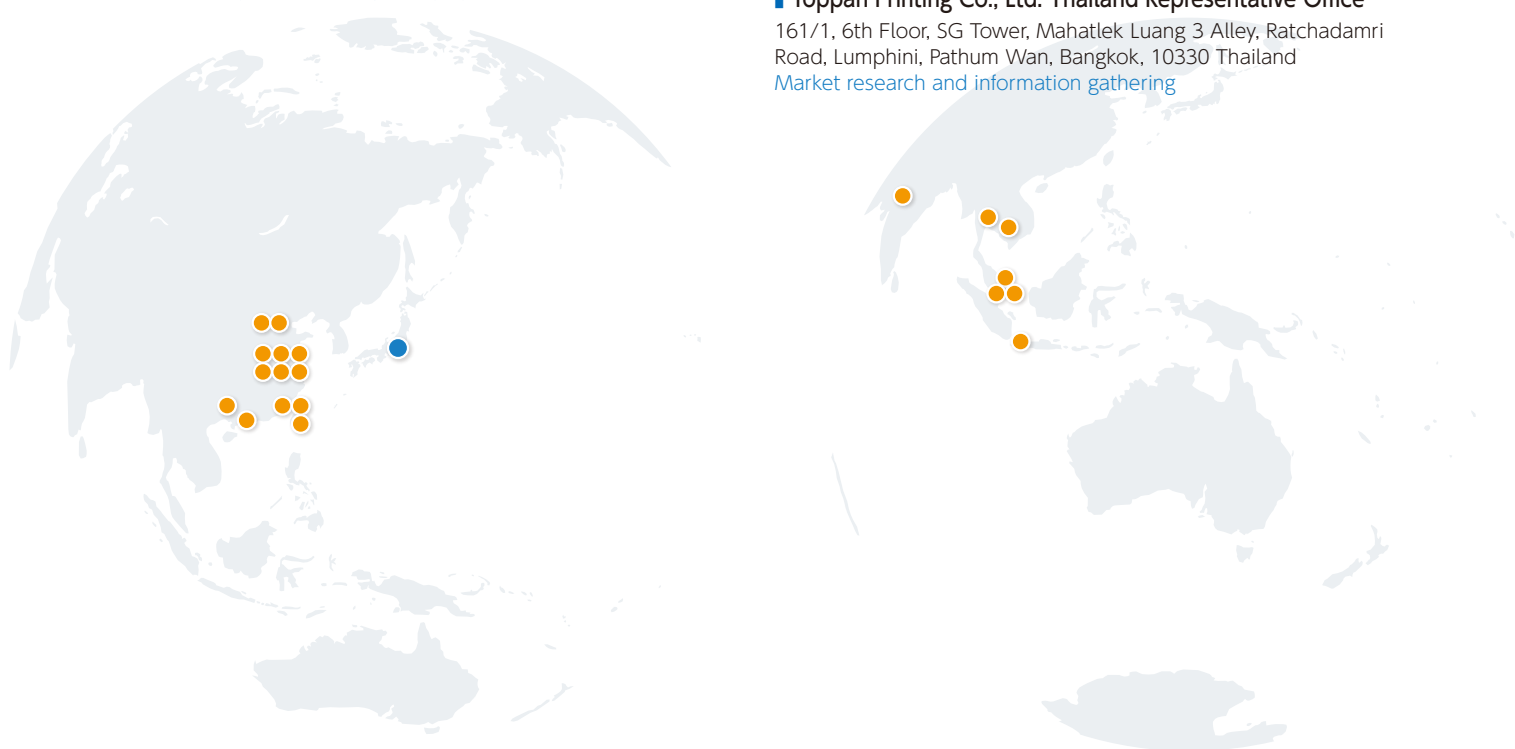
JL. Raya Teuku Umar Km. 44, Telaga Asih, Cikarang Barat, Bekasi, Jawa Barat-17520, Indonesia
[Packaging materials printing and sales](#)

■ Siam Toppan Packaging Co., Ltd.

543 Moo 4 Sukhumvit Road, Tambon Praksa, Amphur Muang, Samutprakarn 10280, Thailand
[Packaging materials printing and sales](#)

■ Toppan Printing Co., Ltd. Thailand Representative Office

161/1, 6th Floor, SG Tower, Mahatlek Luang 3 Alley, Ratchadamri Road, Lumpini, Pathum Wan, Bangkok, 10330 Thailand
[Market research and information gathering](#)



Toppan Printing Co., Ltd. Singapore Branch

97 Ubi Avenue 4, Singapore 408754
Headquarters for international operations

Toppan Leefung Pte. Ltd.

1 Kim Seng Promenade #18-01
Great World City East Tower, Singapore 237994
Manufacturing and sales of publications printing, packaging materials printing, commercial printing, securities and cards printing

Toppan Management Systems (S) Pte Ltd

97 Ubi Avenue 4, Singapore 408754
Development and sales of software

Toppan Printing Co., Ltd. India Liaison Office

Crosscoop Delhi NCR, 3rd. Floor, Building No. 9-A, DLF Cyber City, Phase III, Gurgaon 122002, Haryana, India
Market research and information gathering

AMERICA

TOPPAN USA, Inc.

603 Rehoboth Road, Griffin, GA 30224, U.S.A.
Manufacturing and sales of barrier film

Chicago Office

3601 Algonquin Road, Suite 625, Rolling Meadows, IL 60008, U.S.A.
Sales of barrier film

Toppan Photomasks, Inc.

131 Old Settlers Boulevard, Round Rock, TX 78664, U.S.A.
Manufacturing and sales of photomasks for semiconductors

Santa Clara Site

2520 Mission College Boulevard, Suite 202, Santa Clara, CA 95054, U.S.A.
Sales of photomasks for semiconductors

Toppan Interamerica Inc.

1131 Highway 155 South McDonough, GA 30253, U.S.A.
Manufacturing and sales of interior décor materials

Pennsylvania Plant

Thousand Oaks Corporate Center Thousand Oaks Blvd. Morgantown, PA 19543-0470, U.S.A.
Manufacturing of interior décor materials

Toppan Printing Co. (America), Inc.

747 Third Avenue, 17th Floor, New York, NY 10017, U.S.A.
Sales of security-related products

Round Rock Site

2175 Greenhill Drive, Round Rock, TX 78664, U.S.A.
Manufacturing of security-related products

EUROPE

Toppan Europe GmbH

Heinrichstr. 83-85 40239 Düsseldorf, Germany
Sales of packaging materials printing, security-related products, interior décor materials

London Office

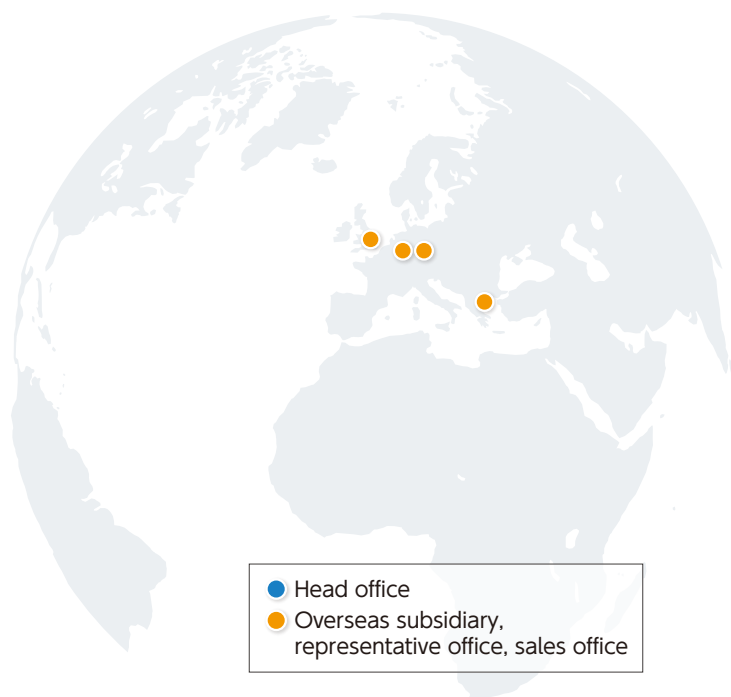
15 Basinghall Street, London, EC2V 5BR, UK
Sales of interior décor materials

Toppan Printing Greece S.A.

63 Ymittou Street & 47 Formionos Street, 161 21 Kessariani, Attica, Greece
Passport and ID card printer sales and services

Toppan Photomasks Germany GmbH

Rähnitzer Allee 9, 01109 Dresden, Germany
Development, manufacturing, and sales of photomasks



Operational Sites

As of June 30, 2016

Head Office

1, Kanda Izumi-cho, Chiyoda-ku, Tokyo 101-0024, Japan

Toppan Technical Research Institute

4-2-3 Takanodai-minami, Sugito-cho, Kitakatsushika-gun, Saitama 345-8508

Information & Communication Division

1-3-3 Suido, Bunkyo-ku, Tokyo 112-8531
Sales offices : Chiba, Yokohama

- **Information & Communication Manufacturing Subdivision**

1-3-3 Suido, Bunkyo-ku, Tokyo 112-8531

- **Toppan Idea Center**

1-3-3 Suido, Bunkyo-ku, Tokyo 112-8531

Living & Industry Division

1-5-1 Taito, Taito-ku, Tokyo 110-8560

- **Packaging Solutions Subdivision**

1-5-1 Taito, Taito-ku, Tokyo 110-8560

- **Business Innovation Center**

1-5-1 Taito, Taito-ku, Tokyo 110-8560

- **Barrier Film Center**

1-5-1 Taito, Taito-ku, Tokyo 110-8560

- **Living & Industry Manufacturing Subdivision**

1-5-1 Taito, Taito-ku, Tokyo 110-8560

- **Global Strategy Department**

1-5-1 Taito, Taito-ku, Tokyo 110-8560

- **Environmental Design Subdivision**

1-5-1 Taito, Taito-ku, Tokyo 110-8560

Electronics Division

1-5-1 Taito, Taito-ku, Tokyo 110-8560
Sales offices : Nagoya, Kyoto, Fukuoka

Nishinihon Division

2-3-18 Nakanoshima, Kita-ku, Osaka, Osaka 530-0005

- **Kansai Information & Communication Subdivision**

2-3-18 Nakanoshima, Kita-ku, Osaka, Osaka 530-0005
Sales offices : Kanazawa, Kyoto

- **Kansai Living & Industry Subdivision**

2-3-18 Nakanoshima, Kita-ku, Osaka, Osaka 530-0005
Sales offices : Kyoto, Kobe, Wakayama

- **Kyushu Subdivision**

1-17-28 Yakuin, Chuo-ku, Fukuoka, Fukuoka 810-0022
Sales offices : Kitakyushu, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Naha

- **Chugoku & Shikoku Subdivision**

3-26-30 Gion, Asaminami-ku, Hiroshima, Hiroshima 731-0138
Sales offices : Fukuyama, Matsue, Okayama, Shunan, Takamatsu, Matsuyama, Kochi

Chubu Division

19 Nominami-cho, Nishi-ku, Nagoya, Aichi 452-0847
Sales offices : Shizuoka, Hamamatsu, Nagano, Matsumoto, Matsusaka

Higashinihon Division

3-30 Akedori, Izumi-ku, Sendai, Miyagi 981-3296

- **Higashinihon Subdivision**

3-30 Akedori, Izumi-ku, Sendai, Miyagi 981-3296
Sales offices : Aomori, Morioka, Akita, Yamagata, Koriyama, Niigata, Mito, Utsunomiya, Takasaki, Saitama

- **Hokkaido Subdivision**

1-1-30 Nijuyonken 4-jo, Nishi-ku, Sapporo, Hokkaido 063-8555
Sales offices : Obihiro, Hakodate



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Consolidated Eleven-year Financial Summary

Toppan Printing Co., Ltd. and Subsidiaries

Years ended March 31

	2006	2007	2008	2009	2010
FOR THE YEAR					
Net sales	¥ 1,548,208	¥ 1,557,876	¥ 1,670,351	¥ 1,617,341	¥ 1,506,751
Cost of sales	1,258,750	1,282,170	1,388,308	1,369,802	1,261,484
% of net sales	81.3%	82.3%	83.1%	84.7%	83.7%
Selling, general and administrative expenses	198,373	206,329	209,890	218,353	207,029
% of net sales	12.8%	13.2%	12.6%	13.5%	13.7%
Operating income	91,085	69,377	72,153	29,186	38,238
% of net sales	5.9%	4.5%	4.3%	1.8%	2.5%
Profit before income taxes	57,238	69,648	73,356	11,281	31,062
Profit (Loss) attributable to owners of parent	15,148	26,067	38,524	(7,731)	11,703
% of net sales	1.0%	1.7%	2.3%	(0.5%)	0.8%
% of assets	0.9%	1.5%	2.1%	(0.5%)	0.7%
% of equity	1.9%	3.2%	4.8%	(1.0%)	1.6%
Per share of common stock (yen and dollars)					
Earnings (losses) per share (Basic)	¥ 22.13	¥ 39.58	¥ 58.63	¥ (11.87)	¥ 18.18
Earnings (losses) per share (Diluted)	22.02	39.40	58.49	—	18.17
Cash dividends per share	20.00	20.00	22.00	22.00	22.00
Research and development expenses	¥ 27,593	¥ 29,133	¥ 29,733	¥ 28,792	¥ 24,416
Capital expenditures	119,221	133,723	72,912	92,023	68,064
Depreciation and amortization	78,920	80,267	92,118	92,722	87,450
AT YEAR-END					
Current assets	¥ 768,973	¥ 861,600	¥ 850,392	¥ 779,499	¥ 788,949
Current liabilities	456,742	543,834	479,983	424,740	403,564
Working capital	312,231	317,766	370,409	354,759	385,385
Cash and cash equivalents	206,974	240,596	224,316	236,197	238,033
Property, plant and equipment, net of depreciation	633,136	672,348	663,464	652,178	632,794
Long-term indebtedness	283,109	285,370	276,753	313,318	296,270
Total assets	1,727,637	1,837,719	1,787,409	1,681,746	1,665,695
Net assets	803,678	918,002	940,304	867,739	874,027
Equity ratio	46.5%	43.7%	45.0%	44.0%	44.8%
Debt-equity ratio	37.9%	44.8%	36.1%	46.4%	43.2%
OTHER STATISTICS					
Number of employees	35,954	36,757	38,570	47,522	47,650
Number of common shares issued (thousands of shares)	699,412	699,412	699,412	699,412	699,412
Number of consolidated subsidiaries	149	150	155	195	177

* U.S. dollar amounts are translated from yen at the rate of ¥112.68=U.S.\$1, as of March 31, 2016.

** Effective from the year ended March 31, 2007, the Company and its subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the balance sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No.8 issued by the Accounting Standards Board of Japan on December 9, 2005).

2011	2012	2013	2014	2015	Millions of yen except per share data 2016	Thousands of U.S. dollars* except per share data 2016
¥ 1,556,457	¥ 1,510,415	¥ 1,502,308	¥ 1,532,043	¥ 1,526,915	¥ 1,474,682	\$ 13,087,345
1,297,383	1,263,371	1,253,965	1,280,004	1,272,460	1,209,281	10,731,994
83.4%	83.6%	83.5%	83.5%	83.3%	82.0%	
214,065	215,489	216,251	216,317	213,578	216,869	1,924,645
13.8%	14.3%	14.4%	14.1%	14.0%	14.7%	
45,009	31,555	32,092	35,722	40,877	48,532	430,706
2.9%	2.1%	2.1%	2.3%	2.7%	3.3%	
32,097	8,807	38,849	40,735	46,405	52,968	470,075
12,153	3,068	18,562	20,621	22,868	35,245	312,788
0.8%	0.2%	1.2%	1.3%	1.5%	2.4%	
0.7%	0.2%	1.2%	1.2%	1.2%	1.8%	
1.6%	0.4%	2.5%	2.7%	2.7%	3.8%	
¥ 18.89	¥ 4.77	¥ 28.90	¥ 32.12	¥ 35.67	¥ 55.04	\$ 0.49
—	—	—	31.10	31.96	49.34	0.44
18.00	18.00	18.00	18.00	18.00	18.00	0.16
¥ 23,445	¥ 21,496	¥ 20,689	¥ 19,821	¥ 19,084	¥ 17,975	\$ 159,523
65,020	66,814	76,827	72,177	76,138	63,203	560,907
82,940	80,923	67,965	62,473	61,176	59,692	529,748
¥ 849,243	¥ 767,831	¥ 800,645	¥ 836,681	¥ 924,728	¥ 852,207	\$ 7,563,072
453,121	407,945	453,121	420,152	515,536	462,106	4,101,047
396,122	359,886	347,524	416,529	409,192	390,101	3,462,025
288,462	190,804	256,058	287,690	335,911	292,676	2,597,409
608,616	574,506	552,511	553,291	566,125	537,977	4,774,379
281,666	232,264	224,041	299,588	254,345	208,340	1,848,953
1,694,329	1,586,823	1,633,066	1,712,351	1,994,642	1,876,575	16,654,020
864,017	866,219	888,422	913,108	1,082,844	1,066,852	9,467,980
43.3%	46.1%	46.3%	45.7%	46.8%	49.8%	
46.1%	35.4%	38.9%	42.1%	38.3%	30.1%	
48,197	47,872	48,878	48,751	48,999	46,705	
699,412	699,412	699,412	699,412	699,412	699,412	
163	165	167	154	151	146	

Note 1: The consolidated results for the fiscal year ended March 31, 2006, reflected the ¥32,607 million write-off of goodwill pertaining to the acquisition of DuPont Photomasks, Inc. (presently Toppan Photomasks, Inc.).

Note 2: In the fiscal year ended March 31, 2009, the number of employees increased by 8,952, mainly as a result of inclusion of SNP Corporation Pte. Ltd. (presently Toppan Leefung Pte. Ltd.) following acquisition, and increase in the staff of Information & Communication business.

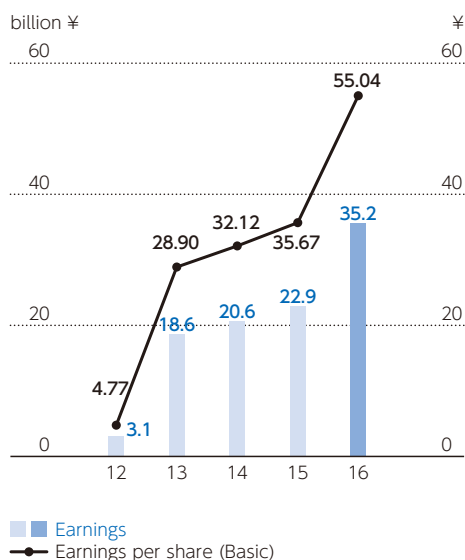
Note 3: In the fiscal year ended March 31, 2009, the number of consolidated subsidiaries increased by 40, as a result of inclusion of 49 companies, including SNP Corporation Pte. Ltd. (presently Toppan Leefung Pte. Ltd.) and 48 other companies, following acquisition of stocks, and decreased by 9 companies, including Tosho Transport Co., Ltd. and 8 other companies mainly due to merger.

Management Discussion and Analysis of Operating Results and Financial Position

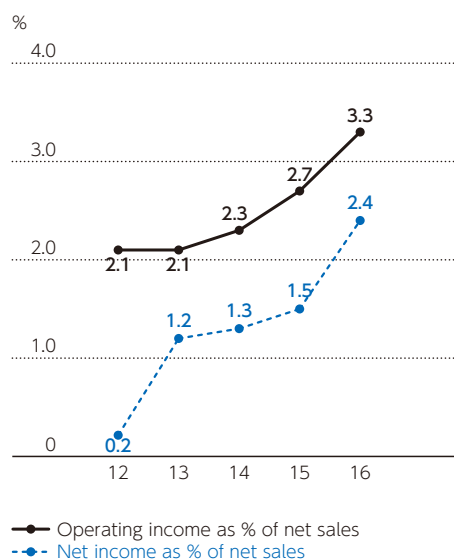
Toppan Printing Co., Ltd. and Subsidiaries

Years ended March 31

Earnings



Return on sales



The financial information in this section is based on the consolidated financial statements in this annual report. The consolidated financial statements are based on generally accepted accounting principles in Japan. The Toppan Group consists of Toppan Printing Co., Ltd., 146 subsidiaries, and 21 equity method associates and covers three business segments: Information & Communication, Living & Industry, and Electronics. To reflect the performance of all Group companies in the consolidated financial statements, all subsidiaries have been included within the scope of consolidation and all associates have been accounted for using the equity method. In the current fiscal year, ended March 31, 2016, the following changes have taken place in relation to the Group's subsidiaries and equity method associates:

Consolidated subsidiaries: 1 added and 6 removed

Equity method associates: None added and 3 removed

The following company of which the Company owns the voting rights between 20% and 50% was not recognized as an associate accounted for by the equity method, since the Company is not to exercise significant influence on its operating and financing policies from the investment objectives and realities of the situation of transactions, etc.:

YANASESTUDIO Co.,Ltd

Overview

In the fiscal year, ended March 31, 2016, Japan's economy continued recovering modestly overall as corporate earnings, the employment market, and personal income improved. On the other hand, the economic outlook is still

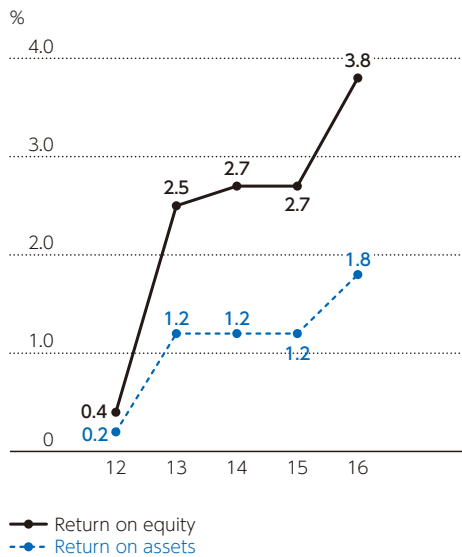
uncertain due to sluggish consumer spending and economic slowdowns in China and other emerging countries in Asia as well as rapid yen appreciation and lower share prices on stock exchanges in Japan since the beginning of 2016 and declining crude oil prices.

In the printing industry, business conditions were challenging on the whole. While corporate advertising expenditure grew mainly for online advertising, a trend toward shrink continued in the publishing market. Furthermore, unit prices fell as a result of lackluster demand for paper media and intensified competition from companies in various industries and areas of business.

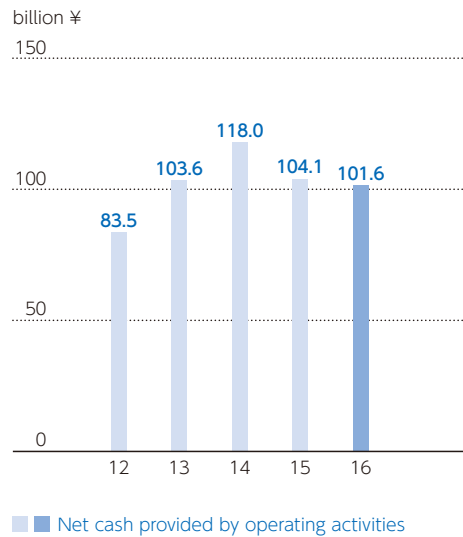
In response to these business conditions, the Toppan Group made concerted efforts to strengthen profitability based on TOPPAN VISION 21, its vision of the Group in the 21st century. In these efforts, the Group positioned implementing Groupwide structural reform, creating new businesses and markets, and accelerating global business expansion as critical management tasks. Aiming to establish new earnings models as soon as possible, the Toppan Group reinforced competitive advantages and advanced cost reductions in existing businesses while actively investing management resources in growth areas through new businesses.

As a result, in the current fiscal year, although net sales declined 3.4% year on year, to ¥1,474.7 billion (US\$13,087.3 million), the Toppan Group achieved year-on-year increases of 18.7% in operating income, to ¥48.5 billion (US\$430.7 million), and 54.1% in profit attributable to owners of parent, to ¥35.2 billion (US\$312.8 million).

Return on equity & assets



Net cash provided by operating activities



Net sales

In the current fiscal year, net sales declined 3.4% year on year, to ¥1,474.7 billion (US\$13,087.3 million). Net sales by business segment were as stated below.

Further, from the current fiscal year, the classification of reporting segments changed as a result of the reorganization of business segments in April 2015, which led to the establishment of the Living & Industry and Electronics divisions. In the year-on-year comparisons below, the figures of the previous fiscal year's results have been adjusted to reflect this new classification of reporting segments.

The Information & Communication segment posted year-on-year increases of 0.7% in net sales, to ¥938.6 billion (US\$8,330.2 million), and 21.2% in operating income, to ¥57.8 billion (US\$513.2 million).

Within this segment, the Secure Business recorded an increase in revenues year-on-year. This rise was attributable to a combination of growing concern about personal information protection as ICT (information and communications technology) becomes ever more ubiquitous and the segment's leveraging of specialized personnel and robust security environments to generate higher revenues from smart cards and business process outsourcing (BPO), including information collection services for the insurance industry in relation to the national identification number system.

In Business Forms, revenues from business forms decreased year-on-year because falling unit prices—due to declines in demand and reductions in the volume and reductions of delivery slips accompanying digitization—counteracted the promotion of one-stop outsourcing

services that encompass procurement and management operations for ledgers and other printed products. Meanwhile, the data printing services (DPS) business grew revenues year on year thanks to steady growth in BPO orders mainly from government agencies, municipalities, and financial institutions.

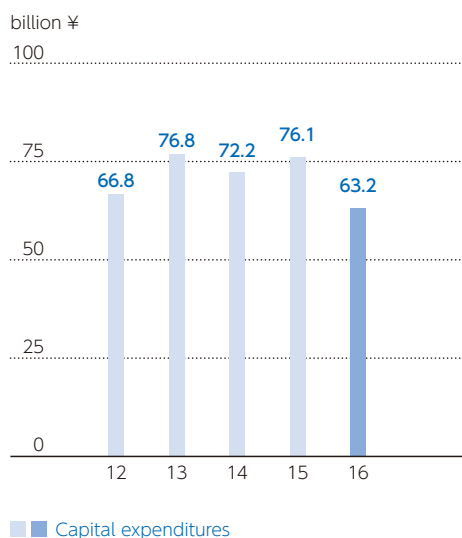
The Marketing Business saw higher revenues from sales promotion (SP) tools and BPO services for such areas as back-office operation, which compensated for lower revenues from flyers, pamphlets, catalogs, and other general printing products. Also, the business expanded and improved high-quality video production, omni-channel marketing, and multilingual support services. Further, the digital flyer website Shufoo! launched new services, such as an application for public infrastructure corporations and services for visitors to Japan.

The Content Business, magazine and book sales edged down in a shrinking publishing market. However, we stepped up the development of businesses related to multi-media content that includes digitization, such as cloud services supporting book production enabling hybrid paper and electronic publishing and the published content rights business.

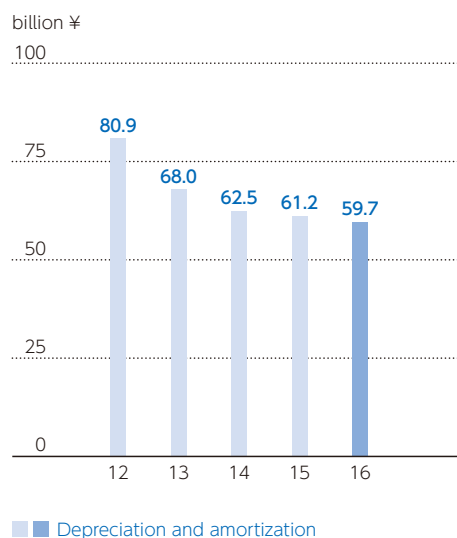
The Living & Industry segment, net sales declined 2.2% from the previous fiscal year, to ¥410.5 billion (US\$3,643.1 million). However, operating income rose 31.8%, to ¥14.5 billion (US\$128.7 million).

Within this segment, the Packaging Business saw revenues increase from various types of packaging materials that use flexible packaging materials or the transparent barrier film "GL BARRIER" as companies advance

Capital expenditures



Depreciation and amortization



environment-friendly efforts to reduce packaging volume or replace aluminum foil packaging. Meanwhile, revenues from folding cartons decreased. However, the environment-friendly paper-based drink container “Cartocan” performed steadily as its adoption increased, testifying to recognition of the product’s outstanding recyclability and differentiated shape. Also, the Gunma Central Plant, which began full-scale operations in May 2015, exploited its clean production environment and advanced quality-control system to ramp up production of high-value-added packaging for medical care products and pharmaceuticals.

In the Functional Product & Energy Related Business, revenues from lithium-ion battery-related materials rose.

In the Interior Décor Materials Business, revenues decreased year-on-year because active marketing of such products as environment-friendly “Toppan Eco Sheet” and “Materium”, an incombustible decorative panel with superior functionality and design, was unable to completely compensate for lower revenues in Japan.

The Electronics segment recorded year-on-year decreases of 24.8% in net sales, to ¥153.0 billion (US\$1,357.9 million), and 46.5% in operating income, to ¥3.4 billion (US\$30.1 million).

Within this segment, the Display Related Business saw a year-on-year decline in revenues from color filters as a result of a prolonged adjustment phase in the production of small and medium-sized liquid crystal displays. Also, revenues from TFT liquid crystal panels declined year-on-year, despite marketing efforts focused on industrial equipment applications.

In the Semiconductor Related Business, although we

captured demand for leading-edge products, as the semiconductor market slowed further, revenues from photomasks decreased from those of the previous fiscal year. On the other hand, steady structural reform aimed at strengthening earnings foundations produced benefits. Revenues from FC-BGA substrates, which are high-density semiconductor package substrates, decreased year-on-year due to lower sales overseas.

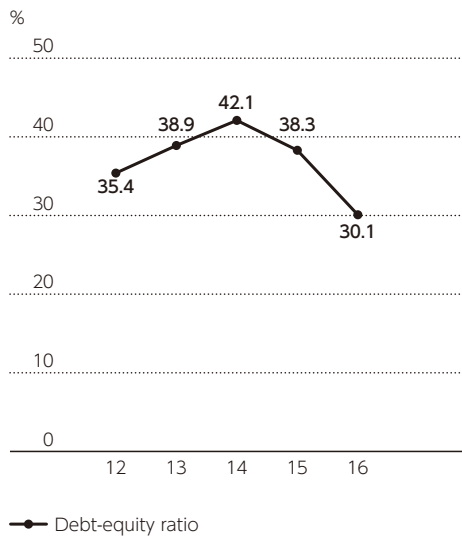
Cost of sales

In the current fiscal year, cost of sales declined 5.0% year-on-year, to ¥1,209.3 billion (US\$10,732.0 million), and cost of sales as a percentage of net sales decreased 1.3 percentage points year-on-year, to 82.0%. As a result, gross profit increased 4.3%, to ¥265.4 billion (US\$2,355.4 million). Currently, the Toppan Group is streamlining its organization, improving production efficiency, and reviewing materials procurement to reduce overall costs. Through these efforts, the Toppan Group aims to further lower cost of sales as a percentage of net sales to around 80.0% as soon as possible.

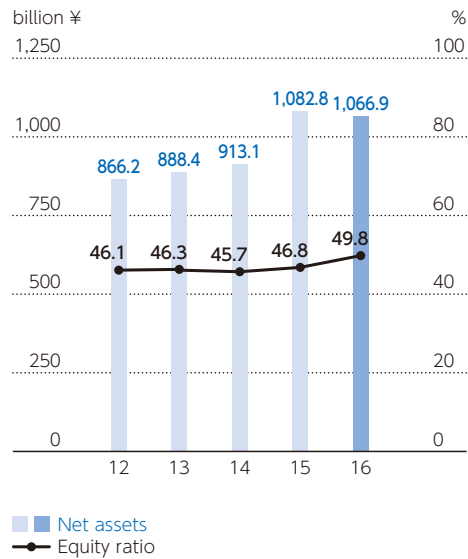
Selling, general and administrative expenses

Selling, general and administrative expenses increased 1.5% year-on-year, to ¥216.9 billion (US\$1,924.6 million). Selling, general and administrative expenses as a percentage of net sales edged up year-on-year, from 14.0% to 14.7%. The Toppan Group intends to continue reforming its business structure to enhance profitability. As part of these efforts, the Toppan Group is optimizing personnel deployment to lower outsourcing costs and overall labor costs.

Debt-equity ratio



Net assets



Research and development expenses

Research and development expenses declined 5.8% year-on-year, to ¥18.0 billion (US\$159.5 million). As a result, research and development expenses as a percentage of net sales were unchanged from the previous fiscal year's level of 1.2%. The Toppan Group continues efficient research and development to secure technological advantages in markets, enhance the performance of its existing products, and develop the next generation of high-value-added products. Going forward, the Toppan Group intends to continue undertaking planned investment in research and development.

Operating income

Operating income increased 18.7%, to ¥48.5 billion (US\$430.7 million), and the operating income margin rose from the previous fiscal year's 2.7% to 3.3%. The Toppan Group considers operating income to be an important indicator of the profitability of its core operations. Accordingly, the Toppan Group will continue to take proactive measures to grow operating income.

Total other income (expenses)

Total other income declined 19.8% year-on-year, to ¥4.4 billion (US\$39.4 million). This decrease was attributable to foreign currency exchange losses due to rapid yen appreciation from the beginning of 2016, impairment losses recognized for idle assets and production facilities as a result of a series of revaluations of owned assets, and loss on sales of shares of subsidiaries and associates accompanying the transfer of shares of Toppan CFI

(Taiwan) Co., Ltd. Profit before income taxes rose 14.1% year-on-year, to ¥53.0 billion (US\$470.1 million).

Income taxes

Total income taxes decreased from the previous fiscal year's ¥19.0 billion to ¥11.7 billion (US\$103.6 million), and the tax rate after the application of tax effect accounting declined from 41.0% to 22.0%.

Profit attributable to owners of parent

As a result of the aforementioned, profit attributable to owners of parent, net of profit attributable to non-controlling interests, was up 54.1%, to ¥35.2 billion (US\$312.8 million). Earnings per share increased from the previous fiscal year's ¥35.67 to ¥55.04 (US\$0.49).

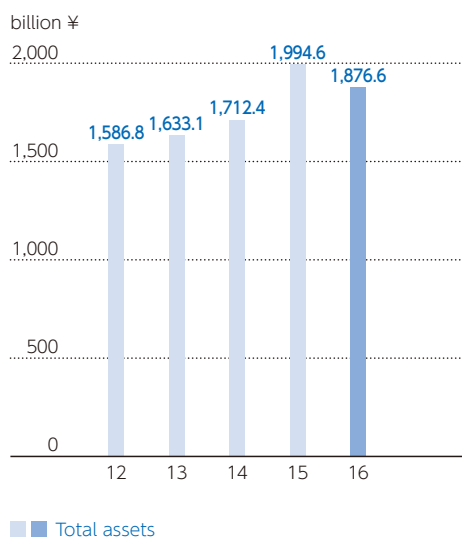
Return on assets (ROA) rose from the previous fiscal year's 1.2% to 1.8%, and return on equity (ROE) increased from the previous fiscal year's 2.7% to 3.8%.

Cash flows

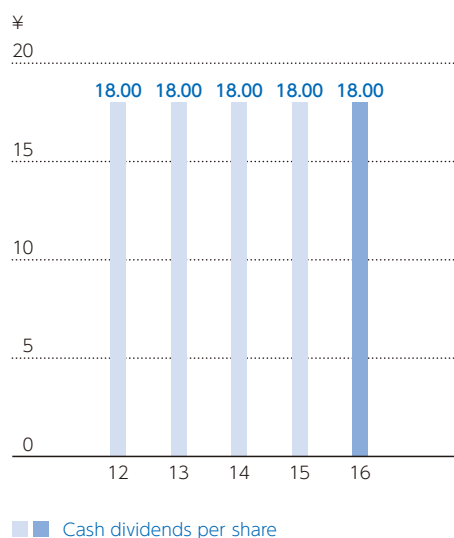
The Toppan Group maintains a sound financial position and generates cash flows in order to enable appropriate investments facilitating business management and future strategic growth.

Net cash provided by operating activities declined 2.4% year-on-year, to ¥101.6 billion (US\$902.0 million), because a ¥13.5 billion decrease in notes and accounts payable – trade and a ¥10.8 billion decrease in consumption taxes receivable/payable counteracted a ¥15.2 billion increase in notes and accounts receivable – trade.

Total assets



Cash dividends per share



Net cash used in investing activities was down 21.7% from the previous fiscal year, to ¥55.3 billion (US\$490.7 million), reflecting a ¥10.0 billion increase in proceeds from sales of property, plant and equipment and a ¥9.5 billion decrease in purchase of property, plant and equipment.

Net cash used in financing activities was ¥89.3 billion (US\$792.4 million), compared with net cash provided by financing activities of ¥9.9 billion in the previous fiscal year, due to such factors as a ¥58.2 billion increase in outlay related to redemption of bonds and a ¥19.9 billion decrease in proceeds from issuance of corporate bonds.

As a result, cash and cash equivalents at the end of the current fiscal year amounted to ¥292.7 billion (US\$2,597.4 million), down 12.9% from the previous fiscal year-end.

Financial position

Total current assets at the end of the fiscal year stood at ¥852.2 billion (US\$7,563.1 million), a decline of 7.8% from the previous fiscal year-end, which resulted from decreases of ¥43.2 billion in cash and cash equivalents and ¥18.4 billion in notes and accounts receivable. Total current liabilities were down 10.4% from the previous fiscal year-end, to ¥462.1 billion (US\$4,101.0 million). This decline mainly reflected decreases of ¥17.4 billion in notes and accounts payable and ¥30.9 billion in the current portion of long-term indebtedness.

Total property, plant and equipment decreased 5.0% from the previous fiscal year-end, to ¥538.0 billion (US\$4,774.4 million). Further, total investments and other assets decreased 3.5%, to ¥486.4 billion (US\$4,316.6 million), as a result of a ¥27.3 billion decline in investment securities.

Total long-term liabilities were down 12.3% from the previous fiscal year-end, to ¥347.6 billion (US\$3,085.0 million). This decline resulted from decreases of ¥46.0 billion in long-term indebtedness and ¥14.0 billion in deferred tax liabilities.

Total net assets declined 1.5% from the previous fiscal year-end, to ¥1,066.9 billion (US\$9,468.0 million), because decreases of ¥16.9 billion in non-controlling interests and ¥12.0 billion in valuation difference on available-for-sale securities counteracted an increase of ¥22.4 billion in retained earnings.

The equity ratio increased from 46.8% at the previous fiscal year-end, to 49.8%. Net assets per share edged up 0.1% from the previous fiscal year-end, to ¥1,459 (US\$12.95) per share at the fiscal year-end. Total assets stood at ¥1,876.6 billion (US\$16,654.0 million), down 5.9% from the previous fiscal year-end.

Dividend distribution policy and cash dividends

To return profits to its shareholders flexibly and realize sustained growth, the Toppan Group pays cash dividends in light of comprehensive consideration of consolidated financial results, the dividend payout ratio, and internal reserves. Specifically, the Toppan Group is committed to raising the level of cash dividends and targets a consolidated dividend payout ratio of 30% or higher.

The Toppan Group's policy is to seek higher corporate value by using internal reserves for capital expenditures and investment in research and development to expand business areas that promise growth and for measures that increase investment efficiency from a long-term perspective,

such as measures to raise the efficiency and dynamism of existing businesses.

The Toppan Group believes that distributing profits in this manner will enhance core corporate strength and help increase profits, thereby enabling further returns of profits to shareholders.

Reflecting this basic policy, the Toppan Group paid cash dividends of ¥9.00 (US\$0.08) per share at fiscal year-end, giving total annual cash dividends of ¥18.00 (US\$0.16) per share for the fiscal year.

For the current fiscal year, in light of the abovementioned basic policy, the Toppan Group plans to increase cash dividends to ¥20.00 per share.

Targeted performance indicators

From the perspective of shareholder value, the Toppan Group strives to raise ROE. In conjunction with these efforts, the Toppan Group will focus particular effort on increasing operating income as an indicator of the profitability of core operations. By forging ahead with business management to improve capital efficiency, and thereby heighten corporate value even further, the Toppan Group aims to meet its shareholders' expectations.

Outlook for current fiscal year

In the current fiscal year, ending March 31, 2017, Japan's economy is expected to continue recovering modestly. However, there is concern about the risk of an economic downturn stemming from the effect of the Kumamoto Earthquake, moves toward normalizing U.S. monetary policy, the economic trajectories of China and other emerging countries in Asia going forward, and trends in exchange rates and crude oil prices. In the printing industry, corporate spending on advertising is likely to continue growing modestly as digitization accelerates; however, publishing and other existing printing markets are trending toward maturity.

Amid these business conditions, the Company assumed the interior décor materials business of Toppan Cosmo, Inc., in April 2016. The Company will provide not only materials for living spaces but also diverse solutions that are centered on "living" and which relate to lifestyle, mobility, the environment and energy, healthcare, and urban development.

Based on TOPPAN VISION 21, the Toppan Group has positioned implementing Groupwide structural reform, creating new businesses and markets, and accelerating global business expansion as critical management tasks. With these tasks in mind, the Toppan Group will move forward decisively with efforts to improve business results

even further.

In the current fiscal year, the Toppan Group expects increases of 2.4% in net sales, to ¥1,510.0 billion, and 4.1% in operating income, to ¥50.5 billion, and a decrease of 31.9% in profit attributable to owners of parent, to ¥24.0 billion.

Notes on forward-looking statements

This Annual Report includes certain "forward-looking statements," which are forecasts based on currently available information and include assumptions concerning factors such as known and unknown risks. Actual outcome and performance may differ significantly depending on various factors.

Risk factors

Of the factors affecting the business and accounting conditions covered in this Annual Report, those that could seriously influence investors' judgments have been noted below. Statements regarding the future contained herein comprise the Toppan Group's (Toppan and its consolidated subsidiaries) views as of the end of the consolidated accounting year.

1 Characteristics of the printing business

Advances in information technology and networks are changing the market environment requiring the printing industry to create new business areas and strengthen price competitiveness. Should the Toppan Group fail to increase sales in new business areas and improve price competitiveness through cost reduction measures, the Group's performance could be affected.

2 Characteristics of the electronics business

The Toppan Group's electronics business mainly comprises display-related products such as liquid crystal color filters and surface treatment films semiconductor related products such as photomasks.

This is a business where profits may be generated by developing state-of-the-art technology and responding accurately to the market. Any shortening of product life cycles however or a faster than expected evolution in technology may impact on the Toppan Group's results in this area.

In addition, while this business lends itself to becoming highly reliant on particular customers, we consider it a plus to have business relationships with a stable field of customers. Various factors involved with a small number of such customers however, such as product pricing levels, product volumes and types, delays in payment or even non-payment, or unfavorable amendments to terms of

payment, can have an impact on the Toppan Group's annual performance and overall financial position.

3 Securing the human resources to support business growth

The Toppan Group recognizes the importance of improving the quality of existing products and developing new products and services through introduction of advanced new technologies to achieve continuous growth in the future.

For this purpose, exceptional human resources with advanced technical and planning abilities are essential. The Toppan Group focuses on systematic recruitment and training, but should we be unable to secure or train outstanding human resources, the Group may be unable to continue growing in the future.

4 Intense market competition and price competition

The Toppan Group endeavors to continuously develop and market new products and services whilst reducing costs of existing products. However, product development and pricing competition with rival companies has intensified in recent years. Should our products and services fail to maintain their lead in the market or fierce competition cause prices to drop, the Toppan Group's performance could be affected.

5 Risks associated with capital expenditure

The Toppan Group has engaged in capital expenditure, procuring the necessary funds from operational cash flow, the issuance of corporate bonds and bank loans. With these kinds of capital expenditure, changes in market conditions might make the investment recovery period longer than the anticipated one which was decided in making on the capital expenditure; excessive depreciation costs might make performance suppress; large-scale capital expenditure decreases the return on asset ratio; and interest payment associated with fund procurement decreases the each profit ratio. Any and all of these factors could affect the Toppan Group's performance.

6 Smooth capital procurement

The Toppan Group considers capital expenditure to be necessary in terms of expanding business and responding to rapid technological innovation. We procure capital from external sources in accordance with our business plan, but there may be times when we are unable to procure sufficient, necessary additional capital under fair conditions for reasons such as substantial changes in interest rate conditions.

7 Risks associated with overseas operations

The Toppan Group engages in business operations in

countries including the U.S., China and other countries in Southeast Asia. In the future, we may establish new operations overseas, including developing countries. We recognize the following risks inherent to doing business in developing regions;

- Insufficient technical infrastructure may affect production and other operations and result in unacceptable products and services to our customers
- Unstable political and economic factors
- Unexpected legal or regulatory changes (including taxation)
- Foreign currency fluctuations
- Changes in trade restrictions and/or tariffs
- The occurrence of epidemics or large-scale disasters

8 Strategic partnerships, investment and acquisitions

The Toppan Group engages in many activities through strategic partnerships, joint-ventures and investments, and we may acquire other companies in the future. These activities comprise an important means of acquiring new technology, launching new products and entering new markets. However, should we be unable to maintain these partnerships or achieve the anticipated results for any variety of reasons, the Toppan Group's performance could be affected.

9 Risks associated with production operations

In production operations, for quality control, the Toppan Group has paid sufficient attention to the product in order not to cause any accidents and complains. We strive to ensure, from the perspective of quality control, that none of our products result in accidents or complaints, but the future accidents with products could affect the performance.

In addition, failure to correspond appropriately to change and improvement in production lines associated with establishment of new plants and transfer of equipments could cause the problem of delivery delay to customers and fall of productivity, and those could make decrease of sales.

10 Production outsourcing

The Toppan Group outsources production mainly in printing related business as appropriate as an effective way of coping with factors such as fluctuations in production volume, production schedule, and delivery deadlines. Should an outside supplier be subject to an accident or natural disaster, delivery delays, faulty products or other production problems could occur.

11 Securing raw materials

The Toppan Group procures certain raw materials such as

paper, ink and glass almost entirely from outside manufacturers. Securing an adequate and stable supply of raw materials at a fair price is critical to the Group's business. Should outside manufacturers supply substantially inadequate quantities or delay deliveries, or a steep rise in raw material prices occur, the Toppan Group's performance could be adversely affected.

12 Employees' severance and pension benefits

Employees' severance and pension benefits and other expenses payable to group employees are provided in line with the Toppan Group's retirement benefits and corporate pension system. For the stability of pension financing, the Toppan Group reviewed the corporate pension system in relation to the transfer of the substitutional portion of the company's employee pension fund to the government and made a lump sum contribution to its special premium. However, should conditions such as the assumed discount rate or the rate of expected return on plan assets change as a result of future fluctuation in economic conditions, the Toppan Group's performance and financial condition could be affected.

13 Fluctuations in actual value of marketable securities

The Toppan Group owns marketable securities. Fluctuations in factors such as interest rates and the equity market affect the actual value of securities and could affect the Group's performance and financial condition.

14 Fluctuations in foreign exchange rates

The Toppan Group has been expanding into overseas markets as the domestic printing market matures. Revenue and expense items for overseas subsidiaries that are denominated in local currencies are converted into yen to facilitate calculations when preparing the Group's consolidated financial statements, and could be affected by fluctuations in exchange rates at the time of exchange.

Fluctuations in exchange rates can be expected to affect the prices of locally sold Toppan products, the production and procurement costs of locally produced products, and selling prices in Japan. Accordingly, they could also affect the Toppan Group's performance.

15 Protection of intellectual property

Developing innovative products and services is essential to enhancing market competitiveness. This makes patents and intellectual property a crucial factor in competitiveness. The Group strives to protect our original technologies with a combination of patents, trademarks and other intellectual property rights, but we recognize the following risks;

- The Toppan Group's pending patents may not be

approved

- Measures taken to prevent wrongful use or infringement of the Toppan Group's intellectual property may not be successful
- The Toppan Group's technology could be deemed to be infringing on other companies' intellectual property rights

Should the Toppan Group's intellectual property incur interference, its business operations and performance could be affected.

16 Environmental laws and regulations

National and local laws and regulations in Japan and overseas impose substantial potential liability on the Toppan Group for improper use or disposal of toxic substances and any resulting environmental pollution such as soil contamination and atmospheric pollution.

The Toppan Group uses certain toxic substances in its manufacturing processes and research and development, and has to manage waste disposal. We are extremely careful to comply with applicable regulations. However, we cannot eliminate all risk of accidental pollution or discharge, or the damage resulting from such occurrences. In the unlikely event of an accident occurring, it could have an adverse effect on the Toppan Group's business operations.

17 Information security

The Toppan Group employs a stringent information security management system for internal confidential information as well as confidential and personal information collected, stored and managed on behalf of customers as one of its services.

The Toppan Group employs the very strictest of measures for information management, but in the unlikely event of an employee or subcontractor leaking or misusing information, the Group's reputation will be damaged and this could have an adverse effect on its performance.

18 Risks associated with natural disasters, accidental damage and epidemics

The Toppan Group implements earthquake-resistance measures and regular inspections as well as emergency drills at all of its workplaces. However, should a natural disaster such as an earthquake or typhoon or other accidents such as fire or an epidemic occur, equipment and employees could be severely damaged or hurt, partially or entirely interrupting operations and delaying both production and shipment. Repairing damaged equipment could require massive expenditure, which in turn could adversely affect the Toppan Group's business operations, performance and financial condition.

Consolidated Balance Sheets

Toppan Printing Co., Ltd. and Subsidiaries

As of March 31, 2015 and 2016

		Millions of yen	Thousands of U.S. dollars (note 1)
ASSETS	2015	2016	2016
CURRENT ASSETS:			
Cash and cash equivalents (notes 1 and 14)	¥ 335,911	¥ 292,676	\$ 2,597,409
Time deposits with original maturities over three months (notes 4 and 14)	13,565	25,447	225,834
Securities (notes 1, 2 and 14)	34,118	24,008	213,064
Notes and accounts receivable —			
Trade (note 14)	409,526	390,451	3,465,131
Associates (note 14)	445	405	3,594
Allowance for doubtful receivables (note 1)	(4,234)	(3,491)	(30,982)
Inventories (note 1)			
Merchandise and finished goods	38,270	34,632	307,348
Work in process and raw materials and supplies	52,874	50,099	444,613
Deferred tax assets (notes 1 and 6)	12,492	10,671	94,702
Other current assets	31,761	27,309	242,359
Total current assets	924,728	852,207	7,563,072
PROPERTY, PLANT AND EQUIPMENT (notes 1, 4, 5 and 12):			
Land	139,147	139,854	1,241,161
Buildings and structures	623,167	585,992	5,200,497
Machinery, equipment and vehicles	906,248	822,886	7,302,858
Construction in progress	31,885	26,930	238,995
	1,700,447	1,575,662	13,983,511
Accumulated depreciation	(1,134,322)	(1,037,685)	(9,209,132)
Total property, plant and equipment	566,125	537,977	4,774,379
INVESTMENTS AND OTHER ASSETS:			
Investments in and advances to associates (notes 1 and 14)	46,355	47,817	424,361
Investment securities (notes 1, 2 and 14)	353,588	326,308	2,895,882
Deferred tax assets (notes 1 and 6)	10,626	19,679	174,645
Long-term loans receivable	11,136	7,299	64,776
Net defined benefit asset (notes 1 and 7)	42,979	41,911	371,947
Intangible assets (notes 1 and 5)	27,587	27,441	243,530
Other assets (note 5)	11,518	15,936	141,428
Total investments and other assets	503,789	486,391	4,316,569
TOTAL ASSETS	¥ 1,994,642	¥ 1,876,575	\$ 16,654,020

The accompanying notes to the consolidated financial statements are an integral part of these statements.

As of March 31, 2015 and 2016

		Millions of yen	Thousands of U.S. dollars (note 1)
LIABILITIES AND NET ASSETS	2015	2016	2016
CURRENT LIABILITIES:			
Short-term loans (notes 3 and 14)	¥ 15,144	¥ 15,336	\$ 136,102
Current portion of long-term indebtedness (notes 3 and 14)	88,354	57,435	509,718
Notes and accounts payable —			
Trade (note 14)	277,155	264,270	2,345,314
Construction	37,199	33,511	297,400
Associates (note 14)	8,297	7,475	66,338
Accrued expenses	58,455	53,802	477,476
Income taxes payable (notes 1 and 6)	9,250	12,446	110,454
Other current liabilities	21,682	17,831	158,245
Total current liabilities	515,536	462,106	4,101,047
LONG-TERM LIABILITIES:			
Long-term indebtedness (notes 3 and 14)	254,345	208,340	1,848,953
Net defined benefit liability (notes 1 and 7)	43,000	55,021	488,294
Provision for directors' retirement benefits (note 1)	1,490	1,584	14,058
Deferred tax liabilities (notes 1 and 6)	85,795	71,754	636,794
Other long-term liabilities	11,632	10,918	96,894
Total long-term liabilities	396,262	347,617	3,084,993
CONTINGENT LIABILITIES (note 11)			
NET ASSETS (notes 1 and 8):			
SHAREHOLDERS' EQUITY			
Common stock:			
Authorized — 2,700,000,000 shares in 2015 and 2016			
Issued — 699,412,481 shares in 2015 and 2016			
	104,986	104,986	931,718
Capital surplus	117,739	117,743	1,044,933
Retained earnings	600,621	623,049	5,529,366
Treasury stock, at cost:			
59,060,374 shares and 59,143,552 shares as of March 31, 2015 and 2016, respectively			
	(57,295)	(57,380)	(509,230)
Total shareholders' equity	766,051	788,398	6,996,787
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Valuation difference on available-for-sale securities (notes 1 and 2)	150,543	138,536	1,229,464
Deferred gains or losses on hedges (note 1)	(54)	(289)	(2,565)
Foreign currency translation adjustment (note 1)	6,146	4,935	43,797
Remeasurements of defined benefit plans (note 1)	10,605	2,622	23,269
Total accumulated other comprehensive income	167,240	145,804	1,293,965
NON-CONTROLLING INTERESTS	149,553	132,650	1,177,228
TOTAL NET ASSETS	1,082,844	1,066,852	9,467,980
TOTAL LIABILITIES AND NET ASSETS	¥ 1,994,642	¥ 1,876,575	\$ 16,654,020

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Income

Toppan Printing Co., Ltd. and Subsidiaries

Years ended March 31, 2014, 2015 and 2016

			Millions of yen	Thousands of U.S. dollars (note 1)
	2014	2015	2016	2016
NET SALES	¥ 1,532,043	¥ 1,526,915	¥ 1,474,682	\$ 13,087,345
COST OF SALES	1,280,004	1,272,460	1,209,281	10,731,994
Gross profit	252,039	254,455	265,401	2,355,351
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	216,317	213,578	216,869	1,924,645
Operating income	35,722	40,877	48,532	430,706
OTHER INCOME (EXPENSES):				
Interest and dividend income	4,148	5,016	5,592	49,627
Interest expenses	(3,331)	(3,001)	(2,722)	(24,157)
Loss on valuation of investment securities (notes 1 and 2)	(80)	(263)	(307)	(2,725)
Share of profit of entities accounted for using equity method	1,918	3,039	2,373	21,060
Gain (loss) on sales of non-current assets	1,867	2,344	10,033	89,040
Loss (gain) on sales or retirement of non-current assets	(3,470)	(1,918)	(1,621)	(14,386)
Foreign currency exchange gains (losses)	2,894	4,611	(3,041)	(26,988)
Gain (loss) on sales of investment securities (note 2)	516	3,476	2,470	21,920
Impairment loss (note 5)	(1,893)	(2,925)	(5,212)	(46,255)
Unrealized gain (loss) on embedded derivatives	(82)	(373)	—	—
Gain (loss) on sales of shares of subsidiaries and associates	7,421	39	(3,909)	(34,691)
Gain (loss) on liquidation of subsidiaries and associates	(1,442)	(38)	8	71
Gain on contribution of securities to retirement benefit trust	—	—	1,023	9,079
Subsidy income	—	744	4,841	42,962
Gain on change in equity	109	794	—	—
Compensation income for expropriation	—	1,445	—	—
Other, net	(3,562)	(7,462)	(5,092)	(45,188)
Total	5,013	5,528	4,436	39,369
PROFIT BEFORE INCOME TAXES	40,735	46,405	52,968	470,075
INCOME TAXES (notes 1 and 6):				
Current	12,724	14,448	17,520	155,485
Deferred	3,397	4,555	(5,844)	(51,864)
Total	16,121	19,003	11,676	103,621
PROFIT	24,614	27,402	41,292	366,454
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(3,993)	(4,534)	(6,047)	(53,666)
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	¥ 20,621	¥ 22,868	¥ 35,245	\$ 312,788

			yen	U.S. dollars (note 1)
PER SHARE OF COMMON STOCK (note 9)	2014	2015	2016	2016
Earnings:				
Basic	¥ 32.12	¥ 35.67	¥ 55.04	\$ 0.49
Diluted	31.10	31.96	49.34	0.44
Cash dividends, applicable to earnings for year	18.00	18.00	18.00	0.16

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Toppan Printing Co., Ltd. and Subsidiaries

Years ended March 31, 2014, 2015 and 2016

	Millions of yen			Thousands of U.S. dollars (note 1)
	2014	2015	2016	2016
Profit	¥ 24,614	¥ 27,402	¥ 41,292	\$ 366,454
Other comprehensive income				
Valuation difference on available-for-sale securities	7,445	128,246	(13,102)	(116,276)
Deferred gains or losses on hedges	(107)	(105)	(235)	(2,086)
Foreign currency translation adjustment	18,913	11,321	(717)	(6,363)
Remeasurements of defined benefit plans, net of tax	—	16,392	(9,245)	(82,046)
Share of other comprehensive income of entities accounted for using equity method	1,543	962	(210)	(1,864)
Total other comprehensive income (note 15)	27,794	156,816	(23,509)	(208,635)
Comprehensive income	52,408	184,218	17,783	157,819
Comprehensive income attributable to:				
Owners of the parent	45,039	164,916	13,809	122,551
non-controlling interests	7,369	19,302	3,974	35,268

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Toppan Printing Co., Ltd. and Subsidiaries

Years ended March 31, 2014, 2015 and 2016

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2013	¥ 104,986	¥ 117,739	¥ 582,096	¥ (55,920)	¥ 748,901
Dividends of surplus			(11,559)		(11,559)
Profit attributable to owners of parent			20,621		20,621
Purchases of treasury stock				(86)	(86)
Disposal of treasury stock				1	1
Change in transaction with non-controlling interests					—
Net changes of items other than Shareholders' equity					—
Total changes of items during the period	—	—	9,062	(85)	8,977
Balance at March 31, 2014	¥ 104,986	¥ 117,739	¥ 591,158	¥ (56,005)	¥ 757,878
Cumulative effects of changes in accounting policies			(1,860)		(1,860)
Restated balance	¥ 104,986	¥ 117,739	¥ 589,298	¥ (56,005)	¥ 756,018
Dividends of surplus			(11,544)		(11,544)
Profit attributable to owners of parent			22,868		22,868
Purchases of treasury stock				(1,292)	(1,292)
Disposal of treasury stock			(1)	2	1
Change in transaction with non-controlling interests					—
Net changes of items other than Shareholders' equity					—
Total changes of items during the period	—	—	11,323	(1,290)	10,033
Balance at March 31, 2015	¥ 104,986	¥ 117,739	¥ 600,621	¥ (57,295)	¥ 766,051
Cumulative effects of changes in accounting policies			(1,287)		(1,287)
Restated balance	¥ 104,986	¥ 117,739	¥ 599,334	¥ (57,295)	¥ 764,764
Dividends of surplus			(11,530)		(11,530)
Profit attributable to owners of parent			35,245		35,245
Purchases of treasury stock				(87)	(87)
Disposal of treasury stock			(0)	2	2
Change in transaction with non-controlling interests		4			4
Net changes of items other than Shareholders' equity					—
Total changes of items during the period	—	4	23,715	(85)	23,634
Balance at March 31, 2016	¥ 104,986	¥ 117,743	¥ 623,049	¥ (57,380)	¥ 788,398

Millions of yen

	Accumulated other comprehensive income					Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2013	¥ 24,322	¥ 158	¥ (17,849)	—	¥ 6,631	¥ 13	¥ 132,877	¥ 888,422
Dividends of surplus								(11,559)
Profit attributable to owners of parent								20,621
Purchases of treasury stock								(86)
Disposal of treasury stock								1
Change in transaction with non-controlling interests								—
Net changes of items other than Shareholders' equity	8,748	(107)	15,776	(5,856)	18,561	(13)	(2,839)	15,709
Total changes of items during the period	8,748	(107)	15,776	(5,856)	18,561	(13)	(2,839)	24,686
Balance at March 31, 2014	¥33,070	¥ 51	¥ (2,073)	¥ (5,856)	¥ 25,192	—	¥ 130,038	¥ 913,108
Cumulative effects of changes in accounting policies							(1,045)	(2,905)
Restated balance at March 31, 2014	33,070	51	(2,073)	(5,856)	25,192	—	128,993	910,203
Dividends of surplus								(11,544)
Profit attributable to owners of parent								22,868
Purchases of treasury stock								(1,292)
Disposal of treasury stock								1
Change in transaction with non-controlling interests								—
Net changes of items other than Shareholders' equity	117,473	(105)	8,219	16,461	142,048	—	20,560	162,608
Total changes of items during the period	117,473	¥ (105)	8,219	16,461	142,048	—	20,560	172,641
Balance at March 31, 2015	¥ 150,543	¥ (54)	¥ 6,146	¥ 10,605	¥ 167,240	—	¥ 149,553	¥1,082,844
Cumulative effects of changes in accounting policies							(4)	(1,291)
Restated balance at March 31, 2015	150,543	(54)	6,146	10,605	167,240	—	149,549	1,081,553
Dividends of surplus								(11,530)
Profit attributable to owners of parent								35,245
Purchases of treasury stock								(87)
Disposal of treasury stock								2
Change in transaction with non-controlling interests								4
Net changes of items other than Shareholders' equity	(12,007)	(235)	(1,211)	(7,983)	(21,436)	—	(16,899)	(38,335)
Total changes of items during the period	(12,007)	(235)	(1,211)	(7,983)	(21,436)	—	(16,899)	(14,701)
Balance at March 31, 2016	¥ 138,536	¥ (289)	¥ 4,935	¥ 2,622	¥ 145,804	—	¥ 132,650	¥1,066,852

Thousands of U.S. dollars (note 1)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2015	\$ 931,718	\$ 1,044,897	\$ 5,330,325	\$ (508,475)	\$ 6,798,465
Cumulative effects of changes in accounting policies			\$ (11,422)		\$ (11,422)
Restated balance at April 1, 2015	\$ 931,718	\$ 1,044,897	\$ 5,318,903	\$ (508,475)	\$ 6,787,043
Dividends of surplus			(102,325)		(102,325)
Profit attributable to owners of parent			312,788		312,788
Purchases of treasury stock				(772)	(772)
Disposal of treasury stock			(0)	17	17
Change in transaction with non-controlling interests		36			36
Net changes of items other than Shareholders' equity					—
Total changes of items during the period	—	36	210,463	(755)	209,744
Balance at March 31, 2016	\$ 931,718	\$ 1,044,933	\$ 5,529,366	\$ (509,230)	\$ 6,996,787

Thousands of U.S. dollars (note 1)

	Accumulated other comprehensive income					Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2015	\$ 1,336,022	\$ (479)	\$ 54,544	\$ 94,116	\$ 1,484,203	—	\$ 1,327,236	\$ 9,609,904
Cumulative effects of changes in accounting policies							\$ (35)	\$ (11,457)
Restated balance at April 1, 2015	\$ 1,336,022	\$ (479)	\$ 54,544	\$ 94,116	\$ 1,484,203	—	\$ 1,327,201	\$ 9,598,447
Dividends of surplus								(102,325)
Profit attributable to owners of parent								312,788
Purchases of treasury stock								(772)
Disposal of treasury stock								17
Change in transaction with non-controlling interests								36
Net changes of items other than Shareholders' equity	(106,558)	(2,086)	(10,747)	(70,847)	(190,238)	—	(149,973)	(340,211)
Total changes of items during the period	(106,558)	(2,086)	(10,747)	(70,847)	(190,238)	—	(149,973)	(130,467)
Balance at March 31, 2016	\$ 1,229,464	\$ (2,565)	\$ 43,797	\$ 23,269	\$ 1,293,965	—	\$ 1,177,228	\$ 9,467,980

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Toppan Printing Co., Ltd. and Subsidiaries

Years ended March 31, 2014, 2015 and 2016

Millions of yen Thousands of U.S. dollars (note 1)

	2014	2015	2016	2016
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before income taxes	¥ 40,735	¥ 46,405	¥ 52,968	\$ 470,075
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:				
Depreciation	62,473	61,176	59,692	529,748
Impairment loss	1,893	2,925	5,212	46,255
Increase (decrease) in provision for retirement benefits	(38,699)	—	—	—
Decrease (increase) in net defined benefit liability	34,265	2,200	970	8,608
Decrease (increase) in prepaid pension costs	34,116	—	—	—
Increase (decrease) in net defined benefit asset	(25,781)	1,049	(1,296)	(11,502)
Increase (decrease) in allowance for doubtful accounts	(3,609)	(233)	(1,154)	(10,241)
Interest and dividend income	(4,148)	(5,016)	(5,592)	(49,627)
Interest expenses	3,331	3,001	2,722	24,157
Share of (profit) loss of entities accounted for using equity method	(1,918)	(3,039)	(2,373)	(21,060)
Loss (gain) on sales of investment securities	(516)	(3,476)	(2,470)	(21,920)
Loss (gain) on valuation of investment securities	80	263	307	2,725
Loss (gain) on sales or retirement of non-current assets	1,603	(426)	(8,412)	(74,654)
Loss (gain) on sales of shares of subsidiaries and associates	—	(39)	3,909	83,546
Decrease (increase) in notes and accounts receivable - trade	13,570	(5,805)	9,414	34,691
Decrease (increase) in inventories	2,313	(1,468)	2,200	19,524
Increase (decrease) in notes and accounts payable - trade	12,869	4,194	(9,327)	(82,774)
Increase (decrease) in consumption taxes receivable/payable	(2,146)	7,321	(3,525)	(31,283)
Other, net	1,779	4,962	4,066	36,084
Subtotal	132,210	113,994	107,311	952,352
Interest and dividend income received	4,109	4,962	5,505	48,855
Interest expenses paid	(3,683)	(3,089)	(2,897)	(25,710)
Proceeds from subsidy income	—	726	4,912	43,592
Income taxes (paid) refund	(14,610)	(12,482)	(13,199)	(117,137)
Net cash provided by operating activities	118,026	104,111	101,632	901,952
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of securities	(15,318)	(23,997)	(22,300)	(197,906)
Proceeds from sales of securities	5,899	26,109	35,300	313,277
Purchase of property, plant and equipment	(65,648)	(68,616)	(59,130)	(524,760)
Proceeds from sales of property, plant and equipment	5,809	3,820	13,851	122,923
Purchase of intangible assets	(7,152)	(8,385)	(6,941)	(61,599)
Purchase of investment securities	(32,025)	(9,334)	(6,861)	(60,889)
Proceeds from sales or redemption of investment securities	5,948	10,938	8,859	78,621
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,476)	(1,351)	—	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	7,594	—	3,429	30,431
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(523)	—	—	—
Proceeds from sales of shares of subsidiaries	—	3,233	—	—
Purchase of shares of subsidiaries and associates	(623)	(1,881)	—	—
Proceeds from sales of shares of subsidiaries and associates	—	—	499	4,428
Decrease (Increase) in time deposits, net	(9,878)	(1,943)	(21,072)	(187,007)
Payments of long-term loans receivable	(151)	(95)	(382)	(3,390)
Other, net	(1,104)	899	(546)	(4,846)
Net cash used in investing activities	(108,648)	(70,603)	(55,294)	(490,717)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net increase (decrease) in short-term loans payable	1,518	(2,014)	1,046	9,283
Proceeds from long-term loans payable	7,079	18,018	11,585	102,813
Repayment of long-term loans payable	(17,046)	(14,764)	(28,443)	(252,423)
Proceeds from issuance of bonds	80,096	19,915	—	—
Redemption of bonds	(40,440)	—	(58,170)	(516,241)
Purchase of treasury shares	(84)	(69)	(85)	(754)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	—	(720)	(6,390)
Proceeds from share issuance to non-controlling shareholders	160	3,194	282	2,503
Cash dividends paid	(11,604)	(11,602)	(11,601)	(102,955)
Dividends paid to non-controlling interests	(4,147)	(2,320)	(1,379)	(12,238)
Other, net	(519)	(482)	(1,797)	(15,948)
Net cash provided by (used in) financing activities	15,013	9,876	(89,282)	(792,350)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	7,241	4,837	(291)	(2,582)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,632	48,221	(43,235)	(383,697)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (note 1)	256,058	287,690	335,911	2,981,106
CASH AND CASH EQUIVALENTS AT END OF PERIOD (note 1)	¥ 287,690	¥ 335,911	¥ 292,676	\$ 2,597,409

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

Toppan Printing Co., Ltd. and Subsidiaries

note 1

Summary of Significant Accounting and Reporting Policies

The following is a summary of the significant accounting and reporting policies adopted by Toppan Printing Co., Ltd. (the "Company") and its subsidiaries in the preparation of the consolidated financial statements.

Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the four specified items described in 'Principles of Consolidation' as applicable.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers using the prevailing exchange rate at March 31, 2016, which was ¥112.68 to U.S. \$1. The convenience translation should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2014 and 2015 to conform to the presentation for the year ended March 31, 2016.

Principles of Consolidation

The consolidated financial statements for 2014, 2015 and 2016 include the accounts of the Company and its subsidiaries (the "Companies") over which the Company has control through majority voting rights or the existence of certain conditions evidencing control by the Company. Significant inter-company balances, transactions and profits have been eliminated in consolidation.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. The difference between the net assets at fair value and book value of investments at acquisition date is recorded as goodwill or negative goodwill. Goodwill is amortized on a straight-line basis over 5 to 12 years, the estimated period to be benefited, and negative goodwill is recognized in income statement immediately.

Investments in associates for which the Company has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method.

On March 26 2015, the Accounting Standards Board of Japan issued Practice Issue Task Force No.18, "Revised Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No.18"). PITF No.18 requires that accounting

policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statement. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statement using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following four items are required in the consolidation process so that their impacts on profit attributable to owners of parent are accounted for in accordance with Japanese GAAP unless the impact is not material.

- (a) Goodwill not subject to amortization
- (b) Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss
- (c) Capitalized expenditures for research and development activities
- (d) Fair value measurement of investment properties, and revaluation of property, plant and equipment and intangible assets

Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, readily available deposits and short-term investments, which are easily convertible into cash, present insignificant risk of changes in value and have maturities not exceeding three months at the time of purchase.

Securities

The Company and domestic subsidiaries examine the intent of holding each security and classify those securities as (a) securities held for trading purposes ("trading securities"), (b) equity securities issued by subsidiaries and associates ("equity securities"), and (c) all other securities that are not classified in any of the above categories ("available-for-sale securities").

The Companies had no trading securities. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of available-for-sale securities are computed using moving average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving average cost.

If the market value of available-for-sale securities declines significantly and the decline is considered other than temporary, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline.

If the fair market value of equity securities is not readily available, such securities should be written down to net asset value with a corresponding charge in the consolidated statements of income in the event that the net asset value declines significantly.

In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Allowance for Doubtful receivables

The allowance for doubtful receivables is provided to cover probable losses on collection by estimating individually uncollectible amounts on applying the past rate of actual losses on collection.

Inventories

Inventories are generally stated at cost determined by the following methods:

Merchandise	Primarily first in, first out method
Finished goods and work in process	Primarily specific identification method
Raw materials	Primarily moving average method

In case where the profitability has declined, the book value of inventories is reduced accordingly.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. Buildings, excluding building fixtures, are depreciated under the straight-line method, and other property, plant and equipment are mainly depreciated under the declining-balance method over their estimated useful lives. The range of useful lives is 8 to 50 years for buildings and structures, and 2 to 15 years for machinery and equipment and vehicles.

Leased assets are depreciated over respective lease terms by the straight-line method without residual value.

Leases

Finance leases which commenced prior to April 1, 2008 have been accounted for as operating leases with disclosure of certain "as if capitalized" information.

Software Costs

Cost of software for internal use are depreciated using the straight-line method over their estimated useful lives (5 years). The net unamortized amount of software costs is included in "Intangible assets" in the consolidated balance sheets.

Income Taxes

The asset and liability approach is used to recognize deferred tax assets or liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and operating loss. Deferred tax assets or liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. The measurement of deferred tax assets or liabilities reflects the tax consequences that would result in the manner and from the period in which the Company expects, at the balance sheet date, to realize or settle the carrying amount of its assets and liabilities.

Net Defined Benefit Liability

Certain subsidiaries have defined contribution pension plans.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and domestic subsidiaries provided the allowance for employees' severance and retirement benefits at the end of each fiscal year based on the estimated amount of projected benefit obligation and the fair value of plan assets at that date.

Prior service costs are amortized over primarily 15 years. Actuarial gains and losses are charged to income or loss using the straight-line method over the average of the estimated remaining service lives of employees (primarily 15 years), commencing with the following period.

Provision for Directors' Retirement Benefits

Some domestic subsidiaries have unfunded termination and retirement benefit plans for directors and audit and supervisory board members who customarily receive lump-sum payments upon termination, subject to shareholders' approval. The accrued severance and retirement benefits for directors and audit and supervisory board members is calculated in accordance with internal regulations.

Derivatives and Hedge Accounting

Derivative financial instruments are stated at fair value and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for and qualify as hedges, in which case the instrument gains and losses are deferred, net of tax, as a component of net assets in the consolidated balance sheets until the related losses or gains on the hedged items are also recognized.

However, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is reported as part of net interest expense.

The following summarizes hedging derivative financial instruments used by the Company and certain subsidiaries and the items hedged in the year ended March 31, 2016:

Hedging instruments:	Hedge items:
Forward foreign exchange contracts	Foreign currency trade receivables and trade payables and forecast transactions denominated in foreign currency
Interest rate swap contracts	Interest on bonds and loans payable

The Company and certain subsidiaries evaluate hedge effectiveness quarterly by comparing the cumulative changes in cash flows or fair value of the hedging derivative with the corresponding changes in cash flows or fair value of hedged items.

Foreign Currency Translation

Foreign currency transactions are translated into Japanese yen using the exchange rates in effect at the time of the transactions or at the applicable exchange rates under related forward exchange contracts.

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the year-end rate.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are also translated into Japanese yen at the current exchange rate. Any resulting translation differences are reflected as foreign currency translation adjustments in net assets in the consolidated balance sheets.

Research and Development Expenses

Expenses relating to research and development activities are charged to income as incurred. Research and development expenses include practical-application research expenses of the Technical Development Departments and other research expenses incurred by the Toppan Technical Research Institute.

The subject amounts for the years ended March 31, 2014, 2015 and 2016, are as follows:

	2014	2015	2016	2016
			Millions of yen	Thousands of U.S. dollars
Research and development expenses	¥ 19,821	¥ 19,084	¥ 17,975	\$ 159,523

Appropriations of Retained Earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Changes in Accounting Policies

The Company and its consolidated domestic subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013 (hereinafter, "Statement No.21")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013(hereinafter, "Statement No.22")), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013 (hereinafter, Statement No.7)) (together, the "Business Combination Accounting Standards") from the current fiscal year. As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company's ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed its accounting policy for the reallocation of acquisition costs due to the completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company also changed the presentation of net income and the term "non-controlling interests" is used instead of "minority interests". Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in article58-2(4) of Statement No.21, article44-5(4) of Statement No.22 and article 57-4(4) of Statement No.7 with application from the beginning of the current fiscal year prospectively.

In the consolidated statements of cash flows, cash flows from purchase or sales of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from financing activities" and cash flows from acquisition related costs for shares of subsidiaries with changes in the scope of consolidation or costs related to purchase or sales of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from operating activities".

The effects of these changes in the consolidated financial statements and on per share information for the current fiscal year are immaterial.

(Change in Valuation Method for Inventories)

The Company and some consolidated subsidiaries changed the valuation method for their finished goods and work in process from primarily the retail method (in cases where the profitability has declined, the book value is reduced accordingly) to primarily the specific identification method (in cases where the profitability has declined, the book value is reduced accordingly.) from the fiscal year ended March 31, 2016, as the newly implemented cost accounting system enables a more precise calculation of the value of inventories and a more appropriate recognition of periodical gain and loss.

Given the impracticability of calculating cumulative effect of this change at the beginning of the previous fiscal year due to lack of sufficient data accumulation for prior years, the difference between the book value of finished goods and work in process at the beginning of the current fiscal year based on the new valuation method and the book value of finished goods and work in process at the end of the previous fiscal year is reflected in the balance at the beginning of the current fiscal year.

As a result, retained earnings at the beginning of the fiscal year ended

March 31, 2016, decreased by ¥1,287 million (US\$11,422 thousand), which was the cumulative effect of the adjustment at the beginning of the current fiscal year. As compared with the previous method, finished goods and work in process at the end of the current fiscal year also decreased by ¥1,865 million (US\$16,551 thousand), and operating income and profit before income taxes for the current fiscal year ended March 31, 2016, increased by ¥57 million (US\$506 thousand) respectively.

The effects on per share information are immaterial.

Accounting Standards issued but not yet applied

"Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26, March 28, 2016 (hereinafter, "Guidance No.26")

(1) Summary

Following the framework in Auditing Committee Report No.66 "Audit Treatment regarding the Judgment of Recoverability of Deferred Tax Assets", which prescribes estimation of deferred tax assets according to the classification of the entity by one of five types, the following treatments were changed as necessary:

- ① Treatment for an entity that does not meet any of the criteria in types 1 to 5;
- ② Criteria for types 2 and 3;
- ③ Treatment for deductible temporary differences which an entity classified as type 2 is unable to schedule;
- ④ Treatment for the period which an entity classified as type 3 is able to reasonably estimate with respect to future taxable income before consideration of taxable or deductible temporary differences that exist at the end of the current fiscal year;
- ⑤ Treatment when an entity classified as type 4 also meets the criteria for types 2 or 3.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2017.

(3) Effects of application of the Guidance

The effects of these changes in the consolidated financial statements and on per share information for the current fiscal year are immaterial.

Changes in method of presentation

(Consolidated Statements of Income)

From the fiscal year ended March 31, 2016, "Subsidy income", which had been included in "Other, net" under "OTHER INCOME (EXPENSES)", has been listed separately due to its increased materiality.

It has been reclassified in the consolidated financial statements for the fiscal year ended March 31, 2015 to reflect this change in presentation method.

As a result, in the consolidated statements of income for the fiscal year March 31, 2015, the ¥744 million was reclassified as "Subsidy income". (Consolidated Statements of Cash Flows)

From the fiscal year ended March 31, 2016, "Loss (gain) on sales of shares of subsidiaries and associates" and "Proceeds from subsidy income", which had been included in "Other, net" under "CASH FLOWS FROM OPERATING ACTIVITIES", has been listed separately due to its increased materiality. It has been reclassified in the consolidated financial statements for the fiscal year ended March 31, 2015 to reflect this change in presentation method.

As a result, in the consolidated statements of cash flow for the fiscal year ended March 31, 2015, the ¥(39) million was reclassified as "Loss (gain) on sales of shares of subsidiaries and associates" and the ¥726 million was reclassified as "Proceeds from subsidy income".

note 2

Marketable and Investment Securities

The following tables summarize historical costs, book values and fair values of securities with available fair values as of March 31, 2015 and 2016:

Available-for-sale securities

Securities with book values exceeding historical costs

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Equity securities			
Book value	¥ 307,819	¥ 273,419	\$ 2,426,509
Historical costs	73,106	61,801	548,465
Difference	234,713	211,618	1,878,044

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Bonds			
Book value	¥ 24,739	¥ 9,884	\$ 87,717
Historical costs	24,648	9,791	86,892
Difference	91	93	825

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Others			
Book value	¥ 2,395	¥ 4,952	\$ 43,947
Historical costs	2,295	4,864	43,166
Difference	100	88	781

Securities with book values below historical costs

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Equity securities			
Book value	¥ 3,587	¥ 12,356	\$ 109,656
Historical costs	4,439	13,893	123,296
Difference	(852)	(1,537)	(13,640)

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Bonds			
Book value	¥ 16,274	¥ 17,246	\$ 153,053
Historical costs	16,298	17,285	153,399
Difference	(24)	(39)	(346)

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Others			
Book value	¥ 14,993	¥ 14,911	\$ 132,330
Historical costs	15,012	15,175	134,673
Difference	(19)	(264)	(2,343)

Disclosure in "Financial instruments of which fair values are difficult to quote" as of March 31, 2016 is included under note 14.

In addition, please see "Scheduled redemption amounts for monetary claims and securities with maturity after the consolidation date" under note 14.

Available-for-sale securities sold in the years ended March 31, 2014, 2015 and 2016 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2014	2015	2016	2016
Sales amount	¥ 2,849	¥ 10,526	¥ 7,224	\$ 64,111
Gross realized gains	1,160	3,492	2,485	22,054
Gross realized losses	107	16	15	133

note 3

Short-Term Loans and Long-Term Indebtedness

Short-term loans consisted of unsecured loans payable to banks at weighted average interest rates of 1.00% per annum for March 31, 2015 and 2016. Long-term indebtedness as of March 31, 2015 and 2016 is detailed in the following table:

	Yen per share	Millions of yen		Thousands of U.S. dollars
	Conversion price	2015	2016	2016
Zero coupon unsecured convertible bonds (with stock acquisition rights), due 2026	¥ 1,910.00	¥ 150	¥ 150	\$ 1,331
Zero coupon unsecured convertible bonds (with stock acquisition rights), due 2016	1,094.00	40,111	40,044	355,377
Zero coupon unsecured convertible bonds (with stock acquisition rights), due 2019	1,094.00	40,000	40,000	354,988
Unsecured bonds—				
1.6%, due 2015		30,000	—	—
1.4%, due 2020		30,000	30,000	266,241
0.9%, due 2023		40,000	40,000	354,988
1.1%, due 2029		20,000	20,000	177,494
Floating rate, due 2015 *1		29,958	—	—
Unsecured loans—				
0.4-5.0%, due 2015 through 2034		112,364	—	—
0.4-5.0%, due 2016 through 2034		—	95,581	848,252
Mortgage loans—				
1.5%, due 2015 through 2016		116	—	—
Total long-term indebtedness		342,699	265,775	2,358,671
Less: Current portion included in current liabilities		(88,354)	(57,435)	(509,718)
Net long-term indebtedness		¥ 254,345	¥ 208,340	\$ 1,848,953

*1 The floating rate is calculated based on the 20 year swap rate and 2 year swap rate. (If the result of this calculation is below 0, the rate will be 0%.)

The aggregate annual maturities of long-term debt at March 31, 2016 are as follows:

Fiscal year ending March 31	Millions of yen	Thousands of U.S. dollars
	2016	2016
2018	¥ 15,928	\$ 141,356
2019	4,347	38,578
2020	4,290	38,072
2021	2,037	18,078
2022 and thereafter	51,588	457,827

note 4

Pledged Assets

As of March 31, 2015 and 2016, the following assets were pledged as collateral for current portion of long-term indebtedness and long-term indebtedness:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Time deposits with original maturities over three months	¥ 169	¥ 170	\$ 1,509
Land	942	—	—
Buildings and structures	1,000	—	—
Total	¥ 2,111	¥ 170	\$ 1,509

note 5

Impairment Loss

The Companies, as a general rule, classifies grouping operating assets into major product category and idle assets into individual asset basis. In calculating recoverable amounts, as a general rule, the Companies use the net realizable value for idle assets and the value in use or the net realizable value for other assets. The net realizable value is calculated based mainly on the current realizable values of similar assets and official appraised value.

As a result, ¥1,893 million, ¥2,925 million and ¥5,212 million (US\$46,255 thousand) in the years ended March 31, 2014, 2015 and 2016 respectively, were recorded as impairment loss in other income (expenses).

In the year ended March 31, 2014, loss on the idle assets in Osaka City and Kita-ward, operating assets in Minato-ward, and production equipment in Mito City were due to the decision to retire the assets. Loss on the plant in Koto-ward was due to the decision made to close the plant. Loss on the idle asset in Higashiomi City was due to the decision that the effective use of the asset could no longer be expected.

In the year ended March 31, 2014, the impairment loss was ¥1,329 million for idle assets, ¥394 million for plant, ¥149 million for operating assets, and ¥21 million for production equipment. By assets category, the loss is ¥1,446 million for buildings and structures, ¥296 million for machinery and equipment ¥2 million for land, plant and equipment, and ¥149 million for other intangible assets.

In the year ended March 31, 2015, Loss on the production equipment of solar cell components in Fukaya City was due to a decline in its profitability, primarily caused by changes in the needs of customers and significant fall in market price. Loss on plant in China was due to a deterioration of business environment caused by shrinking manual process and printing market.

In the year ended March 31, 2015, the impairment loss was ¥2,523 million for the production equipment of solar cell components and ¥402 million for plant. By assets category, the loss was ¥363 million for buildings and structures, ¥2,526 million for machinery and equipment, plant and equipment, ¥9 million for other intangible assets, and ¥27 million for other items in investments and other assets.

In the year ended March 31, 2016, loss on the idle assets in Oizumi Town and Itami City were due to the decision that some of the non-current assets at the concerned plants were bound to be decommissioned following the plants relocation as the use of the assets is not expected in the future. Loss on the idle assets in Higashiomi City was due to the decision made to retire the assets and the decision that the effective use of the assets could no longer be expected in the future. Loss on the production equipments of semiconductors in Tamana City and Nyuzen Town were due to a decline in their profitability associated with the deterioration of business environment. Loss on the software for digital content in Kita-ward and Minato-ward were due to the infeasibility of the initially expected level of earnings, because of factors such as the advancement of technologies and changes in market environment.

In the year ended March 31, 2016, the impairment loss was ¥3,806 million (US\$33,777 thousand) for idle assets, ¥1,054 million (US\$9,354 thousand) for production equipments of semiconductors, and ¥352 million (US\$3,124 thousand) for software for digital content. By assets category, the loss was ¥3,684 million (US\$32,694 thousand) for buildings and structures, ¥1,134 million (US\$10,064 thousand) for machinery, equipment and vehicles, other, ¥1 million (US\$9 thousand) for land, and ¥393 million (US\$3,488 thousand) for intangible assets.

2014

Location	Use	Category
Osaka City, Osaka Prefecture	Idle assets	Buildings, etc.
Kita-ward, Tokyo	Idle assets	Buildings, etc.
Higashiomi City, Shiga Prefecture	Idle assets	Buildings, machinery and equipment, etc.
Koto-ward, Tokyo	Plant	Buildings, etc.
Minato-ward, Tokyo	Operating assets	Intangible assets
Mito City, Ibaraki Prefecture	Production equipment	Machinery and equipment, etc.

2015

Location	Use	Category
Fukaya City, Saitama Prefecture	Production equipment of Solar cell components	Machinery and equipment, etc.
Guangdong Province, China	Plant	Buildings, etc.

2016

Location	Use	Category
Oizumi Town, Gunma Prefecture	Idle assets	Buildings, machinery and equipment, etc.
Itami City, Hyogo Prefecture	Idle assets	Buildings, machinery and equipment, etc.
Higashiomi City, Shiga Prefecture	Idle assets	Buildings, etc.
Higashiomi City, Shiga Prefecture	Idle assets	Machinery and equipment, etc.
Tamana City, Kumamoto Prefecture	Production equipment	Machinery and equipment, etc.
Nyuzen Town, Toyama Prefecture	Production equipment	Buildings, machinery and equipment, etc.
Kita-ward, Tokyo	Operating assets	Intangible assets
Minato-ward, Tokyo	Operating assets	Intangible assets

note 6

Income Taxes

The Company is subject to several taxes (corporate, inhabitant and enterprise) based on income.

The following table summarizes the significant differences between the Company's statutory tax rate and the effective tax rate for financial statement purposes for the years ended March 31, 2014, 2015 and 2016:

	2014	2015	2016
Statutory tax rate	37.6%	35.2%	32.9%
Difference in statutory tax rates of subsidiaries outside Japan	(1.2)	(0.7)	(1.0)
Dividend income and other income permanently excluded from gross revenue	(12.6)	(11.6)	(4.9)
Change in valuation allowance	5.9	2.3	(9.8)
Entertainment and other permanently non-deductible expenses	3.0	2.5	1.8
Effect of elimination of intercompany dividend distributions	10.7	10.5	3.7
Effect of equity in earnings (losses) of associates	(0.6)	(2.3)	(0.7)
Special tax credit for research and development expenses, etc	(0.7)	(0.8)	(1.7)
Downward revision of year-end deferred tax assets due to change in tax rate	2.0	2.2	1.5
Other	(4.5)	3.7	0.2
Income tax rate after tax effect accounting	39.6%	41.0%	22.0%

Significant components of deferred tax assets and liabilities as of March 31, 2015 and 2016 are as follows

		Millions of yen	Thousands of U.S. dollars
	2015	2016	2016
Deferred tax assets			
Allowance for doubtful accounts in excess of deductible expenses	¥ 921	¥ 914	\$ 8,111
Provision for bonuses	5,421	5,336	47,355
Depreciation and amortization in excess of deductible expenses	453	946	8,395
Net defined benefit liability	17,157	19,282	171,122
Unrealized gains (loss) on non-current assets	912	407	3,612
Tax loss carried forward	24,978	22,650	201,012
Loss on valuation of investment securities	2,535	1,968	17,465
Impairment loss	2,269	3,235	28,710
Other	12,413	15,872	140,860
	67,059	70,610	626,642
Valuation allowance	(30,762)	(26,465)	(234,869)
Total	36,297	44,145	391,773
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(74,843)	(63,941)	(567,457)
Tax purpose reserves regulated by Japanese tax law	(4,510)	(4,519)	(40,105)
Net defined benefit asset	(14,591)	(12,528)	(111,182)
Other	(5,195)	(4,642)	(41,195)
Total	(99,139)	(85,630)	(759,939)
Deferred tax assets, net	¥ (62,842)	¥ (41,485)	\$ (368,166)

note 7

Liability for Retirement Benefits

1. Defined benefit plans (Including plans applying the simplified method)

(1) Reconciliations of the balances of projected benefit obligations at beginning and end of period

			Millions of yen	Thousands of U.S. dollars
	2014	2015	2016	2016
Balance of projected benefit obligations at beginning of period	¥ 163,099	¥ 166,800	¥ 171,795	\$ 1,524,627
Cumulative effects of changes in accounting policies	–	4,110	–	–
Restated balance	¥ 163,099	¥ 170,910	¥ 171,795	\$ 1,524,627
Service cost	10,398	10,208	10,301	91,418
Interest cost	2,800	1,949	1,919	17,031
Amount of actuarial differences incurred	7,878	514	14,534	128,985
Retirement benefits paid	(12,568)	(11,323)	(10,773)	(95,607)
Past service costs	224	–	–	–
Amount of decrease associated with defined contribution pension plan	(1,016)	(820)	–	–
Amount of decrease resulting from change in scope of consolidation	(3,684)	–	(123)	(1,092)
Other	(331)	357	(42)	(373)
Balance of projected benefit obligations at end of period	¥ 166,800	¥ 171,795	¥ 187,611	\$ 1,664,989

(2) Reconciliations of the balances of plan assets at beginning and end of period

			Millions of yen	Thousands of U.S. dollars
	2014	2015	2016	2016
Balance of plan assets at beginning and end of period	¥ 140,373	¥ 149,816	¥ 171,773	\$ 1,524,432
Expected return on plan assets	2,449	2,711	2,727	24,201
Amount of actuarial differences incurred	11,999	22,359	(354)	(3,142)
Employer contributions	4,642	4,723	8,023	71,202
Retirement benefits paid	(8,144)	(7,903)	(7,540)	(66,915)
Amount of increase (decrease) resulting from change in scope of consolidation	(1,093)	–	(120)	(1,065)
Other	(410)	67	(7)	(62)
Balance at plan assets at end of period	¥ 149,816	¥ 171,773	¥ 174,502	\$ 1,548,651

(3) Reconciliations between balances of projected benefit obligations and plan assets at end of period and net defined benefit liability and net defined benefit asset recorded on the Consolidated Balance Sheets

			Millions of yen	Thousands of U.S. dollars
	2014	2015	2016	2016
Projected benefit obligations of the funded pension plan	¥ 134,489	¥ 140,189	¥ 153,459	\$ 1,361,901
Plan assets	(149,816)	(171,773)	(174,502)	(1,548,651)
	(15,327)	(31,584)	(21,043)	(186,750)
Projected benefit obligation of the unfunded pension plan	32,311	31,605	34,153	303,097
Net liabilities and assets recorded on the Consolidated Balance Sheets	16,984	21	13,110	116,347
Net defined benefit liability	46,596	43,000	55,021	488,294
Net defined benefit assets	(29,612)	(42,979)	(41,911)	(371,947)
Net liabilities and assets recorded on the Consolidated Balance Sheets	¥ 16,984	¥ 21	¥ 13,110	\$ 116,347

(4) Retirement benefit expenses and its breakdown

			Millions of yen	Thousands of U.S. dollars
	2014	2015	2016	2016
Service cost	¥ 10,398	¥ 10,208	¥ 10,301	\$ 91,418
Interest cost	2,800	1,949	1,919	17,031
Expected return on plan assets	(2,449)	(2,711)	(2,727)	(24,201)
Actuarial differences accounted for as expenses	3,207	2,918	1,335	11,848
Prior service cost accounted for as expenses	(429)	(429)	(426)	(3,781)
Retirement benefit expenses relating to the defined benefit plan	13,527	11,935	10,402	92,315
Payment of special retirement benefits	170	1,185	1,371	12,167
Gain on revision of retirement benefit plan associated with the conversion to the defined contribution pension plan	¥ 419	¥ 28	–	–

(5) Remeasurements of defined benefit plans

Breakdown of items (before tax effect adjustment) reported in the remeasurements of defined benefit plans is as follows.

	2014	2015	Millions of yen 2016	Thousands of U.S. dollars 2016
Prior service cost	—	¥ (429)	¥ (428)	\$ (3,798)
Actuarial differences	—	24,803	(13,405)	(118,966)
Total	—	¥ 24,374	¥ (13,833)	\$ (122,764)

(6) Cumulative remeasurements of defined benefit plans

Breakdown of items (before tax effect adjustment) reported in the cumulative remeasurements of defined benefit plans is as follows.

	2014	2015	Millions of yen 2016	Thousands of U.S. dollars 2016
Unrecognized prior service cost	¥ 2,547	¥ 2,119	¥ 1,691	\$ 15,007
Unrecognized actuarial differences	(11,047)	13,756	350	3,106
Total	¥ (8,500)	¥ 15,875	¥ 2,041	\$ 18,113

(7) Plan assets

1. Breakdown of major plan assets

The ratio of each main category to the total plan assets is as follows.

	2014	2015	2016
Equity securities	46.2%	51.6%	46.2%
Bonds	28.4%	27.4%	28.6%
Cash and cash equivalents	12.5%	8.6%	11.6%
Other	12.9%	12.4%	13.6%
Total	100.0%	100.0%	100.0%

(Note)The total of plan assets includes 24.6%, 28.1% and 28.5% of the assets contributed to retirement benefit trust for the corporate pension plan for the years ended March 31, 2014, 2015 and 2016.

2. Setting method of an expected long-term expected rate of return

In determining the expected long-term rate of return on plan assets, the Company considers the current and projected plan asset allocations, as well as the current and expected long-term rate of return on a diversity of assets constituting plan assets.

(8) Actuarial assumptions

Major actuarial assumptions used at the end of the current period (presented in weighted average)

	2014	2015	2016
Discount rate	Mainly 1.2%	Mainly 1.2%	Mainly 0.1%
Long-term expected rate of return	Mainly 2.5%	Mainly 2.5%	Mainly 2.5%
Estimated rate of increase in salary	Mainly 6.3%	Mainly 6.3%	Mainly 6.3%

3. Defined contribution pension plan

The amount of the consideration to the defined contribution pension plan in consolidated subsidiaries was ¥457 million, ¥533 million and ¥416 million (US\$3,692 thousand) for the year ended March 31, 2014, 2015 and 2016.

note 8

Net Assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law ("the Law"), in cases where a dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit

or could be capitalized by a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends.

All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the Board of Directors' meeting held on May 26, 2016, the directors approved cash dividends amounting to ¥5,800 million (US\$51,473 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2016.

note 9

Per Share Information

Basic earnings per share of common stock has been computed based on the weighted average number of shares of common stock outstanding during each fiscal year (less treasury stock). Diluted earnings per share is based on the weighted average number of shares of common stock issued and dilutive common stock equivalents. Convertible bonds are considered as common stock equivalents and

are included in the calculation of income per share when they are dilutive. In computing diluted earnings per share, earnings is adjusted for interest expense, net of income taxes, on the dilutive convertible bonds. Dividends per share shown in the accompanying consolidated statements of income have been presented on an accrual basis, also including applicable dividends approved after each fiscal year-end.

note 10

Derivative Transactions

The Company and certain subsidiaries use derivative financial instruments selectively to manage interest rate risk and foreign exchange risk. The Company and certain subsidiaries enter into forward foreign exchange contracts, currency swap contracts to reduce foreign exchange risks, and use interest rate swap contracts to manage floating interest rate risk. A certain subsidiaries have embedded derivative instruments to enhance yield and issue embedded derivative instruments to reduce interest expense. To reduce the credit risk of counterparties in derivative transactions, the Company and several subsidiaries select major, creditworthy financial institutions as counterparties.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with established policies, including specified limits on the amounts of derivative transactions allowed and required counterparty credit standing. The Director in charge of the Finance Department reports information on derivative transactions to the Board of Directors quarterly.

The fair value of derivative financial instruments is estimated by obtaining quotes from brokers.

The contracted amounts and the estimated fair values of the financial instruments, including financial instruments not qualifying as hedges, as of March 31, 2015 and 2016, are summarized as follows:

2015	Contracted amount		Estimated fair value	Millions of yen
	Within one year	Over one year		Unrealized gains (losses)
Forward foreign exchange contracts—				
Sell : U.S. dollars (buy Japanese yen)	¥ 473	¥ —	¥ (21)	¥ (21)
Sell : RMB (buy U.S. dollars)	862	—	(8)	(8)
Sell : Euro (buy U.S. dollars)	414	—	23	23
Sell : Korean won (buy U.S. dollars)	482	—	(0)	(0)
Buy : U.S. dollars (sell Japanese yen)	12,588	—	5,617	5,617
Buy : RMB (sell U.S. dollars)	20	—	0	0
Buy : Japanese yen (sell Taiwan dollars)	8,939	—	(177)	(177)
Buy : Korean won (sell U.S. dollars)	91	—	(1)	(1)
Interest rate swap contracts—				
Receipt floating rate and Payment floating rate	30,043	—	(156)	(156)
Payment fixed rate and Receipt floating rate	35,680	35,680	(48)	(48)
Embedded derivative —	30,043	—	*	*
Total	—	—	¥ 5,229	¥ 5,229

2016	Contracted amount		Estimated fair value	Millions of yen
	Within one year	Over one year		Unrealized gains (losses)
Forward foreign exchange contracts—				
Sell : U.S. dollars (buy Japanese yen)	¥ 508	¥ —	¥ 4	¥ 4
Sell : RMB (buy U.S. dollars)	213	—	(1)	(1)
Sell : Euro (buy U.S. dollars)	458	—	(6)	(6)
Sell : Korean won (buy U.S. dollars)	15	—	(1)	(1)
Buy : U.S. dollars (sell Japanese yen)	1,191	428	(79)	(79)
Buy : RMB (sell U.S. dollars)	212	—	1	1
Buy : Japanese yen (sell Taiwan dollars)	—	—	—	—
Buy : Korean won (sell U.S. dollars)	15	—	0	0
Interest rate swap contracts—				
Receipt floating rate and Payment floating rate	—	—	—	—
Payment fixed rate and Receipt floating rate	37,100	37,100	(350)	(350)
Embedded derivative —	—	—	*	*
Total	—	—	¥ (432)	¥ (432)

2016	Contracted amount		Estimated fair value	Thousands of U.S. dollars
	Within one year	Over one year		Unrealized gains (losses)
Forward foreign exchange contracts—				
Sell : U.S. dollars (buy Japanese yen)	\$ 4,508	\$ —	\$ 35	\$ 35
Sell : RMB (buy U.S. dollars)	1,890	—	(9)	(9)
Sell : Euro (buy U.S. dollars)	4,065	—	(53)	(53)
Sell : Korean won (buy U.S. dollars)	133	—	(9)	(9)
Buy : U.S. dollars (sell Japanese yen)	10,570	3,798	(701)	(701)
Buy : RMB (sell U.S. dollars)	1,881	—	9	9
Buy : Japanese yen (sell Taiwan dollars)	0	—	0	0
Buy : Korean won (sell U.S. dollars)	133	—	0	0
Interest rate swap contracts—				
Receipt floating rate and Payment floating rate	—	—	—	—
Payment fixed rate and Receipt floating rate	329,251	329,251	(3,106)	(3,106)
Embedded derivative —	—	—	*	*
Total	—	—	\$ (3,834)	\$ (3,834)

* Embedded derivative is described in note 14, because it is included in and treated as bond.

note 11

Contingent Liabilities

The Company and certain subsidiaries were contingently liable for trade notes receivable discounted with banks of ¥125 million as of March 31, 2015.

In addition, the Company and certain subsidiaries were contingently

liable as guarantors for the borrowings of associates and employees, amounting to ¥1,956 and ¥1,022 million (US\$9,070 thousand), as of March 31, 2015 and 2016.

note 12

Leases

(a) Finance leases accounted for as operating leases

The accumulated depreciation indicated above for information is calculated on the declining-balance method for machinery and equipment and the straight-line method for other assets over lease terms, as if those non-capitalized financial leases were capitalized. If the above leases were capitalized, interest of ¥1 million and depreciation of ¥30 million would have been recorded for the years ended March 31, 2015.

Total lease payments recorded as expense under non-capitalized finance leases were ¥112 million for the years ended March 31, 2015.

(b) Assets capitalized under finance leases

The Company and certain subsidiaries have leased assets mainly consisting of production equipments for printing business, host computers, computer terminals and software.

(c) Operating leases

Obligations under non-cancellable operating leases at March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Due within one year	¥ 1,918	¥ 1,647	\$ 14,617
Due over one year	7,545	6,764	60,028
Total	¥ 9,463	¥ 8,411	\$ 74,645

note 13

Segment Information

(a) Description of reportable segments

Reportable segments of the Companies are determined as segments whose separate financial information is accessible from among the constituent units of the Companies and that are subject to periodical examination, in order for management to determine the allocation of management resources and to evaluate achievements.

The reportable segments of the Companies are composed of three segments, "Information & Communication," "Living & Industry," and "Electronics." They are defined based on similarity of types, characteristics, and affinity of sales market of products and services.

- Information & Communication: Securities-related documents, bank books, cards, business forms, catalogues and other commercial printings, and magazines, books and other publications printing
- Living & Industry: Flexible packaging, paper containers and other packaging products, plastic molded products, ink, transparent barrier film, decorative surface materials, wallpaper and other decorative materials
- Electronics: Color filters for LCDs, anti-reflection films, photomasks, and leadframes

(b) Changes in reportable segments

Although the reportable segments of the Companies for the previous fiscal year were "Information & Communication," "Living Environment," and "Material Solutions," starting from the fiscal year ended March 31, 2016, the Companies changed such reportable segments to "Information & Communication," "Living & Industry," and "Electronics."

The changes were made in conjunction with factors such as the launch of a new framework on April 1, 2015, which integrated the functional product and energy related business and the interior décor materials business, which had previously been included in the "Material Solutions," with the "Living Environment."

For the segment information for the previous fiscal year, information prepared using the changed reportable segments are presented.

(c) Method of measurement for the amounts of sales, income (loss), assets, and other items for each reportable segment

The accounting method used for reporting business segments is generally the same as stated in "Summary of Significant Accounting and Reporting Policies" (see note1). Reporting segment income figures are based on operating income. Inter-segment sales and transfers are based on third-party transaction prices.

The Company and some consolidated subsidiaries changed the valuation method for their finished goods and work in process in Segment Information from primarily the retail method (in cases where the profitability has declined, the book value is reduced accordingly) to primarily the specific identification method (in cases where the profitability has declined, the book value is reduced accordingly) from the fiscal year ended March 31, 2016, as the newly implemented cost accounting system enables a more precise calculation of the value of inventories and a more appropriate recognition of periodical gain and loss as described in Changes in Accounting Policies (See note1). As a result, operating income for the Information & Communication segment increased by ¥48 million (US\$ 426 thousand), the Living & Industry segment decreased by ¥10 million (US\$ 89 thousand) and the Electronics segment increased by ¥19 million. (US\$ 169 thousand)

Information about net sales, income (loss), assets and other items by reportable segment for the year ended March 31, 2014, 2015 and 2016 are as follows:

2014	Millions of yen					
	Information & Communication	Living Environment	Material Solutions	Total	Adjustments	Consolidated
Net sales—						
Outside customers	¥ 907,317	¥ 272,573	¥ 352,153	¥ 1,532,043	¥ —	¥ 1,532,043
Inter-segment	12,731	10,791	15,215	38,737	(38,737)	—
Total	920,048	283,364	367,368	1,570,780	(38,737)	1,532,043
Operating income	¥ 41,092	¥ 11,226	¥ 9,167	¥ 61,485	¥ (25,763)	¥ 35,722
Assets	¥ 721,178	¥ 280,525	¥ 342,003	¥ 1,343,706	¥ 368,645	¥ 1,712,351
Depreciation and amortization	26,394	9,705	23,021	59,120	3,353	62,473
Investments in associates	5,318	37,400	3,322	46,040	—	46,040
Increase in property, plant and equipment and intangible assets	26,612	23,188	15,201	65,001	7,176	72,177

Segment information for the fiscal year 2014 has been prepared based on the business segments before the changes.

2015	Millions of yen					
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Net sales—						
Outside customers	¥ 917,422	¥ 406,248	¥ 203,245	¥ 1,526,915	¥ —	¥ 1,526,915
Inter-segment	15,058	13,348	328	28,734	(28,734)	—
Total	932,480	419,596	203,573	1,555,649	(28,734)	1,526,915
Operating income	¥ 47,692	¥ 11,004	¥ 6,356	¥ 65,052	¥ (24,175)	¥ 40,877
Assets	¥ 780,804	¥ 393,141	¥ 260,191	¥ 1,434,136	¥ 560,506	¥ 1,994,642
Depreciation and amortization	25,910	16,259	15,478	57,647	3,529	61,176
Investments in associates	3,551	40,343	2,448	46,342	—	46,342
Increase in property, plant and equipment and intangible assets	16,993	30,162	22,435	69,590	6,548	76,138

2016	Millions of yen					
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Net sales—						
Outside customers	¥ 925,888	¥ 396,146	¥ 152,648	¥ 1,474,682	¥ —	¥ 1,474,682
Inter-segment	12,754	14,364	359	27,477	(27,477)	—
Total	938,642	410,510	153,007	1,502,159	(27,477)	1,474,682
Operating income	¥ 57,824	¥ 14,503	¥ 3,397	¥ 75,724	¥ (27,192)	¥ 48,532
Assets	¥ 779,797	¥ 381,554	¥ 199,279	¥ 1,360,630	¥ 515,945	¥ 1,876,575
Depreciation and amortization	25,772	18,099	12,248	56,119	3,573	59,692
Investments in associates	2,510	41,236	2,895	46,641	—	46,641
Increase in property, plant and equipment and intangible assets	25,460	24,616	7,702	57,778	5,425	63,203

2016	Thousands of U.S. dollars					
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Net sales—						
Outside customers	\$ 8,216,968	\$ 3,515,673	\$ 1,354,704	\$ 13,087,345	\$ —	\$ 13,087,345
Inter-segment	113,188	127,476	3,186	243,850	(243,850)	-
Total	8,330,156	3,643,149	1,357,890	13,331,195	(243,850)	13,087,345
Operating income	\$ 513,170	\$ 128,710	\$ 30,147	\$ 672,027	\$ (241,321)	\$ 430,706
Assets	\$ 6,920,456	\$ 3,386,173	\$ 1,768,540	\$ 12,075,169	\$ 4,578,851	\$ 16,654,020
Depreciation and amortization	228,718	160,623	108,698	498,039	31,709	529,748
Investments in associates	22,275	365,957	25,692	413,924	—	413,924
Increase in property, plant and equipment and intangible assets	225,950	218,459	68,353	512,762	48,145	560,907

Note1: Adjustments are as follows.

- Segment operating income (loss) is mainly adjusted for costs related to basic research not assignable to a reporting segment and head office costs.
- Segment assets are mainly adjusted for surplus funds (cash and cash equivalents, marketable securities), long-term investments (investment securities), and assets which are related to basic research not assignable to a reporting segments and head office assets.
- Increase in property, plant and equipment and intangibles are mainly adjusted for capital expenditures for fixed assets related to basic research not assignable to a reporting segment and increase in head office assets.

Related information

Information about geographical areas

Sales to Customers and property, plant and equipment by regions for the years ended March 31, 2014, 2015 and 2016 are as follows:

(1) Sales

	Millions of yen			Thousands of U.S. dollars
	2014	2015	2016	2016
Japan	¥ 1,282,159	¥ 1,262,768	¥ 1,260,957	\$ 11,190,602
Asia	193,768	200,590	156,867	1,392,146
Other	56,116	63,557	56,858	504,597
Total	¥ 1,532,043	¥ 1,526,915	¥ 1,474,682	\$ 13,087,345

(2) Property, plant and equipment

	Millions of yen			Thousands of U.S. dollars
	2014	2015	2016	2016
Japan	¥ 475,787	¥ 475,100	¥ 462,302	\$ 4,102,787
Asia	74,076	85,744	64,090	568,779
Other	3,428	5,281	11,585	102,813
Total	¥ 553,291	¥ 566,125	¥ 537,977	\$ 4,774,379

Impairment loss by reportable segment

Impairment loss by reportable segments for the years ended March 31, 2014, 2015 and 2016 are as follows:

2014						Millions of yen
	Information & Communication	Living Environment	Material Solutions	Total	Adjustment	Consolidated
Loss on Impairment of Long-lived Assets	¥ 621	¥ 415	¥ 211	¥ 1,247	¥ 646	¥ 1,893

Segment information for the fiscal year 2014 has been prepared based on the business segments before the changes.

2015						Millions of yen
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Loss on Impairment of Long-lived Assets	¥ 396	¥ 2,529	—	¥ 2,925	—	¥ 2,925

2016						Millions of yen
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Loss on Impairment of Long-lived Assets	¥ 352	¥ 3,065	¥ 1,795	¥ 5,212	—	¥ 5,212

2016						Thousands of U.S. dollars
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Loss on Impairment of Long-lived Assets	\$ 3,124	\$ 27,201	\$ 15,930	\$ 46,255	\$ 0	\$ 46,255

note 14

Financial Instruments

1 Financial Instruments

(1) Policies for Financial Instruments

The Company and its subsidiaries raise funds (mainly through bank loans and corporate bonds) in light of the context of the long term capital investment plan. Temporary cash surplus is managed through investment in low risk financial assets, but not speculative investments. Derivatives are held for risk management purposes only as described hereinafter. The Company and its subsidiaries do not enter into speculative transactions.

(2) Nature and Extent of Risks Arising from Financial Instruments

Notes and accounts receivable are exposed to the customer credit risk and receivables in foreign currencies are exposed to the market risks of fluctuation in foreign exchange rates. The majority of marketable and investment securities are held-to-maturity securities and stocks related to transactions or capital alliances with counterparties, and exposed to the risk of market value fluctuations.

Notes and accounts payable are all due within one year. Payables in foreign currencies are exposed to the market risk of fluctuation in foreign exchange rates. Bank loans, straight bonds and convertible bonds are used to fund capital expenditure and other requirements. Some borrowings are with floating interest rates, and are exposed to market risks of fluctuation in interest rates.

Derivatives consist of forward foreign exchange contracts and currency swap contracts, which hedge exposures of receivables and payables to the market risks of fluctuation in foreign currency exchange rates, and interest rate swap contracts, which hedges the market fluctuation risk of the interest payments for bonds and loans.

(3) Risk Management for Financial Instruments

① Credit Risk Management (Risk of Economic Loss Arising from a Counterparty's default)

Notes and accounts receivable are managed on the basis of the Company's "Credit Control Procedures" to ensure protection of receivables and improve efficient use of funds. The Company maintains credit control such as due date control and receivable balance control, as well as assesses credit conditions by counterparty on a regular basis.

Debt securities are managed as set out in the Company's "Financial Instrument Risk Control Guideline" and limited to financial instruments issued by entities with high credit ratings. Thus the credit risk remains at low level.

Regarding derivatives, the company and its subsidiaries limits its counterparties to financial institutions with high credit ratings to mitigate the counterparty risk.

② Market Risk Management (Risk of Foreign Exchange and Interest Rate Fluctuation)

The Company and some of its subsidiaries hedge the market risks of fluctuation in foreign exchange rates with forward foreign currency contracts and currency swap contracts, and enter into interest rate swap contracts to reduce the interest rate fluctuation risk in bonds and loans.

Regarding securities, financial condition of issuing entities (counterparty) is monitored on a regular basis to review the benefits in holding of the securities. Fair Values of listed stocks and listed bonds are specifically monitored on a monthly basis.

Derivative transactions, as a general rule, require reports and approvals at the management committee. A director responsible for finance and accounting reports the derivatives status to the management committee at quarter- and year-end.

(4) Fair Values of Financial Instruments

Fair values of financial instruments include market based values and also values reasonably calculated for some financial instruments when market prices are not available. As the calculation includes factors that fluctuate, the values are subject to change depending on assumptions adopted. Derivative transaction values under note 10 "Derivative Transactions" do not indicate market risks relating to derivative transactions.

2 Fair Values of Financial Instruments

Book value in the consolidated balance sheet, fair values and the differences between the two as of March 31, 2015 and 2016 are stated in the following tables. The tables do not include financial instruments for which fair values are difficult to quote. Please see Financial instruments for which fair values are difficult to obtain below.

2015	Millions of yen		
	Book value	Fair value	Difference
1 Cash and cash equivalents	¥ 335,911	¥ 335,911	¥ -
2 Time deposits with original maturities over three months	13,565	13,565	-
3 Notes and accounts receivable	409,971	409,971	-
4 Marketable and investment securities			
① Available-for-sale securities	355,807	355,807	-
② Investments in associates	39,673	41,908	2,235
Total assets	1,154,927	1,157,162	2,235
1 Notes and accounts payable	¥ 285,452	¥ 285,452	¥ -
2 Short-term loans	15,144	15,144	-
3 Long-term indebtedness			
① Long-term loans	112,480	116,618	4,138
② Bonds	149,958	154,368	4,410
③ Convertible bonds	80,261	84,435	4,174
Total liabilities	643,295	656,017	12,722
Derivative transactions	¥ 5,228	¥ 5,228	¥ -

2016	Millions of yen		
	Book value	Fair value	Difference
1 Cash and cash equivalents	¥ 292,676	¥ 292,676	¥ -
2 Time deposits with original maturities over three months	25,447	25,447	-
3 Notes and accounts receivable	390,856	390,856	-
4 Marketable and investment securities			
① Available-for-sale securities	318,768	318,768	-
② Investments in associates	40,668	33,612	(7,056)
Total assets	1,068,415	1,061,359	(7,056)
1 Notes and accounts payable	¥ 271,745	¥ 271,745	¥ -
2 Short-term loans	15,336	15,336	-
3 Long-term indebtedness			
① Long-term loans	95,581	101,368	5,787
② Bonds	90,000	96,143	6,143
③ Convertible bonds	80,194	83,897	3,703
Total liabilities	552,856	568,489	15,633
Derivative transactions	¥ (431)	¥ (431)	¥ -

2016	Thousands of U.S. dollars		
	Book value	Fair value	Difference
1 Cash and cash equivalents	\$ 2,597,409	\$ 2,597,409	\$ -
2 Time deposits with original maturities over three months	225,834	225,834	-
3 Notes and accounts receivable	3,468,725	3,468,725	-
4 Marketable and investment securities			
① Available-for-sale securities	2,828,967	2,828,967	-
② Investments in associates	360,916	298,296	(62,620)
Total assets	9,481,851	9,419,231	(62,620)
1 Notes and accounts payable	\$ 2,411,652	\$ 2,411,652	\$ -
2 Short-term loans	136,102	136,102	-
3 Long-term indebtedness			
① Long-term loans	848,252	899,610	51,358
② Bonds	798,722	853,239	54,517
③ Convertible bonds	711,697	744,560	32,863
Total liabilities	4,906,425	5,045,163	138,738
Derivative transactions	\$ (3,825)	\$ (3,825)	\$ -

* Assets and liabilities relating to derivative transactions are stated on a net basis, and net obligations are in parentheses.

The method of computing fair values of financial instruments and securities and derivative transactions

Assets

(1) Cash and Cash equivalents and (2) Time deposits with original maturities over three months

The book values of cash and cash equivalents and time deposits with original maturities over three months approximate fair value because they are due to be settled shortly.

(3) Notes and Accounts Receivable

The book values of notes and accounts receivable approximate fair value because of their short maturities.

(4) Marketable and Investment Securities

The fair values of equity instruments are measured at quoted market prices on the stock exchanges, and debt securities are measured at quoted market prices on the stock exchange or at the quoted price obtained from counterparty financial institutions. Please refer to note2 Marketable and Investment Securities for notes relating to securities categorized by holding purpose.

Liabilities

(1) Notes and Account payable, and (2) Short-term Loans

The book values of notes and accounts payable and short-term loans approximate fair value because of their short maturities.

(3) Long-term Indebtedness

① Long term loans

The book values of long term floating rate indebtedness approximate fair value because this indebtedness reflects market interest rates in the short-term. Some of them, are subject to special treatment of interest rate swap, it is estimated to reasonable to be applied to the case where the total amount of principal and interest that has been treated as an integral and the interest rate swaps, was subjected to the same borrowing it is by how to calculated by discounting at the interest rate. Fair values of Long term fixed rate indebtedness are calculated by discounting cash flows to their present values for each bank loan, using an assumed rate of interest at the market rate for a new equivalent loan.

② Straight bonds

Fair values of corporate bonds for which market price are not available are calculated by discounting cash flows to their present values, with their remaining life and credit risk recognized.

③ Convertible bonds

These fair values are measured at the quoted price obtained from counterparty financial institutions.

Derivatives

These fair values are measured at the quoted price obtained from counterparty financial institutions.

Interest rate swaps for which special treatment has been applied are accounted for together with long-term debt designated as the hedged item.

Therefore, their fair values are included in the fair value of the hedged long-term debt.

Financial instruments of which fair values are difficult to obtain

2015	Millions of yen	
		Book value
Non-listed stocks	¥	31,215
Partnership Investments		685
Investments in associates (stocks)		6,669
Total		38,569

2016	Millions of yen	
		Book value
Non-listed stocks	¥	30,536
Partnership Investments		1,012
Investments in associates (stocks)		5,973
Total		37,521

2016	Thousands of U.S. dollars	
		Book value
Non-listed stocks	\$	270,998
Partnership Investments		8,981
Investments in associates (stocks)		53,009
Total		332,988

These financial instruments are not included in the "Marketable and Investment Securities", because of the difficulty to obtain fair values.

Scheduled redemption for financial instruments with maturities after the balance sheet date

2015	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and cash equivalents	¥ 335,911	¥ —	¥ —	¥ —
Time deposits with original maturities over three months	13,565	—	—	—
Notes and accounts receivable	408,948	272	324	427
Marketable and investment securities				
Available-for-sale securities with maturities	34,100	4,860	2,864	—
Total	792,524	5,132	3,188	427

2016	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and cash equivalents	¥ 292,676	¥ —	¥ —	¥ —
Time deposits with original maturities over three months	25,447	—	—	—
Notes and accounts receivable	389,899	277	318	362
Marketable and investment securities				
Available-for-sale securities with maturities	38,000	3,809	2,302	—
Total	746,022	4,086	2,620	362

2016	Thousands of U.S. dollars			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and cash equivalents	\$ 2,597,409	\$ —	\$ —	\$ —
Time deposits with original maturities over three months	225,834	—	—	—
Notes and accounts receivable	3,460,233	2,458	2,822	3,212
Marketable and investment securities				
Available-for-sale securities with maturities	337,238	33,804	20,430	—
Total	6,620,714	36,262	23,252	3,212

Scheduled repayment for short-term loans, straight bonds, convertible bonds and long-term loans after the balance sheet date

2015	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term loans	¥ 15,144	¥ —	¥ —	¥ —
Straight Bonds	59,958	—	70,000	20,000
Convertible bonds	—	80,000	—	150
Long-term loans	28,396	41,765	25,939	16,380
Total	103,498	121,765	95,939	36,530

2016	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term loans	¥15,336	¥ —	¥ —	¥ —
Straight Bonds	—	30,000	40,000	20,000
Convertible bonds	40,000	40,000	—	150
Long-term loans	17,391	26,603	41,275	10,312
Total	72,727	96,603	81,275	30,462

2016	Thousands of U.S. dollars			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term loans	\$136,102	\$ —	\$ —	\$ —
Straight Bonds	—	266,241	354,988	177,494
Convertible bonds	354,988	354,988	—	1,331
Long-term loans	154,340	236,093	366,303	91,516
Total	645,430	857,322	721,291	270,341

note 15

Other Comprehensive Income

Amounts reclassified to profit in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income for the years ended March 31, 2014, 2015 and 2016 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2014	2015	2016	2016
Valuation difference on available-for-sale securities				
Amount incurred during the period	¥ 12,286	¥ 189,814	¥ (21,071)	\$ (186,999)
Reclassification adjustments	(968)	(2,973)	(3,058)	(27,139)
Before tax effect adjustment	11,318	186,841	(24,129)	(214,137)
Tax effect	(3,873)	(58,595)	11,027	97,861
Valuation difference on available-for-sale securities	7,445	128,246	(13,102)	(116,276)
Deferred gains or losses on hedges				
Amount incurred during the period	(23)	(51)	(303)	(2,689)
Reclassification adjustments	(150)	(84)	(36)	(319)
Before tax effect adjustment	(173)	(135)	(339)	(3,009)
Tax effect	66	30	104	923
Deferred gains or losses on hedges	(107)	(105)	(235)	(2,086)
Foreign currency translation adjustment				
Amount incurred during the period	17,184	10,875	(2,062)	(18,300)
Reclassification adjustments	1,731	(4)	1,774	15,744
Before tax effect adjustment	18,915	10,871	(288)	(2,556)
Tax effect	(2)	450	(429)	(3,807)
Foreign currency translation adjustment	18,913	11,321	(717)	(6,363)
Remeasurements of defined benefit plans, net of tax				
Amount incurred during the period	-	21,831	(14,741)	(130,822)
Reclassification adjustment	-	2,543	908	8,058
Before tax effect adjustment	-	24,374	(13,833)	(122,764)
Tax effect	-	(7,982)	4,588	40,717
Remeasurements of defined benefit plans, net of tax	-	16,392	(9,245)	(82,047)
Share of other comprehensive income of entities accounted for using equity method				
Amount incurred during the period	1,519	1,222	(235)	(2,086)
Reclassification adjustments	24	(260)	25	222
Share of other comprehensive income of associates accounted for using equity method	1,543	962	(210)	(1,864)
Total other comprehensive income	¥ 27,794	¥ 156,816	¥ (23,509)	\$ (208,635)

note 16

(Business Combinations)

The Company transferred all owned shares of TOPPAN CFI (Taiwan) Co., Ltd., a subsidiary of the Company, to AU Optronics Corporation on April 20, 2015.

1. Summary of business combination

(1) Summary of the business combination on subsidiary

Combining Company Business	AU Optronics Corporation Research and development, manufacturing, and sales of thin film transistor liquid crystal displays Manufacturing and sales of solar panels and systems
Combined Company Business	TOPPAN CFI (Taiwan) Co., Ltd. Manufacturing and sales of color filters for liquid crystal displays

(2) Principal reason for business combination

To optimize the allocation of management resources in the whole Group and strengthen the foundation for the creation of new businesses.

(3) Date of business combination

April 20, 2015

(4) Method of business combination

The method employed is the transfer of shares and the Company received only cash.

2. Summary of accounting treatment

The accounting treatment was based on "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No.10, September 13, 2013).

3. Reportable segment in which the subsidiary is included

Electronics

4. Estimated total income of the subsidiary in the consolidated statements of income for the year ended March 31, 2016.

	Millions of yen	Thousands of U.S. dollars
	2016	2016
Net sales	¥ 7,388	\$ 65,566
Operating income	309	2,742

note 17

Significant subsequent events

Equity transfer of Consolidated Subsidiaries

The Company resolved at the Board of Directors meeting held on May 26, 2016 to transfer all equity of Toppan Leefung Printing (Shenzhen) Industry Co., Ltd., a consolidated subsidiary of the Company, to Runjing (Shenzhen) Co., Ltd.

The Company expects to post other income for the fiscal year ending March 31, 2017

1. Reasons for equity transfer

The Company intends to review its production system and ensure optimization of the allocation of management resources in the aim of strengthening the base for creating new businesses in response to the shrink in the magazine and book market in China.

2. Name of the company to which the equity are transferred: Runjing (Shenzhen) Industry Co., Ltd.

3. Date of the transfer: Scheduled for October, 2016

4. The subsidiary's name, business and transactions with the Company

- (1) Company name: Toppan Leefung Printing (Shenzhen) Co., Ltd.
- (2) Business: Manufacturing and sales of magazines, books and other publications
- (3) Transactions: Not applicable

5. Transfer price, gain or loss on transfer and equity ownership ratio after the transfer

- (1) Transfer price: CNY1,830,000,000
- (2) Gain or loss on transfer: As it is difficult to estimate the costs related to approval of relevant authorities and sales of shares, etc. at this point of time, the exact transfer gain or loss is not yet determined in the fiscal year ending March 31, 2017.
- (3) Ownership ratio after the transfer —%

Independent Auditor's Report

To the Board of Directors of Toppan Printing Co., Ltd.:

We have audited the accompanying consolidated financial statements of Toppan Printing Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016 and 2015, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for three years in the period ended March 31, 2016, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 our judgement, 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, we consider 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, while the objective of the financial statement audit is 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.

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 Toppan Printing Co., Ltd. and its consolidated subsidiaries as at March 31, 2016 and 2015, and their financial performance and cash flows for three years in the period ended March 31, 2016 in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in note 1 to the consolidated financial statements.



August 12, 2016
Tokyo, Japan

Corporate Information & Stock Information

As of March 31, 2016

Head Office

1, Kanda Izumi-cho, Chiyoda-ku, Tokyo 101-0024, Japan
Phone: 03-3835-5630

Established

January 17, 1900

Capital

¥104,986,430,314

Number of employees (consolidated)

46,705

Fiscal year-end

March 31

Ordinary general meeting of shareholders

Held in June.

Dates of record for shareholders

Ordinary general meeting of shareholders,
year-end dividends: March 31
Payment of interim dividends: September 30
Other dates announced as necessary.

Public notices

Notices are provided on the Company's website
(<http://www.toppan.co.jp/english/>).
If, due to unavoidable circumstances, notices
cannot be provided on the website, they will be
published in government gazettes.

Independent public accountants

KPMG AZSA LLC
Tokyo, Japan

Transfer agent/special account administration authority

Mitsubishi UFJ Trust and Banking Corporation

Contact information

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
10-11, Higashi-suna 7-chome,
Koto-ku, Tokyo 137-8081, Japan
Toll Free : 0120-232-711
Interactive Voice Response : 0120-244-479 (24 hours)
Requests for the necessary forms for notification of
change of address, bank account details for depositing
dividends, as well as forms for stock succession
procedures are received 24 hours a day.

Common stock

- Authorized
2,700,000,000 shares
- Outstanding
699,412,481 shares

Financial instruments and exchange listings

Tokyo

American Depositary Receipt (ADR)*

Rate: 1 ADR = 1 stock
Exchange: OTC (over-the-counter)
Symbol: TOPPY
US securities code: 890747306
Depositary bank: The Bank of New York Mellon
101 Barclay Street, 22W
New York, NY 10286, U.S.A.

* Trading began on July 17, 2012 (EST)

Tokyo stock exchange code

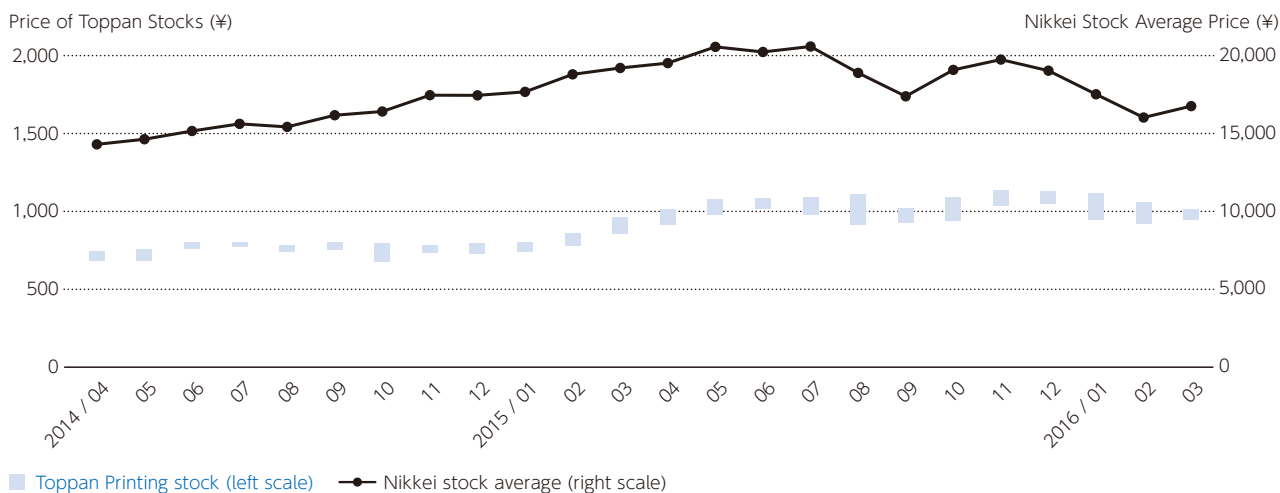
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Principal shareholders

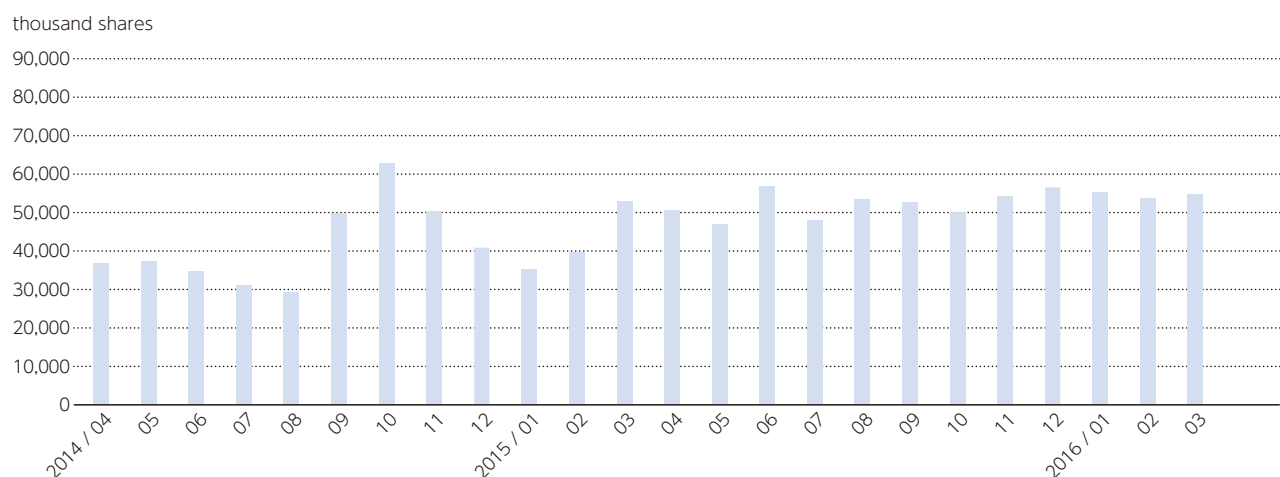
Name	Number of shares held (thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,552	6.14
Japan Trustee Services Bank, Ltd. (Trust Account)	32,601	5.06
Nippon Life Insurance Company	30,004	4.66
The Dai-ichi Mutual Life Insurance Company	21,284	3.30
Toyo Ink SC Holdings Co., Ltd.	17,132	2.66
The Bank of Tokyo-Mitsubishi UFJ	15,628	2.43
Sumitomo Mitsui Banking Corporation	15,628	2.43
Employees' Stock Ownership	14,342	2.23
Japan Trustee Services Bank, Ltd. (Trust Account 9)	14,100	2.19
Kodansha Ltd.	13,327	2.07

* Treasury stocks of 54,982,000 stocks (7.86%) are not included in the table above.

STOCK PRICE RANGE (Tokyo Stock Exchange)

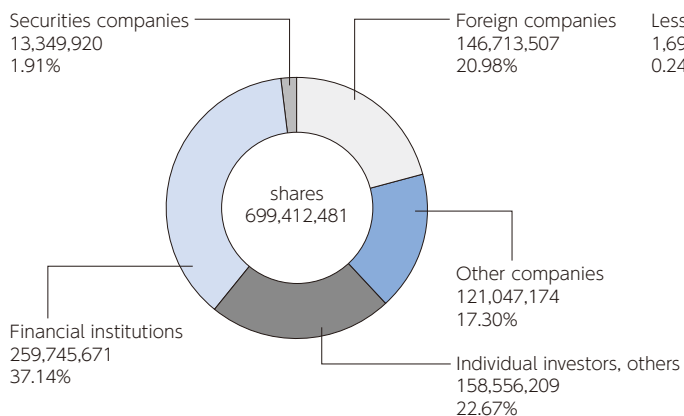


TRADING VOLUME

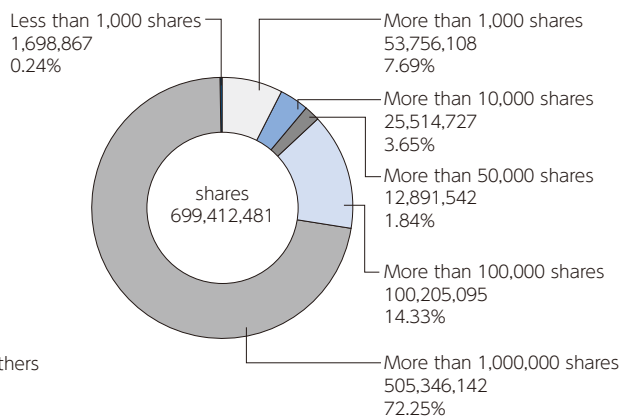


STOCK OWNERSHIP PROFILE

By type of shareholder



By number of shares held



* The 54,982 thousand shares of treasury stock are included in the "Individual investors, others" category of the graph "By type of shareholder" and in the "More than 1,000,000 shares" category of the graph "By number of shares held."

TOPPAN PRINTING CO., LTD.

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<http://www.toppan.co.jp/>

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Printed in Japan