



Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2012
[J-GAAP]

November 10, 2011

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 Stock exchange listings: Tokyo, Osaka
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 Securities report issuing date: November 11, 2011
 Dividend payment date: December 9, 2011
 Preparation of quarterly earnings presentation material: No
 Holding of quarterly earnings announcement: No

(Amounts under one million yen have been rounded down.)

1. Consolidated financial results for the first six months ended September 30, 2011
(April 1, 2011 – September 30, 2011)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2011	754,921	(5.2)	16,481	(58.0)	19,829	(49.4)
Six months ended September 30, 2010	796,177	3.2	39,242	53.2	39,151	57.0

Note: Comprehensive income: For the first six months ended September 30, 2011: ¥5,356 million (63.4%)
 For the first six months ended September 30, 2010: ¥3,277 million (-%)

	Net Income		Net Income per Share	Diluted Net Income per Share
	Million yen	%	Yen	Yen
Six months ended September 30, 2011	8,422	(51.1)	13.08	13.07
Six months ended September 30, 2010	17,233	117.5	26.75	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2011	1,621,289	947,287	55.7
As of March 31, 2011	1,649,784	952,440	55.1

Note: Stockholders' equity as of September 30, 2011: ¥903,007 million As of March 31, 2011: ¥908,521 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2011	—	16.00	—	16.00	32.00
Year ending March 31, 2012	—	16.00			
Year ending March 31, 2012 (Forecasts)			—	16.00	32.00

Note: Revisions to the most recently announced dividend forecasts during the current quarter: No

3. Consolidated earnings forecasts for the year ending March 31, 2012 (April 1, 2011 – March 31, 2012)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,576,000	(0.8)	50,000	(26.3)	52,000	(17.2)	19,000	(24.1)	29.50

Note: Revisions to the most recently announced earnings forecasts during the current quarter: No

4. Other information

(1) Changes in significant subsidiaries during the current quarter (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1) Changes in accounting policies with revision of accounting standards: No

2) Changes in accounting policies other than the 1) above: No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)

As of September 30, 2011	700,480,693 shares	As of March 31, 2011	700,480,693 shares
As of September 30, 2011	56,384,633 shares	As of March 31, 2011	56,338,163 shares
Six months ended September 30, 2011	644,122,822 shares	Six months ended September 30, 2010	644,214,161 shares

2) Number of treasury shares at end of each period

3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Consolidated Financial Results, and the quarterly review procedure based on the Financial Instruments and Exchange Act is underway as of the release of these Consolidated Financial Results.

Explanation regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was prepared. Actual results may differ significantly due to a variety of factors.

See the "(3) Qualitative information on the consolidated earnings forecasts" on page 3 for information about earnings forecasts.

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1. Qualitative information on the consolidated results for the current quarter

(1) Qualitative information on the consolidated financial results

In the first six months of the fiscal year, Japan's economy recovered somewhat, but conditions remained uncertain, due partly to the Tohoku – Pacific Ocean Earthquake, overseas economic slowdowns, declining exports, higher raw material prices, and worsening employment conditions.

The printing industry faced a tough business environment. Competition grew more intense as a result of sluggish consumer spending and lower corporate advertising expenditures due to the earthquake.

In this environment, the DNP (Dai Nippon Printing Co., Ltd.) Group sought to aggressively develop its business and deliver products, services, and solutions tailored to the needs of its customers, based on its P&I Solutions business vision (P&I stands for “printing technology” and “information technology”). The Group also pursued Production 21 Activities to establish a robust production structure in all facets of production, including quality, cost, and delivery time, and it worked to secure earnings. Especially in the information communication segment, the business environment has changed significantly as a result of changes in consumer behavior, advance of social media, and greater information security needs. In light of these conditions, DNP is pursuing groupwide efforts to leverage the advantages it has developed to build a new business model. In an effort to optimize the production structure, the Group is working hard to enhance efficiency through the integration of group companies and reorganization of the nationwide production management structure.

In spite of these efforts, the DNP Group's consolidated net sales for the first six months fell 5.2% year on year to ¥754.9 billion, consolidated operating income fell 58.0% to ¥16.4 billion, consolidated ordinary income fell 49.4% to ¥19.8 billion, and net income fell 51.1% to ¥8.4 billion.

Business segment results are presented below.

[PRINTING]

Information Communication

In the Books and Magazines business, the publications market continued to slump, and although book sales increased, magazines declined.

In the Commercial Printing business, sales decreased year on year as cutbacks in corporate advertising expenditures, due in part to self-restraint in the wake of the earthquake, resulted in weak sales of flyers, pamphlets, catalogs, and other products.

In the Business Forms business, smart card sales increased, but overall sales decreased year on year on a decline for information processing services (ranging from data entry to printing and shipment of personal mail and other items).

In the Educational Publications Distribution business, sales rose above year-ago levels on an increase in the number of consolidated subsidiaries and boost from in-store sales promotions.

As a result of the above, overall segment sales fell 3.0% year on year to ¥347.5 billion and operating income fell 53.7% to ¥4.5 billion.

Lifestyle and Industrial Supplies

In the Packaging business, sales increased year on year, driven by growth for flexible packaging on firm sales of packaging for foods, beverages, and daily goods and by higher sales of PET bottle aseptic filling systems and PET bottle preforms.

In the Lifestyle Materials business, sales increased year on year on growth for eco-friendly products that use DNP's proprietary Electron Beam coating technology.

In the Industrial Supplies business, despite growth for photovoltaic module back sheets and dye-sublimation thermal transfer recording media for photo printers (color ink ribbons and receiver paper), overall sales decreased year on year on a decline for anti-reflection films used in flat-panel displays.

As a result of the above, overall segment sales fell 2.3% year on year to ¥263.4 billion and

operating income fell 35.2% to ¥16.5 billion.

Electronics

In the LCD color filter business, sales of small and medium-sized filters for smartphones were firm. For large filters, production at the 8G plant in Himeji City, Hyogo Prefecture was favorable, but worldwide LCD TV sales were sluggish. As a result, overall LCD color filter sales decreased year on year.

In the electronic devices business, sales decreased for etched products, including photomasks and hard drive suspensions, and for high-density build-up circuit boards, due partly to supply chain disruptions at domestic semiconductor manufacturers.

As a result of the above, overall segment sales fell 16.4% year on year to ¥122.3 billion and operating losses totaled ¥70 million, versus operating income of ¥9.1 billion during the same period last year.

[BEVERAGES]

Beverages

Amid tough market conditions, characterized by weak consumer spending and stiffer sales competition, the DNP Group worked to expand sales of Coca-Cola and Georgia, both core products, and I LOHAS, a brand of mineral water that uses “ecoru Bottle Shiboru,” Japan’s lightest bottle.

As a result, coffee sales decreased, but mineral waters increased. Overall segment sales fell 4.6% year on year to ¥26.8 billion and operating income totaled ¥400 million, versus losses of ¥60 million during the same period last year.

(2) Qualitative information on the consolidated financial position

Total assets at the end of the second quarter decreased by ¥28.4 billion from the end of the previous fiscal year to ¥1,621.2 billion, due partly to a decrease in notes and trade receivables.

Total liabilities decreased by ¥23.3 billion from the end of the previous fiscal year to ¥674.0 billion, due partly to a decline in short-term bank loans.

Net assets decreased by ¥5.1 billion from the end of the previous fiscal year to ¥947.2 billion, due partly to a decline in valuation difference on available-for-sale securities.

As a result of the above, the equity ratio was 55.7%, up 0.6 percentage points from 55.1% at the end of the previous fiscal year

Consolidated cash flow provided by operating activities in the first six months totaled ¥66.7 billion, due mainly to ¥15.9 billion in income before income taxes and minority interests and ¥46.5 billion in depreciation.

Cash flow used in investing activities totaled ¥38.4 billion, due mainly to ¥34.7 billion in payments for purchases of property, plant and equipment, and cash flow used in financing activities totaled ¥25.0 billion, due mainly to a ¥7.8 billion decrease in short-term bank loans and ¥10.6 billion in dividends paid.

As a result, cash and cash equivalents at the end of the second quarter totaled ¥225.8 billion, an increase of ¥3.7 billion from the end of the previous fiscal year.

(3) Qualitative information on the consolidated earnings forecasts

Our earnings forecasts for the fiscal year ending March 2012 are unchanged from the forecasts announced on August 11, 2011.

2. Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2011	As of September 30, 2011
ASSETS		
Current assets		
Cash and time deposits	223,847	226,797
Notes and trade receivable	403,986	381,028
Merchandise and finished products	87,446	90,958
Work in progress	31,585	36,330
Raw materials and supplies	19,575	19,946
Other	31,496	27,447
Allowance for doubtful accounts	(6,994)	(6,211)
Total current assets	<u>790,942</u>	<u>776,295</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	212,984	206,997
Machinery and equipment, net	173,849	161,893
Land	138,650	138,807
Construction in progress	47,036	53,842
Other, net	42,306	40,641
Total property, plant and equipment	<u>614,827</u>	<u>602,182</u>
Intangible fixed assets		
Other	35,891	37,659
Total intangible fixed assets	<u>35,891</u>	<u>37,659</u>
Investments and other assets		
Other	218,119	214,911
Allowance for doubtful accounts	(11,250)	(10,825)
Total investments and other assets	<u>206,868</u>	<u>204,085</u>
Total fixed assets	<u>857,587</u>	<u>843,927</u>
Deferred assets	1,253	1,066
TOTAL ASSETS	<u>1,649,784</u>	<u>1,621,289</u>

	As of March 31, 2011	As of September 30, 2011
LIABILITIES		
Current liabilities		
Notes and trade payable	275,525	275,960
Short-term bank loans	51,403	43,682
Reserve for bonuses	16,650	16,272
Reserve for disaster losses	4,648	2,666
Other	99,541	88,778
Total current liabilities	447,768	427,360
Long-term liabilities		
Bonds	153,520	153,310
Long-term debt	14,802	16,190
Provision for retirement benefits	39,260	36,299
Other	41,991	40,842
Total long-term liabilities	249,574	246,642
TOTAL LIABILITIES	697,343	674,002
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	760,452	758,555
Treasury stock	(94,113)	(94,150)
Total stockholders' equity	925,702	923,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	832	(2,995)
Net deferred gains (losses) on hedges	(12)	8
Foreign currency translation adjustments	(18,000)	(17,772)
Total accumulated other comprehensive income	(17,180)	(20,759)
Stock acquisition rights	16	16
Minority interests	43,902	44,263
TOTAL NET ASSETS	952,440	947,287
TOTAL LIABILITIES AND NET ASSETS	1,649,784	1,621,289

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income
First six months of the fiscal years

(Million yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net sales	796,177	754,921
Cost of sales	642,220	623,712
Gross profit	153,957	131,208
Selling, general and administrative expenses	114,715	114,726
Operating income	39,242	16,481
Non-operating income		
Interest and dividend income	2,419	2,365
Equity in earnings of associated companies	–	261
Other	4,001	5,041
Total non-operating income	6,420	7,668
Non-operating expense		
Interest expense	1,360	1,705
Equity in losses of associated companies	437	–
Other	4,713	2,614
Total non-operating expenses	6,511	4,320
Ordinary income	39,151	19,829
Extraordinary gains		
Gain on sale of fixed assets	87	60
Gain on sale of investment securities	26	65
Gain on revision of retirement benefit plan	–	57
Total extraordinary gains	113	183
Extraordinary losses		
Loss on sale of fixed assets	1,892	2,081
Loss on devaluation of investment securities	1,169	1,120
Other	1,016	860
Total extraordinary losses	4,079	4,062
Income before income taxes and minority interests	35,185	15,951
Current income taxes	10,824	8,263
Deferred income taxes	6,527	(1,217)
Income and other taxes	17,352	7,045
Income before minority interests	17,833	8,905
Minority interests	599	483
Net income	17,233	8,422

Quarterly consolidated statements of comprehensive income
First six months of the fiscal years

(Million yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Income before minority interests	17,833	8,905
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,930)	(3,835)
Net deferred gains on hedges	13	21
Foreign currency translation adjustments	(3,579)	255
Share of other comprehensive income of associates accounted for using equity method	(59)	9
Total other comprehensive income	<u>(14,555)</u>	<u>(3,549)</u>
Comprehensive income	<u>3,277</u>	<u>5,356</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,948	4,842
Comprehensive income attributable to minority interests	328	513

(3) Quarterly consolidated statements of cash flows

(Million yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Cash flows from operating activities		
Income before income taxes and minority interests	35,185	15,951
Depreciation	47,005	46,562
Decrease of doubtful receivables, net	(151)	(1,297)
Decrease of provision for retirement benefits, net	(2,136)	(2,699)
Equity in losses (gains) of associated companies	437	(261)
Amortization of consolidation goodwill, net	1,264	1,681
Interest and dividend income	(2,419)	(2,365)
Interest expense	1,360	1,705
Net gains on sales of investment securities	(26)	(64)
Net losses on devaluation of investment securities	1,174	1,120
Net losses on sales or retirement of fixed assets	1,805	2,037
Net decrease in trade receivables	49,176	23,951
Net increase in inventories	(778)	(9,177)
Increase (Decrease) in trade payables	(42,689)	1,094
Other	1,874	(1,964)
Sub-total	91,083	76,274
Payment of income taxes	(11,886)	(9,535)
Net cash provided by operating activities	79,196	66,739
Cash flows from investing activities		
Net (increase) decrease in time deposits	(595)	805
Payments for purchases of property, plant and equipment	(45,988)	(34,729)
Proceeds from sales of property, plant and equipment	717	808
Payments for purchases of investment securities	(1,690)	(968)
Proceeds from sales of investment securities	10,167	89
Proceeds from purchase of newly consolidated subsidiary stocks	908	—
Interest and dividends received	2,603	2,892
Other	(4,347)	(7,327)
Net cash used in investing activities	(38,225)	(38,430)

(Million yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Cash flows from financing activities		
Net decrease in short-term bank loans	(5,497)	(7,886)
Proceeds from long-term debt	1,180	4,170
Repayments of long-term debt	(3,683)	(3,503)
Payments for redemption of bonds	(117)	(1,323)
Payments for purchases of treasury stock	(68)	(47)
Interest paid	(1,346)	(1,586)
Dividends paid	(10,317)	(10,313)
Dividends paid to minority interests	(373)	(345)
Other	(3,337)	(4,243)
Net cash used in financing activities	(23,561)	(25,078)
Effect of exchange rate changes on cash and cash equivalents	(1,733)	219
Net increase in cash and cash equivalents	15,676	3,450
Cash and cash equivalents at beginning of year	151,709	222,056
Net increase in cash and cash equivalents resulting from change of scope of consolidation	–	295
Increase in cash and cash equivalents from merger with unconsolidated subsidiaries	128	–
Cash and cash equivalents at end of period	167,514	225,802

(4) Note on assumptions for going concern

None

(5) Segment information, etc.

I. First six months of previous fiscal year (April 1, 2010 – September 30, 2010)

Information on sales and income/loss by reporting segment

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	355,182	266,455	146,417	28,122	796,177	–	796,177
Inter-segment	3,316	3,347	5	2	6,672	(6,672)	–
Total	358,498	269,802	146,422	28,125	802,849	(6,672)	796,177
Segment income (loss)	9,859	25,568	9,172	(64)	44,535	(5,293)	39,242

Notes: 1. Segment income (loss) is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income (loss) is adjusted to reflect operating income as reported on the consolidated statements of income.

II. First six months of current fiscal year (April 1, 2011 – September 30, 2011)

Information on sales and income/loss by reporting segment

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	345,068	260,658	122,371	26,822	754,921	–	754,921
Inter-segment	2,525	2,826	0	1	5,353	(5,353)	–
Total	347,594	263,485	122,371	26,823	760,274	(5,353)	754,921
Segment income (loss)	4,564	16,560	(75)	402	21,452	(4,971)	16,481

Notes: 1. Segment income (loss) is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income (loss) is adjusted to reflect operating income as reported on the consolidated statements of income.

(6) Significant changes in shareholders' equity

None

(7) Additional information

As a result of accounting changes and corrections of past errors since the start of the first quarter of the fiscal year ending March 31, 2012, DNP is applying the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).