



Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2014
[J-GAAP]

February 6, 2014

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 Stock exchange listing: Tokyo
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 Securities report issuing date: February 13, 2014
 Dividend payment date: –
 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 nine months ended December 31, 2013
(April 1, 2013 – December 31, 2013)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2013	1,075,027	(1.2)	36,127	47.6	40,607	41.3	22,002	122.3
Nine months ended December 31, 2012	1,088,291	(4.2)	24,484	7.0	28,737	10.6	9,896	143.4

Note: Comprehensive income: For the first nine months ended December 31, 2013: ¥54,676 million (325.1%)
 For the first nine months ended December 31, 2012: ¥12,861 million (–%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2013	34.17	34.02
Nine months ended December 31, 2012	15.37	15.33

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2013	1,548,258	970,827	59.8
As of March 31, 2013	1,578,976	937,055	56.6

Note: Stockholders' equity: As of December 31, 2013: ¥925,994 million As of March 31, 2013: ¥893,124 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2013	–	16.00	–	16.00	32.00
Year ending March 31, 2014	–	16.00	–		
Year ending March 31, 2014 (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, 2014 (April 1, 2013 – March 31, 2014)

(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	1,530,000	5.8	48,000	34.2	49,000	21.5	23,000	19.7	35.72

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

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 December 31, 2013	700,480,693 shares	As of March 31, 2013	700,480,693 shares
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2) Number of treasury shares at end of each period

As of December 31, 2013	56,572,559 shares	As of March 31, 2013	56,490,329 shares
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3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

Nine months ended December 31, 2013	643,959,913 shares	Nine months ended December 31, 2012	644,039,918 shares
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Presentation of implementation status for quarterly review procedures

These quarterly financial statements are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act, and a review of these financial statements based on said act is underway at the time of their disclosure.

Explanation regarding appropriate use of earnings forecasts and other special notes

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

See the "1. Qualitative information on the consolidated results for the current quarter, (3) Explanation of the consolidated earnings forecasts" on page 3 for information about earnings forecasts.

Contents

1. Qualitative information on the consolidated results for the current quarter	2
(1) Explanation of the consolidated financial results	2
(2) Explanation of the consolidated financial position	3
(3) Explanation of the consolidated earnings forecasts	3
2. Quarterly consolidated financial statements	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income	6
Quarterly consolidated statements of income	
First nine months of the fiscal years	6
Quarterly consolidated statements of comprehensive income	
First nine months of the fiscal years	7
(3) Notes regarding quarterly consolidated financial statements	8
[Notes on premise of a going concern]	8
[Significant changes in shareholders' equity]	8
[Segment information, etc.]	8

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

(1) Explanation of the consolidated financial results

During the first nine months of the fiscal year, Japan's economy showed some positive signs, including an increase in consumer spending and improvement in corporate earnings, aided by a series of government economic policies. However, overseas economic slowdowns and changes in demand caused by a consumption tax hike are causes for concern, and the economic outlook remains uncertain.

The printing industry continued to face a tough business environment, due partly to higher raw material prices and a decline in order prices from stiffer competition.

In this environment, the DNP Group (DNP) sought to aggressively develop its business under the catchphrase "Today's Innovation is Tomorrow's Basic" 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"). DNP also pursued "Production 21" Activities with the aim of establishing a robust production structure in all facets of production, including quality, cost, and delivery time. Moreover, DNP pursued structural reforms including the reorganization of domestic and overseas business structures from the standpoint of overall optimization, and actively worked to expand its business from consumer, social, and global perspectives. To bolster the foundation for these business activities, DNP established the DNP Kashiwa Data Center in October 2013 and built a structure to deliver unique information services including e-books and e-flyers.

As a result of these efforts, consolidated net sales for the first nine months fell 1.2% year on year to ¥1,075.0 billion, consolidated operating income grew 47.6% to ¥36.1 billion, consolidated ordinary income grew 41.3% to ¥40.6 billion, and net income grew 122.3% to ¥22.0 billion.

Business segment results are presented below.

[PRINTING]

Information Communication

In the Books and Magazines business, amid a continued slump in the publications market, book sales increased from last year as a result of efforts to expand orders, but this was not enough to offset a decline for magazines, and overall sales fell below year-ago levels.

In the Commercial Printing business, sales decreased year on year on weak sales of flyers, pamphlets, catalogs, and other printed materials.

The Business Forms business performed well as information processing services (ranging from data entry to printing and shipment of personalized mail and other items) increased on growth in business process outsourcing services for account openings with the start of the Nippon Individual Savings Account (NISA) program.

In the Education and Publications Distribution business, DNP worked to expand business in the "honto" hybrid bookstore network that combines physical bookstores, online bookstores, and e-book sales services. However, sales decreased from the previous year as a result of structural reforms, including the closure of unprofitable stores.

As a result of the above, overall segment sales fell 1.4% year on year to ¥518.6 billion and operating income dropped 34.7% to ¥7.4 billion.

Lifestyle and Industrial Supplies

In the Packaging business, film packaging (flexible packaging) was firm, but sales decreased year on year on a decline for PET bottle aseptic filling systems.

The Lifestyle Materials business performed well on growth for eco-friendly products that use DNP's proprietary Electron Beam coating technology amid an increase in domestic housing starts driven in part by rush demand ahead of the consumption tax hike.

In the Industrial Supplies business, sales increased year on year on growth for anti-reflection

films used in flat-panel displays and strong sales of dye-sublimation thermal transfer printing media for photo printers (color ink ribbons and receiver paper), buoyed by a contribution from a new plant in Malaysia that opened in December 2013.

As a result of the above, overall segment sales fell 0.3% year on year to ¥393.8 billion but operating income grew 23.7% to ¥25.5 billion.

Electronics

In the LCD Color Filter business, small- and medium-sized filters for smart phones and tablets were firm, but sales decreased year on year on a decline for large TV and PC filters.

Photomasks were sluggish in Japan, but sales increased from last year as a result of tapping into steadily expanding overseas demand.

As a result of the above, overall segment sales fell 5.7% year on year to ¥129.4 billion and operating income totaled ¥9.3 billion, versus a loss of ¥1.9 billion during the same period last year.

[BEVERAGES]

Beverages

Amid tough conditions with stiffer sales competition in the soft drink market, DNP worked to expand sales through aggressive promotional activities.

As a result of the above, sales increased for I LOHAS, a brand of mineral water that uses a lightweight PET bottle, but decreased for coffee beverages. Overall segment sales fell 3.0% year on year to ¥41.8 billion but operating income grew 23.4% to ¥0.8 billion.

(2) Explanation of the consolidated financial position

Total assets at the end of the third quarter decreased by ¥30.7 billion from the end of the previous fiscal year to ¥1,548.2 billion, due mainly to a decrease for cash and time deposits.

Total liabilities decreased by ¥64.4 billion from the end of the previous fiscal year to ¥577.4 billion, due mainly to a decrease for current portion of bonds.

Net assets increased by ¥33.7 billion from the end of the previous fiscal year to ¥970.8 billion, due mainly to increases for valuation difference on available-for-sale securities and foreign currency translation adjustments.

As a result of the above, the equity ratio rose from 56.6% at the end of the previous fiscal year to 59.8%.

(3) Explanation of the consolidated earnings forecasts

Our earnings forecasts for the fiscal year ending March 31, 2014 are unchanged from the forecasts announced on May 13, 2013.

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

(Million yen)

	As of March 31, 2013	As of December 31, 2013
ASSETS		
Current assets		
Cash and time deposits	213,630	171,564
Notes and trade receivable	367,765	363,214
Merchandise and finished products	91,047	91,712
Work in progress	29,030	32,451
Raw materials and supplies	18,977	21,038
Other	33,583	26,777
Allowance for doubtful accounts	(2,883)	(2,908)
Total current assets	751,150	703,849
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	196,019	195,215
Machinery and equipment, net	129,350	115,717
Land	154,005	152,276
Construction in progress	22,921	28,047
Other, net	36,157	34,761
Total property, plant and equipment	538,454	526,018
Intangible fixed assets		
Other	35,480	32,514
Total intangible fixed assets	35,480	32,514
Investments and other assets		
Investment securities	189,657	231,645
Other	70,210	60,052
Allowance for doubtful accounts	(5,977)	(5,821)
Total investments and other assets	253,890	285,875
Total fixed assets	827,825	844,408
TOTAL ASSETS	1,578,976	1,548,258

	As of March 31, 2013	As of December 31, 2013
LIABILITIES		
Current liabilities		
Notes and trade payable	249,567	254,500
Short-term bank loans	47,296	43,289
Current portion of bonds	50,760	1,780
Reserve for bonuses	16,004	6,526
Other	94,156	89,387
Total current liabilities	457,784	395,484
Long-term liabilities		
Bonds	102,800	101,575
Long-term debt	19,548	21,619
Provision for retirement benefits	26,441	26,903
Other	35,345	31,847
Total long-term liabilities	184,135	181,945
TOTAL LIABILITIES	641,920	577,430
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	722,057	723,434
Treasury stock	(94,226)	(94,307)
Total stockholders' equity	887,193	888,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,908	42,272
Net deferred gains (losses) on hedges	8	(19)
Foreign currency translation adjustments	(12,986)	(4,748)
Total accumulated other comprehensive income	5,930	37,504
Stock acquisition rights	16	16
Minority interests	43,915	44,817
TOTAL NET ASSETS	937,055	970,827
TOTAL LIABILITIES AND NET ASSETS	1,578,976	1,548,258

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

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

(Million yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	1,088,291	1,075,027
Cost of sales	894,715	871,923
Gross profit	193,575	203,103
Selling, general and administrative expenses	169,090	166,975
Operating income	24,484	36,127
Non-operating income		
Interest and dividend income	3,181	3,362
Equity in earnings of affiliates	2,872	973
Other	5,392	5,624
Total non-operating income	11,446	9,960
Non-operating expense		
Interest expense	2,618	2,297
Other	4,575	3,183
Total non-operating expenses	7,194	5,480
Ordinary income	28,737	40,607
Extraordinary gains		
Gain on sale of fixed assets	234	985
Compensation income	293	297
Other	121	325
Total extraordinary gains	648	1,609
Extraordinary losses		
Loss on sale or disposal of fixed assets	3,157	3,287
Loss on devaluation of investment securities	3,073	154
Other	2,673	436
Total extraordinary losses	8,904	3,878
Income before income taxes and minority interests	20,481	38,338
Current income taxes	10,201	8,691
Deferred income taxes	796	6,588
Total income taxes	10,997	15,280
Income before minority interests	9,483	23,058
Minority interests	(413)	1,056
Net income	9,896	22,002

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

(Million yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	9,483	23,058
Other comprehensive income		
Valuation difference on available-for-sale securities	2,215	22,973
Net deferred losses on hedges	(4)	(15)
Foreign currency translation adjustments	1,178	8,170
Share of other comprehensive income (loss) of affiliates accounted for using equity method	(11)	489
Total other comprehensive income	3,378	31,618
Comprehensive income	12,861	54,676
Comprehensive income attributable to owners of the parent	13,655	53,576
Comprehensive income (loss) attributable to minority interests	(794)	1,100

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

None

[Segment information, etc.]

I. First nine months of previous fiscal year (April 1, 2012 – December 31, 2012)

Information on sales and income/loss by reporting segment

(Million yen)

	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	521,381	386,526	137,273	43,110	1,088,291	–	1,088,291
Inter-segment	4,689	8,502	0	1	13,194	(13,194)	–
Total	526,070	395,028	137,274	43,112	1,101,485	(13,194)	1,088,291
Segment income (loss)	11,335	20,611	(1,941)	654	30,659	(6,174)	24,484

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 quarterly consolidated statements of income.

II. First nine months of current fiscal year (April 1, 2013 – December 31, 2013)

Information on sales and income/loss by reporting segment

(Million yen)

	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	514,481	389,300	129,421	41,824	1,075,027	–	1,075,027
Inter-segment	4,135	4,538	1	2	8,678	(8,678)	–
Total	518,617	393,838	129,422	41,827	1,083,705	(8,678)	1,075,027
Segment income	7,401	25,505	9,373	807	43,087	(6,959)	36,127

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

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