

**Consolidated Financial Results  
for the Second Quarter of the Fiscal Year Ending March 31, 2010**

November 13, 2009

**Company Name:** **Dai Nippon Printing Co., Ltd.**  
 Stock exchange listings: Tokyo, Osaka  
 Ticker code: 7912 URL: <http://www.dnp.co.jp/>  
 Representative: Yoshitoshi Kitajima, President  
 Contact person: Yoshio Kanbe, General Manager, Press and Public Relations  
 Telephone: +81-3-5225-8220  
 Securities report issuing date: November 13, 2009  
 Dividend payment date: December 10, 2009

\*Amounts under one million yen have been rounded down.

**1. Consolidated financial results for the six months ended September 30, 2009**

**(1) Consolidated financial results**

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

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2009	771,276	(4.1)	25,610	(35.9)	24,932	(40.0)
Six months ended September 30, 2008	804,322	-	39,948	-	41,569	-

	Net Income		Net Income per Share		Diluted Net Income per Share	
	Millions of yen	%	Yen	Yen		
Six months ended September 30, 2009	7,924	(52.2)	12.30	-		-
Six months ended September 30, 2008	16,567	-	25.52	-		-

**(2) Consolidated financial position**

	Total Assets		Net Assets		Equity Ratio		Net Assets per Share	
	Millions of yen		Millions of yen		%	Yen		Yen
As of September 30, 2009	1,564,918		950,071		58.2	1,413.14		
As of March 31, 2009	1,536,556		940,085		58.5	1,393.91		

Note: Stockholders' Equity as of September 30, 2009: ¥910,535 million As of March 31, 2009: ¥898,174 million

**2. Dividends**

Record date	Dividends per Share (Yen)					
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual	
Year ended March 31, 2009	-	18.00	-	14.00	32.00	
Year ending March 31, 2010	-	16.00	-			
Year ending March 31, 2010 (Forecast)			-	16.00	32.00	

Note: Revisions of projected dividends during the current quarter: None

### 3. Consolidated forecasts for the year ending March 31, 2010

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,600,000	1.0	40,000	(13.4)	40,000	(15.6)	20,000	-	31.04

Note: Revisions of consolidated forecasts during the current quarter: Yes

### 4. Other information

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Application of simplified accounting and special accounting procedures for preparing the quarterly consolidated financial statements: Yes

Note: Please refer to Page 5, "4. Other information" of "Qualitative Information and Financial Statements" for further details.

(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section titled "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements")

- 1) Changes due to revision of accounting standard, etc.: None
- 2) Changes due to other reasons: None

(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, 2009: 700,480,693 shares      As of March 31, 2009: 700,480,693 shares

2) Number of treasury shares at end of each period  
As of September 30, 2009: 56,147,424 shares      As of March 31, 2009: 56,123,617 shares

3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year):  
Six months ended September 30, 2009: 644,343,707 shares  
Six months ended September 30, 2008: 649,303,540 shares

#### \* Explanation regarding appropriate use of earnings forecasts and other special notes

1. We have revised the above forecasts, which were announced on May 15, 2009. For details, please refer to "Differences between Consolidated Results and Forecasts for the First Six Months and Revised Consolidated Earnings Forecasts for the Fiscal Year Ending March 2010" announced on November 13, 2009.

2. The above-noted forecasts were prepared on the basis of information available to the Company and certain assumptions that the Company deems to be reasonable as of the date of the announcement of this material.

A number of factors, including but not limited to risks and uncertainties related to changes in economic conditions affecting the Company's operations, market trends, and fluctuations in exchange rates, could cause actual results to differ from these forecasts.

## **Qualitative Information and Financial Statements**

### **1. Qualitative information on consolidated financial results**

During the first six months of the current fiscal year (April 1, 2009–September 30, 2009), economic conditions in Japan remained considerably weak, with corporate earnings, business investment, and employment conditions still in a slump because of the global recession that originated with the US financial crisis.

Business conditions worsened further for the printing industry because of sluggish demand and the decline in unit prices due to intensified competition.

Despite these conditions, the DNP (Dai Nippon Printing Co., Ltd.) Group has continued to aggressively develop its business and provide products, services, and solutions that meet customer needs, based on its business vision of P&I Solutions (P&I stands for “printing technology” and “information technology”). In addition, DNP has made groupwide efforts through its “Production 21” Activities to establish a solid production structure in terms of quality, cost, turnaround times, and other factors, and has worked hard to maintain positive performance.

As a result, consolidated net sales for the first six months decreased 4.1% year on year to ¥771.2 billion, consolidated operating income declined 35.9% to ¥25.6 billion, consolidated ordinary income fell 40.0% to ¥24.9 billion, and consolidated net income dropped 52.2% to ¥7.9 billion.

The results by segment are as follows.

### **PRINTING**

#### **Information Communication**

In the Books and Magazines business, book and magazine printing sales declined as a result of a prolonged slump in the publications market. Sales from the printing of free newspapers and magazines related to jobs and housing were weak.

In the Commercial Printing business, sales were lower year on year because of a decline in sales of printing of flyers, pamphlets, and point of purchase displays and other marketing/advertising products, stemming from a deterioration in corporate earnings.

In the Business Forms business, sales from information processing services (ranging from data entry to printing and shipment of personal mail) and from the printing of smart cards increased, but overall sales were lower year on year because of a decline in sales from printing of continuous ledger forms for computerized accounting.

The Educational Publications Distribution business, which grew as a result of an acquisition, contributed to the increase in sales in this segment.

As a result, overall sales in the Information Communication segment increased 12.7% year on year to ¥375.2 billion, but operating income declined 31.9% to ¥10.6 billion.

#### **Lifestyle and Industrial Supplies**

In the Packaging business, sales were lower year on year because of a decline in sales of flexible packaging, paper containers, and aseptic filling systems for PET bottles.

In the Lifestyle Materials business, DNP made efforts to increase sales of eco-friendly products that use its proprietary electron beam coating technology, but overall sales were weak because of a prolonged slump in housing demand.

In the Industrial Supplies business, sales of anti-glare film used in flat-panel displays increased, but overall sales fell year on year because of declines in sales of ink ribbons and receiver paper for photo printers as well as back sheet film for solar power systems.

As a result, overall sales in the Lifestyle and Industrial Supplies segment decreased 10.1% year on year to ¥259.7 billion, but operating income rose 24.2% to ¥18.8 billion.

#### **Electronics**

In the LCD color filter business, the volume of orders increased thanks to a rebound in demand for LCD panels, but sales fell year on year because prices remained considerably weak.

In addition, the semiconductor-related market remained weak. Sales of photomasks, etched products for hard drive suspensions and other applications, and high-density build-up circuit boards

contracted.

As a result, overall sales in the Electronics segment decreased 27.4% year on year to ¥113.3 billion and operating income declined 91.3% to ¥1.1 billion.

## **BEVERAGES**

### **Beverages**

Amid tough market conditions, characterized by a slump in consumer spending and intensified sales competition, DNP worked hard to increase sales. It launched marketing campaigns for Coca-Cola Zero, a core product, and introduced a new brand of water, I LOHAS, which uses “eco-ru bottle shiboru,” Japan’s lightest bottle. As a result, sales of carbonated beverages increased, but sales of tea and coffee drinks decreased.

Overall sales in the Beverages segment decreased 12.2% year on year to ¥29.7 billion and operating losses totaled ¥800 million (versus the year-ago operating profit of ¥29 million).

## **2. Qualitative information on the consolidated financial position**

Total assets at the end of the second quarter were up ¥28.3 billion from the end of the previous fiscal year to ¥1,564.9 billion because of increases in investment securities and cash and time deposits.

Total liabilities were up ¥18.3 billion from the end of the previous fiscal year to ¥614.8 billion because of a rise in bonds.

Net assets rose ¥9.9 billion from the end of the previous fiscal year to ¥950 billion because of an increase in net unrealized gains on marketable securities.

As a result, the equity ratio declined 0.3 percentage point from the end of the previous fiscal year to 58.2%.

Consolidated cash flow provided by operating activities in the first six months totaled ¥64 billion primarily because of ¥20.6 billion in income before income taxes and minority interests and ¥43.4 billion in depreciation. Cash flow used in investing activities totaled ¥58.6 billion, mainly because of the acquisition of ¥59.9 billion of property, plant and equipment, and cash flow provided by financing activities totaled ¥13.0 billion mainly due to ¥50.0 billion of proceeds from the issuance of bonds, a ¥23.9 billion decrease in short-term bank loans and ¥9.2 billion of dividend payments.

Because of these activities, DNP's cash and cash equivalents at the end of the second quarter increased by ¥20.1 billion yen from the end of the previous fiscal year to ¥137.3 billion yen.

### **3. Qualitative information on the consolidated results forecast**

DNP has revised its forecasts for the full fiscal year as of May 15, 2009. For details, see the November 13, 2009, press release titled “Differences between Consolidated Results and Forecasts for the First Six Months and Revised Consolidated Earnings Forecasts for the Fiscal Year Ending March 2010.”

### **4. Other information**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation)

None

(2) Application of simplified accounting and special accounting procedures for preparing the quarterly consolidated financial statements

\* Simplified accounting

Valuation of inventory

Write-downs of the book value of inventory are based on the estimated net sale amount of inventories whose profitability has clearly worsened.

Calculation of depreciation of fixed assets

For assets depreciated using the declining-balance method, depreciation for the fiscal year is calculated by dividing the amount proportionately over the period.

\*Application of special accounting procedures for preparing the quarterly consolidated financial statements

None

(3) Changes in accounting principles, procedures and presentation methods for preparing the quarterly consolidated financial statements

None

## 5. Consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
<b>ASSETS</b>		
Current assets		
Cash and time deposits	140,691	123,569
Notes and trades receivable	413,847	405,876
Merchandise and finished products	68,137	73,372
Work in progress	32,042	29,707
Raw materials and supplies	18,182	17,566
Deferred income taxes	10,688	10,278
Other	13,371	21,057
Allowance for doubtful accounts	(5,357)	(5,280)
Total current assets	<u>691,604</u>	<u>676,149</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	211,765	199,265
Machinery and equipment, net	175,329	183,890
Land	133,029	132,888
Construction in progress	57,515	57,756
Other, net	40,075	31,103
Total property, plant and equipment	<u>617,715</u>	<u>604,904</u>
Intangible fixed assets		
Goodwill	22,906	24,099
Software	19,161	20,053
Other	4,387	4,696
Total intangible fixed assets	<u>46,455</u>	<u>48,850</u>
Investments and other assets		
Investment securities	132,151	113,448
Long-term loans	1,626	3,015
Deferred income taxes	42,941	50,015
Other	44,788	51,923
Allowance for doubtful accounts	(14,154)	(12,484)
Total investments and other assets	<u>207,352</u>	<u>205,917</u>
Total fixed assets	<u>871,523</u>	<u>859,672</u>
Deferred assets		
Business startup costs	1,790	735
Total deferred assets	<u>1,790</u>	<u>735</u>
<b>TOTAL ASSETS</b>	<b><u>1,564,918</u></b>	<b><u>1,536,556</u></b>

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payable	286,281	290,871
Short-term bank loans	36,135	59,875
Current portion of long-term debt	3,139	2,898
Income taxes payable	10,240	7,891
Reserve for bonuses	16,213	16,186
Other	78,787	92,075
Total current liabilities	<u>430,796</u>	<u>469,799</u>
Long-term liabilities		
Bonds	101,000	51,000
Long-term debt	9,069	10,490
Provision for retirement benefits	42,077	41,451
Other	31,903	23,729
Total long-term liabilities	<u>184,050</u>	<u>126,671</u>
<b>TOTAL LIABILITIES</b>	<u>614,847</u>	<u>596,471</u>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	750,872	751,869
Treasury stock	(93,908)	(93,884)
Total stockholders' equity	<u>916,327</u>	<u>917,348</u>
Valuation and translation adjustments		
Net unrealized gains (losses) on marketable securities	6,097	(3,882)
Net deferred gains (losses) on derivatives	16	(4)
Foreign currency translation adjustments	(11,905)	(15,285)
Total valuation and translation adjustments	<u>(5,791)</u>	<u>(19,173)</u>
Minority interests	39,535	41,910
<b>TOTAL NET ASSETS</b>	<u>950,071</u>	<u>940,085</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>1,564,918</u>	<u>1,536,556</u>

**(2) Consolidated statements of income**

(Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Net sales	804,322	771,276
Cost of sales	660,625	629,830
Gross profit	143,697	141,446
Selling, general and administrative expenses	103,748	115,836
Operating income	39,948	25,610
Non-operating income		
Interest income	748	395
Dividend income	2,044	1,884
Other	3,542	2,906
Total non-operating income	6,334	5,185
Non-operating expenses		
Interest expense	759	1,057
Equity in losses of affiliates	1,129	210
Provision of allowance for doubtful accounts	-	1,509
Other	2,824	3,084
Total non-operating expenses	4,713	5,863
Ordinary income	41,569	24,932
Extraordinary gains		
Gain on sale of fixed assets	77	119
Gain on sale of investment securities	363	16
Other	121	211
Total extraordinary gains	561	347
Extraordinary losses		
Loss on sale or disposal of fixed assets	2,872	2,782
Loss on devaluation of investment securities	3,099	944
Other	2,380	909
Total extraordinary losses	8,351	4,636
Income before income taxes and minority interests	33,779	20,644
Current income taxes	16,074	10,107
Deferred income taxes	605	2,490
Income and other taxes	16,679	12,598
Minority interests	532	121
Net income	16,567	7,924

**(3) Consolidated statements of cash flows**

(Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	33,779	20,644
Depreciation	50,995	43,421
Increase of doubtful receivables, net	606	1,636
Increase (Decrease) of provision for retirement benefits, net	(1,614)	1,019
Equity in losses of affiliates	1,129	210
Amortization of goodwill, net	1,838	2,612
Interest and dividend income	(2,792)	(2,279)
Interest expense	759	1,057
Net gains on sales of investment securities	(362)	(11)
Net losses on devaluation of investment securities	3,099	944
Net losses on sale or disposal of fixed assets	2,795	2,662
(Increase) Decrease in trade receivables	12,921	(6,529)
(Increase) Decrease in inventories	(5,481)	2,360
Decrease in trade payables	(13,516)	(4,547)
Other	5,383	(1,450)
<b>Sub-total</b>	<b>89,539</b>	<b>61,752</b>
Payment of income taxes	(16,957)	2,312
<b>Net cash provided by operating activities</b>	<b>72,582</b>	<b>64,065</b>
<b>Cash flows from investing activities</b>		
Decrease in time deposits	-	5,099
Proceeds from sales of marketable securities	10,997	-
Payments for purchases of property, plant and equipment	(52,510)	(59,979)
Proceeds from sales of property, plant and equipment	2,107	1,261
Payments for purchases of investment securities	(6,235)	(8,613)
Proceeds from sales of investment securities	1,269	2,625
Payments for purchases of subsidiary stocks	(1,826)	(3,711)
Payments for business transfer	(6,603)	(49)
Interest and dividends received	2,810	2,294
Other	(5,126)	2,402
<b>Net cash used in investing activities</b>	<b>(55,117)</b>	<b>(58,671)</b>

	Six months ended September 30, 2008	Six months ended September 30, 2009
<b>Cash flows from financing activities</b>		
Increase (Decrease) in short-term bank loans	8,769	(23,918)
Proceeds from long-term debt	1,220	800
Repayments of long-term debt	(1,762)	(1,809)
Proceeds from issue of bonds	-	50,000
Redemption of bonds	(100)	-
Payments for purchases of treasury stocks	(27,376)	(34)
Interest paid	(752)	(917)
Dividends paid	(13,223)	(9,041)
Dividends paid to minority interests	(267)	(235)
Other	(318)	(1,840)
Net cash provided by (used in) financing activities	<u>(33,812)</u>	<u>13,001</u>
Effect of exchange rate changes on cash and cash equivalents	(1,576)	1,699
Net increase (decrease) in cash and cash equivalents	<u>(17,924)</u>	<u>20,095</u>
Cash and cash equivalents at beginning of year	130,695	117,200
Increase in cash and cash equivalents from newly consolidated subsidiary	-	97
Cash and cash equivalents at end of period	<u>112,770</u>	<u>137,393</u>

**(4) Notes on premise of a going concern**

None

**(5) Segment information**

**Business segment information**

Six months ended September 30, 2008

	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Elimination and/or corporate	(Millions of yen) Consolidated
Net sales							
(1) Outside customers	328,965	285,368	156,153	33,834	804,322	-	804,332
(2) Inter- segment	3,882	3,610	1	20	7,513	(7,513)	-
Total	332,847	288,978	156,155	33,855	811,836	(7,513)	804,332
Operating income (loss)	15,582	15,195	13,370	29	44,177	(4,229)	39,948

Six months ended September 30, 2009

	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Elimination and/or corporate	(Millions of yen) Consolidated
Net sales							
(1) Outside customers	371,627	256,613	113,317	29,717	771,276	-	771,276
(2) Inter- segment	3,617	3,169	10	19	6,817	(6,817)	-
Total	375,244	259,783	113,328	29,737	778,094	(6,817)	771,276
Operating income (loss)	10,612	18,874	1,159	(839)	29,806	(4,196)	25,610

**(6) Notes on significant changes in the amount of stockholders' equity**

None