

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

February 3, 2010

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listings: Tokyo, Osaka
 Ticker code: 7912 URL: <http://www.dnp.co.jp/>
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 Securities report issuing date: February 12, 2010
 Dividend payment date: -

Amounts under one million yen have been rounded down.

1. Consolidated financial results for the nine months ended December 31, 2009

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2009	1,175,073	(2.9)	45,758	4.0	44,627	(1.3)
Nine months ended December 31, 2008	1,210,487	—	44,011	—	45,227	—

	Net Income		Net Income per Share	Diluted Net Income per Share
	Million yen	%	Yen	Yen
Nine months ended December 31, 2009	19,620	68.3	30.45	—
Nine months ended December 31, 2008	11,655	—	17.99	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
As of December 31, 2009	1,583,914	948,226	57.4	1,410.08
As of March 31, 2009	1,536,556	940,085	58.5	1,393.91

Note: Stockholders' equity as of December 31, 2009: ¥908,493 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	¥
Full year	1,600,000	1.0	57,000	23.4	54,000	13.9	23,000	-	35.70

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 December 31, 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 December 31, 2009: 56,197,889 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):

Nine months ended December 31, 2009: 644,334,590 shares

Nine months ended December 31, 2008: 647,824,543 shares

Explanation regarding appropriate use of earnings forecasts and other special notes

1. We have revised the above forecasts, which were announced on November 13, 2009. For details, please refer to "Revisions of Consolidated Earnings Forecasts for the Fiscal Year Ending March 2010" announced on February 3, 2010.

2. The above-noted forecasts were prepared on the basis of information available to the Company and certain assumptions that the Company deemed 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.

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Qualitative Information and Financial Statements

1. Qualitative information on consolidated financial results

Economic conditions in Japan were very challenging in the first nine months of the current fiscal year (April 1, 2009 – December 31, 2009). Although there were some signs of recovery from government economic stimulus measures and a rebound in demand in some emerging countries, corporate earnings, business investment, and employment conditions remained sluggish because of the delayed recovery of the global economy.

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 of the factors listed above, consolidated net sales for the first nine months decreased 2.9% year on year to ¥1,175 billion, consolidated operating income rose 4.0% to ¥45.7 billion, consolidated ordinary income fell 1.3% to ¥44.6 billion, and net income increased 68.3% to ¥19.6 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.

In the Commercial Printing business, sales decreased year on year because the printing of flyers, pamphlets, and point of purchase displays and other marketing/advertising products declined as a result of advertising budget cuts stemming from deteriorating 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 weak because of a decline in sales from printing of ledger forms for computerized accounting.

Overall sales in the segment increased with help from acquisition-driven growth in the Educational Publications Distribution business.

As a result of the above, overall sales in the Information Communication segment increased 6.2% year on year to ¥556.5 billion, but operating income declined 25.5% to ¥16.1 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 ink ribbons and receiver paper for photo printers as well as back sheet film for solar power systems declined, but overall sales rose year on year because sales of anti-glare film used in flat-panel displays increased.

As a result of the above, overall sales in the Lifestyle and Industrial Supplies segment decreased 7.7% year on year to ¥395.8 billion, but operating income rose 74.3% to ¥31.4 billion.

Electronics

In the LCD color filter business, a rebound in demand for LCD panels boosted volume and a 10th-generation color filter plant in Sakai, Osaka Prefecture started up, but sales fell year on year as

prices remained weak.

In addition, the semiconductor-related market showed signs of a rebound, albeit a weak one. Sales of photomasks, etched products for hard drive suspensions and other applications, and high-density build-up circuit boards contracted.

As a result of the above, overall sales in the Electronics segment decreased 13.4% year on year to ¥184.8 billion, and operating income declined 52.7% to ¥4.7 billion.

BEVERAGES

Beverages

Amid tough market conditions, characterized by a slump in consumer spending and intensified sales competition, DNP worked hard to increase sales of Coca-Cola Zero and Georgia, both core products, and I LOHAS, a new brand of water that uses “ecoru Bottle Shiboru,” Japan’s lightest bottle. Sales of carbonated beverages and mineral water increased, but sales of tea and coffee drinks decreased.

As a result, overall sales in the Beverages segment decreased 12.3% year on year to ¥47.8 billion and operating losses totaled ¥200 million (versus the year-ago operating profit of ¥500 million).

2. Qualitative information on the consolidated financial position

Total assets at the end of the third quarter were up ¥47.3 billion from the end of the previous fiscal year to ¥1,583.9 billion because of increases in notes and accounts receivable and investment securities.

Total liabilities increased ¥39.2 billion from the end of the previous fiscal year to ¥635.6 billion because of a rise in bonds.

Net assets increased ¥8.1 billion from the end of the previous fiscal year to ¥948.2 billion because of an increase in net unrealized gains on marketable securities.

As a result of the above, the equity ratio declined 1.1 percentage points from the end of the previous fiscal year to 57.4%.

Consolidated cash flow provided by operating activities in the first nine months totaled ¥78.5 billion primarily because of ¥38.9 billion in income before income taxes and minority interests and ¥66.7 billion in depreciation. Cash flow used in investing activities totaled ¥83.3 billion, mainly because of the acquisition of ¥83.2 billion of property, plant and equipment, and cash flow provided by financing activities totaled ¥3.9 billion mainly due to ¥50 billion of proceeds from a bond issuance, a ¥21.6 billion decrease in short-term bank loans and ¥19.5 billion of dividend payments.

As a result of these activities, DNP’s cash and cash equivalents at the end of the third quarter decreased by ¥300 million from the end of the previous fiscal year to ¥116.8 billion.

3. Qualitative information on the consolidated results forecast

DNP has revised its forecasts for the full fiscal year as of November 13, 2009. For details, please refer to "Revisions of Consolidated Earnings Forecasts for the Fiscal Year Ending March 2010" dated on February 3.

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

For the calculation of the value of inventory at the end of the third quarter, DNP eliminated the process of taking physical inventory of stock and instead adopted a rational computation method based on the actual inventory at the end of the previous fiscal year.

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

(Million yen)

	As of December 31, 2009	As of March 31, 2009
ASSETS		
Current assets		
Cash and time deposits	119,109	123,569
Notes and trades receivable	454,309	405,876
Merchandise and finished products	68,842	73,372
Work in progress	33,801	29,707
Raw materials and supplies	17,860	17,566
Deferred income taxes	5,903	10,278
Other	15,505	21,057
Allowance for doubtful accounts	(5,578)	(5,280)
Total current assets	709,752	676,149
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	207,680	199,265
Machinery and equipment, net	169,682	183,890
Land	132,902	132,888
Construction in progress	60,667	57,756
Other, net	41,094	31,103
Total property, plant and equipment	612,028	604,904
Intangible fixed assets		
Goodwill	22,445	24,099
Software	19,274	20,053
Other	4,213	4,696
Total intangible fixed assets	45,933	48,850
Investments and other assets		
Investment securities	138,470	113,448
Long-term loans	1,530	3,015
Deferred income taxes	44,797	50,015
Other	44,049	51,923
Allowance for doubtful accounts	(14,346)	(12,484)
Total investments and other assets	214,501	205,917
Total fixed assets	872,463	859,672
Deferred assets		
Business startup costs	1,698	735
Total deferred assets	1,698	735
TOTAL ASSETS	1,583,914	1,536,556

	As of December 31, 2009	As of March 31, 2009
LIABILITIES		
Current liabilities		
Notes and trade payable	308,295	290,871
Short-term bank loans	38,513	59,875
Current portion of long-term debt	3,413	2,898
Income taxes payable	7,712	7,891
Reserve for bonuses	5,778	16,186
Other	85,669	92,075
Total current liabilities	449,382	469,799
Long-term liabilities		
Bonds	101,207	51,000
Long-term debt	10,171	10,490
Provision for retirement benefits	42,687	41,451
Other	32,238	23,729
Total long-term liabilities	186,305	126,671
TOTAL LIABILITIES	635,688	596,471
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	752,249	751,869
Treasury stock	(93,964)	(93,884)
Total stockholders' equity	917,647	917,348
Valuation and translation adjustments		
Net unrealized gains (losses) on marketable securities	5,365	(3,882)
Net deferred losses on derivatives	(8)	(4)
Foreign currency translation adjustments	(14,511)	(15,285)
Total valuation and translation adjustments	(9,154)	(19,173)
Minority interests	39,732	41,910
TOTAL NET ASSETS	948,226	940,085
TOTAL LIABILITIES AND NET ASSETS	1,583,914	1,536,556

(2) Consolidated statements of income

(Million yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net sales	1,210,487	1,175,073
Cost of sales	1,004,563	954,643
Gross profit	205,924	220,429
Selling, general and administrative expenses	161,913	174,671
Operating income	44,011	45,758
Non-operating income		
Interest income	1,089	623
Dividend income	2,670	2,373
Other	5,287	3,864
Total non-operating income	9,046	6,861
Non-operating expenses		
Interest expense	1,282	1,845
Equity in losses of affiliates	1,169	201
Other	5,377	5,945
Total non-operating expenses	7,829	7,993
Ordinary income	45,227	44,627
Extraordinary gains		
Gain on sale of fixed assets	114	921
Gain on sale of investment securities	363	36
Other	125	204
Total extraordinary gains	603	1,161
Extraordinary losses		
Loss on sale or disposal of fixed assets	4,061	4,747
Loss on devaluation of investment securities	9,773	1,189
Other	2,540	914
Total extraordinary losses	16,375	6,851
Income before income taxes and minority interests	29,455	38,937
Current income taxes	12,664	13,501
Deferred income taxes	4,442	5,755
Income and other taxes	17,107	19,256
Minority interests	693	59
Net income	11,655	19,620

(3) Consolidated statements of cash flows

(Million yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Cash flows from operating activities		
Income before income taxes and minority interests	29,455	38,937
Depreciation	78,588	66,700
Increase of doubtful receivables, net	1,686	2,125
Increase (Decrease) of provision for retirement benefits, net	(2,594)	1,718
Equity in losses of affiliates	1,169	201
Amortization of goodwill, net	3,125	3,993
Interest and dividend income	(3,759)	(2,997)
Interest expense	1,282	1,845
Net gains on sales of investment securities	(363)	(30)
Net losses on devaluation of investment securities	9,775	1,189
Net losses on sale or disposal of fixed assets	3,946	3,826
(Increase) Decrease in trade receivables	6,621	(47,415)
Increase in inventories	(3,502)	(2,925)
Increase (Decrease) in trade payables	(8,803)	18,440
Other	(2,578)	(1,037)
Sub-total	114,051	84,572
Payment of income taxes	(33,987)	(6,054)
Net cash provided by operating activities	80,064	78,517
Cash flows from investing activities		
(Increase) Decrease in time deposits	(48)	4,255
Proceeds from sales of marketable securities	11,004	—
Payments for purchases of property, plant and equipment	(72,922)	(83,245)
Proceeds from sales of property, plant and equipment	2,534	2,368
Payments for purchases of investment securities	(6,944)	(8,679)
Proceeds from sales of investment securities	1,316	2,661
Payments for purchases of subsidiary stocks	(2,280)	(5,566)
Payments for business transfer	(6,589)	(49)
Interest and dividends received	3,765	2,980
Other	(6,351)	1,932
Net cash used in investing activities	(76,515)	(83,340)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Cash flows from financing activities		
Increase (Decrease) in short-term bank loans	22,499	(21,609)
Proceeds from long-term debt	1,220	2,240
Repayments of long-term debt	(2,636)	(2,807)
Proceeds from issue of bonds	—	50,000
Redemption of bonds	(100)	(62)
Payments for purchases of treasury stocks	(27,411)	(96)
Interest paid	(1,063)	(1,272)
Dividends paid	(24,792)	(19,298)
Dividends paid to minority interests	(283)	(232)
Other	(741)	(2,933)
Net cash provided by (used in) financing activities	<u>(33,309)</u>	<u>3,928</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(5,112)</u>	<u>415</u>
Net decrease in cash and cash equivalents	<u>(34,874)</u>	<u>(480)</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>95,821</u>	<u>116,817</u>

(4) Notes on premise of a going concern

None

(5) Segment information**Business segment information**

Nine months ended December 31, 2008

(Million yen)

	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Elimination and/or corporate	Consolidated
Net sales							
(1) Outside customers	518,658	423,803	213,506	54,520	1,210,487	—	1,210,487
(2) Inter- segment	5,365	4,823	2	34	10,224	(10,224)	—
Total	524,023	428,626	213,508	54,554	1,220,712	(10,224)	1,210,487
Operating income (loss)	21,611	18,036	10,139	538	50,325	(6,314)	44,011

Nine months ended December 31, 2009

(Million yen)

	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Elimination and/or corporate	Consolidated
Net sales							
(1) Outside customers	551,203	391,219	184,820	47,830	1,175,073	—	1,175,073
(2) Inter- segment	5,364	4,588	16	34	10,003	(10,003)	—
Total	556,568	395,807	184,836	47,864	1,185,076	(10,003)	1,175,073
Operating income (loss)	16,101	31,446	4,791	(299)	52,040	(6,281)	45,758

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

None