Consolidated Financial Results for the Fiscal Year Ended March 31, 2010

May 14, 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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General meeting of shareholders: June 29, 2010
Dividend payment date: June 30, 2010
Securities report issuing date: June 29, 2010

*Amounts under one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2010

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income (Loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2010	1,583,382	(0.1)	66,513	44.0	68,841	45.3	23,278	—
Year ended March 31, 2009	1,584,844	(1.9)	46,177	(47.0)	47,390	(45.2)	(20,933)	—

	Net Income (Loss) per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2010	36.13	—	2.6	4.4	4.2
Year ended March 31, 2009	(32.35)	—	(2.2)	3.0	2.9

Reference: Equity in earnings or losses of affiliates: Year ended March 31, 2010: ¥(102) million
Year ended March 31, 2009: ¥(1,247) million

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2010	1,618,853	956,863	56.6	1,422.34
As of March 31, 2009	1,536,556	940,085	58.5	1,393.91

Reference: Stockholders' equity as of March 31, 2010: ¥916,324 million As of March 31, 2009: ¥898,174 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Year
	Million yen	Million yen	Million yen	Million yen
As of March 31, 2010	140,574	(120,683)	13,126	151,709
As of March 31, 2009	131,569	(100,726)	(33,951)	117,200

2. Dividends

Record date	Dividends per Share (Yen)					Total Dividends (Annual) (Million yen)	Dividend Payout Ratio (Consolidated) (%)	Dividends to Net Assets Ratio (Consolidated) (%)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
Year ended March 31, 2009	—	18.00	—	14.00	32.00	20,636	—	2.2
Year ended March 31, 2010	—	16.00	—	16.00	32.00	20,633	88.6	2.3
Year ending March 31, 2011 (Forecast)	—	16.00	—	16.00	32.00		63.4	

3. Consolidated forecasts for the year ending March 31, 2011

(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
Six months ending September 30, 2010	800,000	3.7	36,000	40.6	35,000	40.4	15,500	95.6	24.06
Full year	1,640,000	3.6	75,000	12.8	73,000	6.0	32,500	39.6	50.45

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) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements. (Notes on Changes in significant accounting policies applied in the preparation of the consolidated financial statements)

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

Note: Please refer to page 26, "Significant matters concerning the preparation of the consolidated financial statements" for further details.

(3) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury stocks)
As of March 31, 2010: 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 March 31, 2010: 56,241,763 shares As of March 31, 2009: 56,123,617 shares

Note: Please refer to page 34, "Per share information" for the number of common shares at fiscal year-end used for the calculation of consolidated net income (loss) per share.

(Reference) Non-consolidated financial results
1. Non-consolidated financial results for the year ended March 31, 2010
(1) Non-consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income (Loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2010	1,086,701	(1.7)	11,633	(2.8)	42,278	11.9	10,121	—
Year ended March 31, 2009	1,105,429	(6.3)	11,968	(57.5)	37,772	(16.3)	(19,973)	—

	Net Income (Loss) per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2010	15.70	—
Year ended March 31, 2009	(30.84)	—

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2010	1,270,358	697,539	54.9	1,081.85
As of March 31, 2009	1,205,056	694,927	57.7	1,077.61

Reference: Stockholders' Equity as of March 31, 2010: ¥697,539 million As of March 31, 2009: ¥694,927 million

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

The forecasts shown above include forecasts based on assumptions, projections, and plans at the time this report was prepared. Actual results may differ from the forecasts owing to risks and uncertainties related to economic conditions that affect the Company's businesses, market trends, and changes in foreign currency exchange rates, for example.

1. Operating results

(1) Analysis of operating results

1) Operating results for the year ended March 31, 2010

Economic conditions in Japan were very challenging. Although there were some signs of recovery from government economic stimulus measures and a rebound in demand in emerging countries, business investment declined and employment remained sluggish because of the delayed recovery of the global economy.

The business environment surrounding the printing industry worsened, due to such factors as weak demand and unit price declines stemming from intensified competition.

Under such conditions, the DNP (Dai Nippon Printing Co., Ltd.) Group has been aggressively developing its business and providing products, services, and solutions that meet customer needs, based on a 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 all aspects, such as quality, cost, and turnaround times, and has worked hard to maintain positive performance.

As a result, consolidated net sales decreased 0.1% over the previous fiscal year to ¥1,583.3 billion, consolidated operating income rose 44.0% to ¥66.5 billion, consolidated ordinary income rose 45.3% to ¥68.8 billion, and consolidated net income improved to ¥23.2 billion (from the year-ago net loss of ¥20.9 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. 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, as a result of advertising budget cuts stemming from deteriorating corporate earnings.

In the Business Forms business, sales of continuous business forms for use with computers declined, but overall sales increased year on year thanks to increased sales from information processing services (ranging from data entry to printing and shipment of personal mail) and the printing of smart cards and stylus-based digital forms for capturing handwritten information as digital data.

Acquisition-driven growth in the Educational Publications Distribution business also contributed to the segment’s sales growth.

As a result of the above, overall sales in the Information Communication segment increased 3.0% year on year to ¥739.6 billion, but operating income declined 25.9% to ¥23.4 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 EB (Electron Beam) coating technology, but overall sales remained 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 decreased, but overall sales rose year on year because of increased sales of anti-glare film used in flat-panel displays.

As a result of the above, overall sales in the Lifestyle and Industrial Supplies segment decreased 2.8% year on year to ¥536.6 billion, but operating income increased 119.5% to ¥43.7 billion.

Electronics

In the LCD color filter business, a decline in unit prices had an impact, but sales rose year on year thanks to an increase in order volume, owing to growth in demand for LCD panels, and contributions from the startup of a 10th-generation color filter plant in Sakai, Osaka Prefecture.

The semiconductor-related market started to show signs of a rebound, albeit a weak one. Sales of photomasks contracted. Sales of high-density build-up circuit boards declined, but sales of etched products for hard drive suspensions and other applications increased.

As a result of the above, overall sales in the Electronics segment increased 0.6% year on year to ¥257.5 billion and operating income increased 222.7% to ¥8.3 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 and Georgia, both core products, and I LOHAS, a 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 12.4% year on year to ¥62.8 billion and operating losses totaled ¥500 million (versus the year-ago operating income of ¥300 million).

2) Forecast for the year ending March 31, 2011

For the fiscal year ending March 31, 2011, DNP intends to further develop its business vision of P&I Solutions and do everything it can to provide products and services that solve customers’ problems. Today’s uncertain economic outlook calls for the innovation of new products and services. The DNP Group is working to solve various issues that are apparent by looking at societal changes and needs from the perspective of consumers. The Company also intends to develop its “Production 21” Activities to solidify the base for promoting its P&I Solutions; improve productivity further; and generate solid earnings and stable, long-term business growth.

For the fiscal year ending March 31, 2011, DNP presently forecasts consolidated net sales of ¥1,640.0 billion, operating income of ¥75.0 billion, ordinary income of ¥73.0 billion, and net income of ¥32.5 billion.

(2) Analysis of financial position

Total assets at the end of the current fiscal year increased ¥82.2 billion from the end of the previous fiscal year to ¥1,618.8 billion primarily because of increases in notes and trade receivable and investment securities.

Total liabilities increased ¥65.5 billion from the end of the previous fiscal year to ¥661.9 billion primarily because of a rise in bonds.

Net assets increased ¥16.7 billion from the end of the previous fiscal year to ¥956.8 billion primarily because of an increase in net unrealized gains on available-for-sale securities.

As a result of the above, the equity ratio declined 1.9 percentage points from the end of the previous fiscal year to 56.6%.

Consolidated cash flow provided by operating activities totaled ¥140.5 billion (¥131.5 billion in the previous fiscal year) primarily because of ¥49.4 billion in income before income taxes and minority interests and ¥91.6 billion in depreciation.

Cash flow used in investing activities totaled ¥120.6 billion (¥100.7 billion in the previous fiscal year) mainly because of the acquisition of ¥108.5 billion of property, plant and equipment, and cash flow provided by financing activities totaled ¥13.1 billion (¥33.9 billion of cash flow used in the previous fiscal year) due to ¥50.0 billion of proceeds from the issuance of bonds, a ¥10.1 billion decrease in short-term bank loans and ¥19.6 billion of dividend payments. Because of these activities, DNP's cash and cash equivalents at the end of the fiscal year increased by ¥34.5 billion from the end of the previous fiscal year to ¥151.7 billion.

The trends in the DNP Group's cash flow indicators are shown below.

	Year ended March 2006	Year ended March 2007	Year ended March 2008	Year ended March 2009	Year ended March 2010
Equity ratio (%)	64.0	63.0	62.6	58.5	56.6
Market value-based equity ratio (%)	90.3	75.7	65.5	37.7	50.3
Debt-to-cash flow ratio (year)	0.5	0.6	0.5	0.9	1.2
Interest coverage ratio (times)	106.2	93.8	120.1	79.7	63.9

Note: The following indicators are calculated based on consolidated financial figures.

*Equity ratio: Total stockholders' equity / Total assets

*Market value-based equity ratio: Market capitalization / Total assets

Market capitalization: Fiscal year-end share price x fiscal year-end number of shares outstanding (excluding treasury stock)

*Debt-to-cash flow ratio: Interest-bearing debt / Cash flow

Interest-bearing debt: All liabilities on the consolidated balance sheet that accrue interest charges

Cash flow: Cash flow provided/used by operating activities on the consolidated statements of cash flows

*Interest coverage ratio: Cash flow / Interest expenses

Cash flow: Cash flow provided/used by operating activities on the consolidated statements of cash flows

Interest expenses: Interest expenses on the consolidated statements of cash flows

(3) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2010 and year ending March 31, 2011

An important policy of the Company is to pass on profits to shareholders.

Profits are allocated based on a policy of paying stable dividends to shareholders and with consideration for financial results and the dividend payout ratio. For future business expansion, the Company strives to retain profits and strengthen its financial constitution and management base.

Retained earnings are used to invest in research and development related to new products and technologies, to invest in equipment needed for developing new businesses, and to implement strategic alliances, including mergers and acquisitions. At the same time, the Company considers flexible capital policies while also taking into consideration market trends as well as its need for capital. The Company believes that these efforts will contribute to higher profits that can then be passed on to shareholders in the future.

Based on this policy, the Company intends to pay a year-end dividend of ¥16 per share, which together with the interim dividend of ¥16 per share brings the full-year dividend to ¥32 per share, the same as in the previous fiscal year. The consolidated dividend payout ratio comes to 88.6%.

The forecast dividend for the fiscal year ending March 31, 2011 is ¥32 per share, the total of a ¥16 interim dividend and a ¥16 year-end dividend.

(4) Business risks

The performance and the results of DNP could be significantly affected by a variety of factors and circumstances that might arise in the future. Because DNP is aware of these risk factors, its policy is to strive to minimize their potential effects.

The followings are the major factors that the DNP management views as risks.

1) The Japanese economy and consumption trends

DNP engages in a wide range of businesses with an extremely large number of corporate customers. We conduct our business so as not to be overly dependent on specific customers. We do most of our business in the Japanese market; overseas sales account for about 12% of net sales. Nevertheless, if consumer spending and other components of domestic demand slump, owing to domestic economic weakness in sympathy with global economic trends, declines in order volume and unit prices may affect our corporate performance.

2) Changes in the electronics market

We position our Electronics segment as a strategic sector for future expansion. We intend to secure steady profits in this segment by focusing on building business strategies based on a careful compilation of information, establishing profitable production system, and the development of highly competitive, added-value products. However, the market for display components and semiconductor products is subject to sudden changes. It is possible that the segment's performance could be affected by sudden changes affecting products that we handle, such as dramatic fluctuations in demand or a plunge in unit prices.

3) Fluctuations in raw material procurement

We work hard to secure stable supplies and maintain optimal price by procuring raw materials such as printing paper and film from multiple suppliers in Japan and overseas. However, there is some potential for temporary imbalances between supply and demand due to factors like spikes in petroleum prices or sudden surges in demand from emerging markets. We intend to cope with such instances by negotiating with our customers and business partners. However, if it should become extremely difficult to secure supplies, or if purchasing prices rise markedly, it is possible that DNP's corporate performance could be affected.

4) Development of new products and technologies and services

The DNP Group uses its printing and information technologies to develop and provide to a broad range of industries products, technologies, and services that meet the needs of corporate customers and consumers. In recent years, the pace of technological innovation in these areas has become faster than ever, and customers' needs have been rapidly diversifying. We believe that in the future, competition in the area of product development will become more intense than ever before, and it is possible that DNP's performance could fluctuate significantly due to unforeseeable changes in market trends or a shortening of product life cycles.

5) Currency fluctuations

Particularly in fields such as Electronics, and Lifestyle and Industrial Supplies, we are expanding our dealings in products and services with overseas customers. Because we expect the effects of currency rates to gradually become more important, we use such means as foreign exchange forward contracts to hedge the risks of currency fluctuations. Nevertheless, it is possible that radical swings in currency values could have a more serious effect on our corporate performance.

6) Legal regulations, etc.

We conduct our business based on strict compliance with the law and social ethics. Wherever we operate, in Japan or overseas, we are subject to a wide variety of legal regulations and restrictions, including laws related to product liability, monopoly prohibitions, the protection of personal information, patents, taxes, imports and exports, etc. We can imagine that in the future such regulations could become even more restrictive. Market and industry trends may change substantially as a result of deregulation. If that should occur, it is possible that DNP's business performance could be affected by limitations on its business activities, the burden of responding to the changes, or increased costs.

7) Environmental protection and stricter regulations

The DNP Group is affected by laws and regulations in Japan and other countries regarding energy conservation, the use of harmful substances, the prevention of air pollution, water quality protection and waste treatment, and product recycling. Such regulations may be strengthened because of the impact of global climate trends. In addition, if soil is contaminated by harmful substances and the Company is faced with the situation of being responsible for assessing and cleaning up the environmental pollution, then the Company's business could be substantially affected.

8) Information system security

With computer networks and information systems playing an ever-greater role in keeping business activity going, the risks of information system malfunctions, breaches of personal information, and other events, owing to software and hardware problems and viruses, have risen. The DNP Group regards the protection of data and personal information as a top priority. It is doing all it can to protect and maintain systems and data by strengthening its organization and training employees, but if problems arise in these areas, then business activity could be affected.

9) Disasters

We take steps to protect our production equipment and other major facilities from being damaged by disasters such as fires or earthquakes. In addition, we divide our work among multiple production bases and make every effort to prevent disasters from causing production stoppages or disturbances in our ability to supply products. We also use various types of insurance to transfer risk. Nevertheless, if major earthquakes, terrorist attacks, the spread of diseases, and other unexpected developments arise and lead to production stoppages or major damage or interference with the social infrastructure, then our corporate performance could be substantially affected.

2. Information on the Dai Nippon Printing Group (DNP Group)

The DNP Group includes 156 subsidiaries and 13 affiliated companies. Its two main businesses are Printing and Beverages. The former encompasses Information Communication, Lifestyle and Industrial Supplies, and Electronics.

The businesses and segments of the DNP Group are outlined below.

PRINTING

Information Communication

Production of textbooks, books, weekly/monthly/quarterly magazines, advertisements, stock and other securities certificates, business forms, and cards; manufacture/sale of business equipment and systems; and planning/design/construction/management of stores and advertising media

Major companies

Production	OGUCHI BOOK BINDING & PRINTING CO., LTD. DNP AV Center Co., Ltd., DNP SP Tech Co., Ltd. DNP Offset Co., Ltd., DNP Graphica Co., Ltd. DNP Seihon Co., Ltd., DNP Digitalcom Co., Ltd. DNP Data Techno Co., Ltd., DNP Data Techno Kansai Co., Ltd. DNP Total Process Nagaoka Co., Ltd. DNP Total Process Maebashi Co., Ltd. DNP Total Process Warabi Co., Ltd., DNP Corporate History Center Co., Ltd. DNP Butsuryu Systems Shouin Co., Ltd. DNP Multi Print Co., Ltd., DNP Media Art Co., Ltd. DNP Media Create Co., Ltd., DNP Media Create Kansai Co., Ltd. DNP Uniprocess Co., Ltd.
Production and sales	Tien Wah Press (Pte.) Ltd.
Sales and services	CHI Group Co., Ltd., Junkudo Co., Ltd., Direc Co., Ltd. DNP Art Communications Co., Ltd., DNP Dream Pages Co., Ltd. TRC, Inc., MyPoint.com Japan Co., Ltd., Maruzen Co., Ltd. *BOOKOFF CORPORATION LIMITED BUNKYODO GROUP HOLDINGS CO., LTD. SHUFUNOTOMO Co., Ltd. Kyoiku Shuppan Co., Ltd.

The shares of CHI Group Co., Ltd. and BOOKOFF CORPORATION LIMITED are traded on the Tokyo Stock Exchange, and the shares of BUNKYODO GROUP HOLDINGS CO., LTD. are traded on the Osaka Securities Exchange's JASDAQ market.

Lifestyle and Industrial Supplies

Manufacture/sale of containers and packaging products, packaging equipment and systems, interior and exterior construction materials, photographic materials, and industrial supplies

Major companies

Production	Sagami Yoki Co., Ltd., DNP IMS Co., Ltd.
	DNP IMS Odawara Co., Ltd.
	DNP Energy System Co., Ltd., DNP Ellio Co., Ltd.
	DNP OptoMaterials Co., Ltd., DNP Lifestyle Materials Co., Ltd.
	DNP Technopack Co., Ltd., DNP Technopack Kansai Co., Ltd.
	DNP Technopack Tokai Co., Ltd.
	DNP Technopack Yokohama Co., Ltd.
	DNP Techno Polymer Co., Ltd.
Production and sales	Aseptic Systems Co., Ltd.
	DNP Fine Chemicals Fukushima Co., Ltd.
	DNP Hoso Co., Ltd., PT DNP Indonesia
	DNP Electronics America, LLC, DNP IMS America Corporation
	DNP Denmark A/S, DNP IMS Netherlands B.V.
	DNP Plastic Molding (Shanghai) Co., Ltd.
Sales and services	DNP ID System Co., Ltd.
	DNP Lifestyle Materials Marketing Co., Ltd.
	DNP Photo Imaging Co., Ltd., DNP Fotolusio Co., Ltd.
	LIFESCAPE MARKETING CORPORATION
	DNP Photo Imaging America Corporation
	DNP Photo Imaging Corporation SAS
	DNP Photo Imaging Europe SAS

Electronics

Manufacture/sale of precision electronic components and other products

Major companies

Production	DNP LSI Design Co., Ltd., DNP Color Techno Sakai Co., Ltd.
	DNP Fine Electronics Co., Ltd., DNP Precision Devices Co., Ltd.
	DNP Precision Devices Himeji Co., Ltd.
	DNP Micro Technica Co., Ltd.
Production and sales	DNP Color Techno Kameyama Co., Ltd., DAP Technology Co., Ltd.
	DT Fine Electronics Co., Ltd., DNP Photomask Europe S.p.A.
	DNP Photomask Technology Taiwan Co., Ltd.
Sales and services	DNP Taiwan Co., Ltd., DNP Display Technology Taiwan Co., Ltd.

Other companies with multiple types of businesses

Production and sales	DNP Hokkaido Co., Ltd., DNP Tohoku Co., Ltd.
	DNP Tokai Co., Ltd., DNP Shikoku Co., Ltd.
	DNP Nishinippon Co., Ltd., DNP Fine Chemicals Co., Ltd.
	D.N.K. Co., Ltd.
	*DIC Graphics Corporation
Sales and services	DNP Trading Co., Ltd., DNP Logistics Co., Ltd.
	DNP Accounting Services Co., Ltd., DNP Facility Services Co., Ltd.

DNP Information Systems Co., Ltd., DNP Human Services Co., Ltd.
DNP Corporation USA, DNP America, LLC
DNP Holding USA Corporation

BEVERAGES

Beverages

Centered on Hokkaido Coca-Cola Bottling Co., Ltd.; manufacture/sale of soft drinks and juices

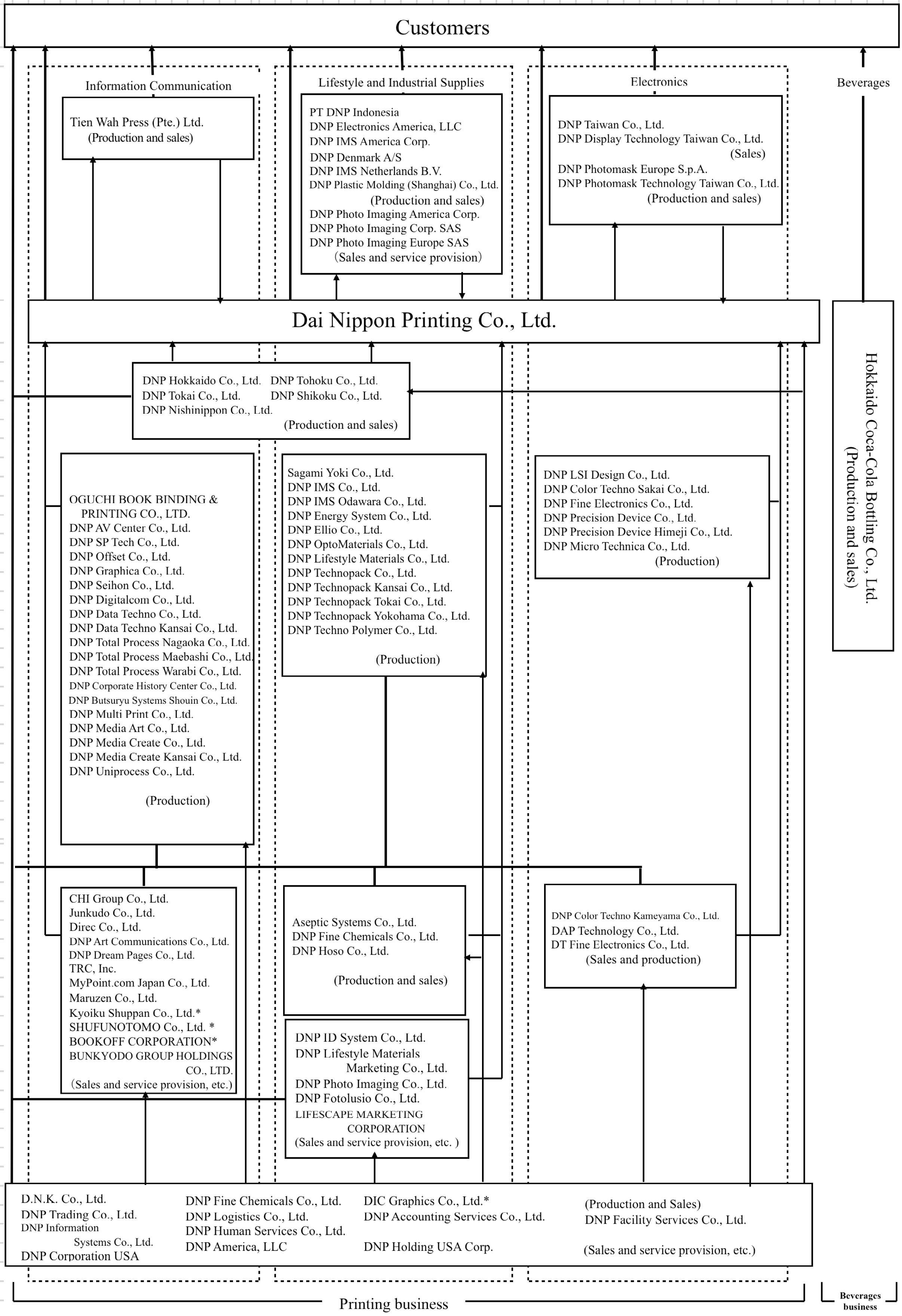
The shares of Hokkaido Coca-Cola Bottling Co., Ltd. are traded on the Tokyo Stock Exchange and Sapporo Securities Exchange.

* Equity-method affiliated companies

Organizational chart

The businesses noted above are shown in the organizational chart below.

3.



Notes: * : Equity-method affiliated companies
: Flow of products, materials and services

Management policies

(1) Core policies

The DNP (Dai Nippon Printing Co., Ltd.) Group has been striving to contribute to society by providing new value-added products and services based on a management concept of contributing to the sustainable growth of the society and the emergently evolving society of the 21st century.

With a business vision of P&I Solutions (P&I stands for “printing technology” and “information technology”), the DNP Group aims to expand and contribute to an emergently evolving society by bringing together printing technology and information technology and finding and solving various problems for many people, including customers and consumers.

To promote fair and appropriate corporate activity and carry out its corporate social responsibilities, DNP has established the DNP Group Code of Conduct and strictly complies with laws and social ethics. The Company also has developed a system of internal controls and strives to conduct business appropriately. The Company strives to conduct business in good faith so as to earn the high trust of shareholders, customers, consumers, employees and other stakeholders.

(2) Medium- and long-term management strategy and key issues

The DNP Group aims to steadily expand over the long term, based on its P&I Solutions business vision, and strives to conduct business in good faith, in recognition of its responsibilities to society as a corporation.

DNP has begun redeveloping the Ichigaya district as a measure to further promote its P&I Solutions and ensure future growth. DNP was established in 1876 as Shueisha. Since building its Ichigaya Plant (in the current Shinjuku district of Tokyo) in 1886, the Company has been based in this area and expanded into various businesses. Under a redevelopment plan, the Company aims to consolidate in the Ichigaya district the planning and development, sales, and head office functions of different divisions that are located in the Tokyo metropolitan area; develop new businesses; and reorganize manufacturing and logistics and integrate manufacturing facilities to achieve optimization from an overall perspective. The plan is scheduled to be completed by 2018.

Initiatives in the different businesses and segments

Information Communication

The segment seeks the most optimal expressions of companies’ and consumers’ needs, engages in a broad range of initiatives to expand into electronic publishing for various types of information devices and other types of media, and provides various products and services.

In the Educational Publications Distribution business, CHI Group Co., Ltd. was established in February 2010 as a holding company for the integration of consolidated subsidiary Maruzen Co., Ltd. and TRC, Inc. The segment brings together the expertise of group companies, including consolidated subsidiary Junkudo Co., Ltd., and the DNP Group’s products and services; enhances bookstores’ sales strategies; promotes the use of smart cards and IC tags at college and public libraries; strives to rejuvenate the educational publications distribution market; and contributes to the strengthening of the DNP Group’s core business, book and magazine printing.

In the Books and Magazines, Commercial Printing, and Business Forms businesses, DNP has been striving to improve the quality of its earnings further by strengthening the structure of comprehensive management, coordinating the various prepress, printing, and processing operations, developing a lean production structure, and improving the efficiency of distribution. In the Commercial Printing business in the Kanto and Kansai areas, DNP has been integrating, realigning, and restructuring its organization. In addition to developing new advertising methods, including digital signage (using large electronic displays) and organic EL (electroluminescent posters with voice capabilities. DNP has strengthened partnerships with Intelligent Wave Inc. (a subsidiary as of April 9, 2010, following a tender offer) and taken a number of initiatives to expand its information security businesses.

Lifestyle and Industrial Supplies

The segment faces weak demand for packaging because of the slump in consumer spending, but focuses on various types of functional materials, such as IB (innovative barrier) film, which provides a very strong barrier against vapor and oxygen and is optimal for food, medical/pharmaceutical, and electronic material packaging applications. The material is used in packaging for Japanese food for astronauts. The segment is also working on universal design initiatives and developing packaging that is easier to use.

The housing markets in Japan and other countries will probably remain weak, but the Lifestyle Materials focuses on comfortable and healthy living and strives to increase sales of eco-friendly products with outstanding design, durability, and practicality. The products use DNP's own electron beam coating technology, which is well regarded in the industry.

In the Industrial Supplies business, DNP aims to expand in the anti-glare film and other opto-materials area, where it has a high market share, given the growing flat-panel display market. In addition, DNP is striving to increase its output capacity, improve product quality, and strengthen its cost competitiveness because demand for color ink ribbons and barcode ink ribbons is likely to increase as digital photography becomes even more widespread.

Electronics

In this segment, DNP is working to increase output capacity and develop new technologies and products so as to be able to adapt to fast-changing market conditions.

In the LCD color filter business, changes in demand, declines in unit prices, and other changes in industry conditions are likely, but the DNP Group aims to win more orders for filters for PC monitors and TVs as well as make its production operations more flexible to meet market demand. A new 10th-generation color filter plant in Sakai, Osaka Prefecture started up this fiscal year, and a new 8th-generation color filter plant in Himeji, Hyogo Prefecture is scheduled to start up the fiscal year ending March 2011. DNP is strengthening its partnerships with customers and expanding its business.

In the photomask business, semiconductor prices are likely to be volatile, but DNP has been developing cutting-edge technologies, strengthening its cost competitiveness, and establishing a profitable production structure, including a new Taiwanese plant that started up early in the fiscal year ending March 2011, to meet overseas demand.

New businesses

In new business areas, DNP is working on developing businesses to generate new added value, such as services and products with outstanding functionality to address the problems of companies and consumers.

In the energy field, DNP has been meeting demand for solar cells and lithium-ion batteries mainly with a plant in Izumizaki, Fukushima Prefecture that produces back sheets and sealants for solar cells.

In the life sciences (pharmaceutical, medical, and health care) field, DNP has taken a number of business initiatives. It commercialized CytoGraph®, Japan's first cell pattern culturing substrate, and also developed, in partnership with Tokyo Women's Medical University and CellSeed Inc., technologies for efficiently producing cell sheet culturing film for regenerative medicine.

BEVERAGES

Beverages

With the market shrinking because of weak consumer spending, the beverage industry is likely to continue to face challenging conditions, partly because of intensifying competition from industry reorganization.

Under such conditions, DNP has been integrating area and channel strategies and trying to increase its market share based on its medium-term plan, titled "Restart 2009: Along with the North Earth." At the same time, it has strived to make its operations more efficient and strengthen its cost competitiveness. As part of its goal of becoming an environmentally trustworthy company, DNP aims to acquire ISO 140001:2004 certification of its environmental management system.

Strengthened organization

Along with enhancing the DNP Group's overall strengths by strengthening collaboration across divisions in the group even further, DNP is striving to promote broad solutions, including proposals for customers' business strategies and marketing plans, through dialogue and collaboration.

In order to reinforce established businesses and quickly develop new ones, the DNP Group recognizes that it cannot rely only on its own technologies but needs to work with other companies with their own strengths. DNP has strategically partnered with other companies and merged with or acquired others in the electronic product and photo businesses, among others, and intends to aggressively look for similar opportunities in Japan and other countries based on this strategy.

On October 1, 2009, DNP consolidated its domestic ink businesses by splitting off the printing ink business of subsidiary The Inctec Inc. (its name changed to DNP Fine Chemicals Co., Ltd. in January 2010) and forming DIC Graphics Corporation, a joint venture with DIC Corporation, Japan's largest printing ink company.

To restructure costs, DNP is improving productivity by revamping its business processes and streamlining production processes, cutting material costs, and establishing a strong production structure with a continual focus on profitability. Since 2002, DNP has made groupwide efforts through its "Production 21" Activities and generated solid results in terms of becoming stronger. Under the theme of overall optimization, the DNP Group regards the flow from orders to delivery as an integrated whole and strives to smooth out flows between processes and across divisions, make the production system more efficient by eliminating as much waste as possible, improve product quality, and become more cost competitive.

Contributions to a sustainable society

DNP's various environmental initiatives to contribute to a sustainable society that coexists with nature include the establishment of a proprietary environment management system, measures to prevent global warming, the protection of biodiversity (region-specific nature and living things), zero waste emissions, the management of volatile organic solvents and chemical substances, and product development and green purchases with the above factors in mind.

This fiscal year, DNP switched from heavy oil to municipal gas at its Shiga Plant as part of its efforts to reduce carbon dioxide emissions. At the Izumizaki Plant, DNP switched from LPG to liquefied natural gas and installed a solar power generation system. The Company also established a DNP Group Biodiversity Declaration to further promote efforts to protect biodiversity.

4. Consolidated financial statements
(1) Consolidated balance sheets

(Million yen)

	Year ended March 31, 2009 (As of March 31, 2009)	Year ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and time deposits	123,569	152,416
Notes and trade receivable	405,876	449,020
Marketable securities	8	8
Merchandise and finished products	73,372	71,340
Work in progress	29,707	29,722
Raw materials and supplies	17,566	17,756
Deferred income taxes	10,278	9,775
Other	21,048	14,238
Allowance for doubtful accounts	(5,280)	(4,327)
Total current assets	676,149	739,951
Fixed assets		
Property, plant and equipment		
Buildings and structures	491,602	508,518
Accumulated depreciation	(292,336)	(301,261)
Buildings and structures, net	199,265	207,256
Machinery and equipment	907,428	896,479
Accumulated depreciation	(723,538)	(717,352)
Machinery and equipment, net	183,890	179,127
Land	132,888	135,485
Construction in progress	57,756	51,433
Other	119,167	136,047
Accumulated depreciation	(88,064)	(92,502)
Other, net	31,103	43,544
Total property, plant and equipment	604,904	616,847
Intangible fixed assets		
Goodwill	24,099	10,281
Software	20,053	20,489
Other	4,696	3,945
Total intangible fixed assets	48,850	34,717
Investments and other assets		
Investment securities	113,448	142,381
Long-term loans	3,015	1,741
Deferred income taxes	50,015	40,574
Other	51,923	54,702
Allowance for doubtful accounts	(12,484)	(13,668)
Total investments and other assets	205,917	225,731
Total fixed assets	859,672	877,296
Deferred assets		
Business startup costs	735	1,605
Total deferred assets	735	1,605
TOTAL ASSETS	1,536,556	1,618,853

(Million yen)

	Year ended March 31, 2009 (As of March 31, 2009)	Year ended March 31, 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Notes and trade payable	290,871	308,630
Short-term bank loans	59,875	50,547
Current portion of long-term debt	2,898	4,019
Income taxes payable	7,891	15,623
Reserve for bonuses	16,186	16,341
Other	92,075	76,783
Total current liabilities	469,799	471,945
Long-term liabilities		
Bonds	51,000	101,167
Long-term debt	10,490	11,018
Deferred tax liabilities	3,352	2,710
Provision for retirement benefits	41,451	43,229
Other	20,377	31,917
Total long-term liabilities	126,671	190,045
TOTAL LIABILITIES	596,471	661,990
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	751,869	756,428
Treasury stock	(93,884)	(94,016)
Total stockholders' equity	917,348	921,774
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	(3,882)	8,059
Net deferred losses on derivatives	(4)	(10)
Foreign currency translation adjustments	(15,285)	(13,498)
Total valuation and translation adjustments	(19,173)	(5,449)
Minority interests	41,910	40,538
TOTAL NET ASSETS	940,085	956,863
TOTAL LIABILITIES AND NET ASSETS	1,536,556	1,618,853

(2) **Consolidated statements of income**

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Net sales	1,584,844	1,583,382
Cost of sales	1,324,522	1,286,682
Gross profit	260,322	296,700
Selling, general and administrative expenses	214,144	230,186
Operating income	46,177	66,513
Non-operating income		
Interest income	1,393	736
Dividend income	2,770	2,460
Subsidies	2,326	4,065
Other	5,137	5,099
Total non-operating income	11,626	12,361
Non-operating expenses		
Interest expense	1,666	2,363
Equity in losses of associated companies	1,247	102
Foreign exchange transaction losses	2,003	116
Contributions	—	1,553
Other	5,496	5,897
Total non-operating expenses	10,413	10,033
Ordinary income	47,390	68,841
Extraordinary gains		
Gain on sale of fixed assets	214	1,007
Gain on sale of investment securities	373	45
Change of equity interest	531	—
Other	4	270
Total extraordinary gains	1,124	1,323
Extraordinary losses		
Loss on sale or disposal of fixed assets	6,954	7,093
Impairment loss on fixed assets	50,690	377
Loss on devaluation of investment securities	13,615	1,196
Loss on sale of securities in affiliates	58	0
Loss on devaluation of securities in affiliates	330	3
Loss on revision of retirement benefits plan	144	—
Amortization of goodwill	1,859	11,063
Other	2,703	935
Total extraordinary losses	76,357	20,669
Income (Loss) before income taxes and minority interests	(27,842)	49,495
Current income taxes	15,374	22,061
Deferred income taxes	(20,857)	3,699
Income and other taxes	(5,482)	25,761
Minority interests	(1,427)	455
Net income (loss)	(20,933)	23,278

(3) Consolidated statements of changes in net assets

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Stockholders' equity		
Common stock		
Balance at previous fiscal year end	114,464	114,464
Balance at current fiscal year end	114,464	114,464
Capital surplus		
Balance at previous fiscal year end	144,898	144,898
Balance at current fiscal year end	144,898	144,898
Retained earnings		
Balance at previous fiscal year end	797,316	751,869
Net increase resulting from changes of fiscal year end in consolidated subsidiaries	363	—
Changes of items during the period		
Cash dividends paid	(24,849)	(19,346)
Net income (loss)	(20,933)	23,278
Change of scope of consolidation	—	192
Increase due to stock transfer	—	441
Disposal of treasury stock	(27)	(7)
Total changes of items during the period	(45,809)	4,558
Balance at current fiscal year end	751,869	756,428
Treasury stock		
Balance at previous fiscal year end	(66,556)	(93,884)
Changes of items during the period		
Purchase of treasury stock	(27,424)	(153)
Disposal of treasury stock	89	20
Other	7	—
Total changes of items during the period	(27,327)	(132)
Balance at current fiscal year end	(93,884)	(94,016)
Total stockholders' equity		
Balance at previous fiscal year end	990,122	917,348
Net increase resulting from changes of fiscal year end in consolidated subsidiaries	363	—
Changes of items during the period		
Cash dividends paid	(24,849)	(19,346)
Net income (loss)	(20,933)	23,278
Change of scope of consolidation	—	192
Increase due to stock transfers	—	441
Purchase of treasury stock	(27,424)	(153)
Disposal of treasury stock	62	13
Other	7	—
Total changes of items during the period	(73,137)	4,426
Balance at current fiscal year end	917,348	921,774

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities		
Balance at previous fiscal year end	10,610	(3,882)
Changes of items during the period		
Net changes in items other than stockholders' equity	(14,492)	11,942
Total changes of items during the period	(14,492)	11,942
Balance at current fiscal year end	(3,882)	8,059
Net deferred gains (losses) on derivatives		
Balance at previous fiscal year end	7	(4)
Changes of items during the period		
Net changes in items other than stockholders' equity	(11)	(6)
Total changes of items during the period	(11)	(6)
Balance at current fiscal year end	(4)	(10)
Foreign currency translation adjustments		
Balance at previous fiscal year end	2,120	(15,285)
Changes of items during the period		
Net changes in items other than stockholders' equity	(17,406)	1,787
Total changes of items during the period	(17,406)	1,787
Balance at current fiscal year end	(15,285)	(13,498)
Total valuation and translation adjustments		
Balance at previous fiscal year end	12,738	(19,173)
Changes of items during the period		
Net changes in items other than stockholders' equity	(31,911)	13,723
Total changes of items during the period	(31,911)	13,723
Balance at current fiscal year end	(19,173)	(5,449)
Minority interests		
Balance at previous fiscal year end	37,274	41,910
Changes of items during the period		
Net changes in items other than stockholders' equity	4,635	(1,371)
Total changes of items during the period	4,635	(1,371)
Balance at current fiscal year end	41,910	40,538

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Total net assets		
Balance at previous fiscal year end	1,040,135	940,085
Net increase resulting from changes of fiscal year end in consolidated subsidiaries	363	—
Changes of items during the period		
Cash dividends paid	(24,849)	(19,346)
Net income (loss)	(20,933)	23,278
Change of scope of consolidation	—	192
Increase due to stock transfers	—	441
Purchase of treasury stock	(27,424)	(153)
Disposal of treasury stock	62	13
Other	7	—
Net changes in items other than stockholders' equity	(27,275)	12,351
Total changes of items during the period	(100,412)	16,777
Balance at current fiscal year end	940,085	956,863

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(27,842)	49,495
Depreciation	106,882	91,694
Impairment loss on fixed assets	50,690	377
Decrease of doubtful receivables, net	(522)	(79)
Increase (Decrease) of provision for retirement benefits, net	(3,111)	2,262
Equity in losses of associated companies	1,247	102
Amortization of consolidation goodwill, net	6,406	16,219
Interest and dividend income	(4,163)	(3,196)
Interest expense	1,666	2,363
Net gains on sales of marketable securities and investment securities	(373)	(52)
Net losses on devaluation of investment securities	13,946	1,199
Net losses on disposal of fixed assets	6,739	6,085
(Increase) Decrease in trade receivables	56,827	(39,672)
Decrease in inventories	4,370	1,969
Increase (Decrease) in trade payables	(42,200)	17,899
Other	(4,037)	2,776
Sub-total	166,526	149,446
Payment of income taxes	(34,957)	(8,872)
Net cash provided by operating activities	131,569	140,574
Cash flows from investing activities		
Net (increase) decrease in time deposits	(14)	6,130
Proceeds from sales of marketable securities	10,980	—
Payments for purchases of property, plant and equipment	(95,555)	(108,595)
Proceeds from sales of property, plant and equipment	3,307	2,556
Payments for purchases of investment securities	(8,200)	(13,456)
Proceeds from sales of investment securities	1,387	7,047
Payments for purchases of subsidiary stocks	(2,082)	(5,639)
Payments for business transfer	(6,528)	(49)
Interest and dividends received	4,173	3,163
Other	(8,193)	(11,841)
Net cash used in investing activities	(100,726)	(120,683)

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	23,323	(10,119)
Proceeds from long-term debt	4,961	3,340
Repayments of long-term debt	(6,563)	(3,484)
Proceeds from issuance of bonds	—	50,000
Payments for redemption of bonds	(100)	(217)
Interest paid	(1,650)	(2,201)
Dividends paid	(24,831)	(19,360)
Dividends paid to minority interests	(421)	(323)
Payments for purchases of treasury stock	(27,424)	(153)
Payments for purchases of treasury stock of subsidiaries	(10)	(2)
Other	(1,234)	(4,352)
Net cash provided by (used in) financing activities	(33,951)	13,126
Effect of exchange rate changes on cash and cash equivalents	(10,386)	889
Net increase (decrease) in cash and cash equivalents	(13,495)	33,905
Cash and cash equivalents at beginning of year	130,695	117,200
Net increase in cash and cash equivalents from newly consolidated subsidiaries	—	604
Cash and cash equivalents at end of year	117,200	151,709

Notes on premise of a regarding going concern

None

Significant matters concerning the preparation of the consolidated financial statements

1. Scope of consolidation and application of the equity method of accounting

(1) Number of consolidated subsidiaries: 125

Major companies:	CHI Group Co., Ltd., Hokkaido Coca-Cola Bottling Co., Ltd. Junkudo Co., Ltd., DNP Color Techno Kameyama Co., Ltd. DNP Nishinippon Co., Ltd., DNP Fine Chemicals Co., Ltd. DNP Photo Imaging Co., Ltd., DNP Logistics Co., Ltd.

(2) Number of equity-method affiliated companies: 11

Major companies:	BOOKOFF CORPORATION LIMITED BUNKYODO GROUP HOLDINGS CO., LTD. , Kyoiku Shuppan Co., Ltd. SHUFUNOTOMO Co.,Ltd., DIC Graphics Corporation

2. Changes in scope of consolidation and application of the equity method of accounting

(1) Scope of consolidation

Newly included:	23	CHI Group Co., Ltd. and 22 other companies
Excluded:	6	DNP Fine Electronics Sagamihara Co., Ltd. and five other companies

(2) Application of equity method

Newly included:	5	BOOKOFF CORPORATION LIMITED and four other companies
Excluded:	4	ELIIY Power Co., Ltd. and three other companies

3. Matters concerning the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 28 others have fiscal years that end on December 31, while CHI Group Co., Ltd. and 22 others have fiscal years that end on January 31. Their financial statements as of the same date are used in the preparation of these consolidated financial statements, and any material transactions in the time until the consolidated fiscal year-end date are adjusted for on a consolidated basis.

4. Summary of significant accounting policies

(1) Criteria and methods for valuing significant assets

・Marketable securities

Other securities

Those with market prices available	Fair market value based on market prices as of the balance sheet date (The related valuation differences are directly included in net assets and the sale prices computed by the moving-average method.)

Those without market prices available	Mainly cost based on the moving-average method
・Derivatives	Mainly fair market value
・Inventories	For figures shown on the balance sheet, the book value write-down method based on the decrease in profitability is used.
Merchandise	Mainly cost based on the specific identification method
Finished products, work in progress	Mainly cost based on the retail inventory cost method
Raw materials	Mainly cost based on the moving-average method
Supplies	Mainly cost based on the most recent purchase method

(2) Depreciation and amortization of significant assets

・Property, plant and equipment (except for lease assets)	The Company and its domestic consolidated subsidiaries use the declining balance method. However, depreciation of machinery and equipment at the Kurosaki Plant No. 1 (2nd-Stage plant), Plant No. 3 and Sakai Plant is computed by the straight-line method. Depreciation of buildings (excluding building fixtures) acquired after April 1, 1998, is computed by the straight-line method. Assets with an acquisition cost of at least ¥100,000 and less than ¥200,000 are depreciated mainly over three years by the straight-line method. Foreign consolidated subsidiaries mainly use the straight-line method.
・Intangible fixed assets (except for lease assets)	Mainly the straight-line method Software used internally is amortized using the straight-line method over the Company's estimate of the useful life of the assets (not more than five years).
・Lease assets	Lease assets with a transfer of ownership These lease assets are depreciated using the same method as for fixed assets owned by the Company. Lease assets with no transfer of ownership These lease assets are depreciated over the lease period using the straight-line method with no residual value. Lease assets based on lease agreements that do not involve a transfer of ownership to the lessee and with lease start dates before the initial applicable fiscal year under the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan (the "ASBJ") Statement No. 13) are accounted for based on the method for ordinary rental transactions.

(3) Treatment of significant deferred assets

Some consolidated subsidiaries have capitalized business startup costs as deferred assets and amortize them over five years using the straight-line method.

(4) Basis for recording significant allowances

・Allowance for doubtful accounts	To cover possible losses on doubtful accounts, the allowance for doubtful accounts is based on historical default rates for normal accounts and on estimates of the amounts that may not be recoverable for specific overdue accounts.
・Reserve for bonuses	To cover payments of employee bonuses in the following fiscal year, the reserve for bonus is based on the estimated amount that is attributable to the current fiscal year.
・Reserve for bonuses to directors	To cover payments of directors' bonus in the following fiscal year, the reserve for bonuses is based on the estimated amount that is attributable to the current fiscal year.
・Provision for retirement benefits	To cover future payments of employee retirement benefits, provisions for employees' retirement benefits are based on an amount incurred by the fiscal year-end based on estimated retirement benefit liabilities and pension plan assets at the end of the fiscal year. Prior service costs are amortized using the straight-line method over a certain number of years that is equal to or less than the average future service period of eligible employees at the time the costs are incurred (generally six years). Actuarial gains/losses are amortized beginning in the fiscal year in which the gains/losses are recognized and using the straight-line method over a certain number of years that is equal to or less than the average future service period of eligible employees at the time the actuarial gains/losses are incurred (generally nine years). <u>Change in accounting standards</u> Starting with the current fiscal year, the Company has adopted the partial revisions of accounting standards for retirement benefits (Accounting Standards Board of Japan (the "ASBJ") Statement No. 19, July 31, 2008). There is no impact on profits and losses as a result.
・Provision for accrued directors' retirement benefits	For payments of directors' retirement benefits, domestic consolidated subsidiaries record a fiscal year-end required amount based on internal regulations.

(5) Accounting treatment of consumption taxes

National and local consumption taxes are excluded from transaction amounts.

(6) Consolidated subsidiaries' assets and liabilities

Consolidated subsidiaries' assets and liabilities are all valued using the fair value method.

(7) Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized in a straight line over a period of not more than 20 years. In the current fiscal year, straight-line amortization over five years is generally used.

5. Scope of funds in the statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are short-term investments with an original maturity of three months or less, are subject to insignificant risk of changes in value, and can be easily converted into cash and drawable funds as needed.

Notes regarding consolidated financial statements

Consolidated balance sheets

	Year ended March 31, 2009	Year ended March 31, 2010
1. Guarantee of debt	¥92 million	¥77 million
2. Discounts on notes receivable	¥670 million	¥670 million

Consolidated statements of income

	Year ended March 31, 2009	Year ended March 31, 2010
1. Research and development expenses	¥34,111 million	¥33,849 million

(Selling, general and administrative expenses, and cost of sales)

Consolidated statements of changes in stockholders' equity

The year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

1. Types and number of shares outstanding, type and number of treasury shares

(Shares)

	Stock type	Number of shares at the end of the year ended March 2008	Increase in number of shares during the year ended March 2009	Decrease in number of shares during the year ended March 2009	Number of shares at the end of the year ended March 2009
Outstanding shares	Common stock	700,480,693	—	—	700,480,693
Treasury stock	Common stock	39,114,316	17,231,279	221,978	56,123,617

Notes:
1. The increase of 17,231,279 treasury shares is due to the repurchase of 16,656,000 shares, as authorized by the Board of Directors, the repurchase of 119,279 odd-lot shares, and the purchase of 456,000 shares at the request of stockholders.
2. The decrease of 221,978 treasury shares (common shares) is due to the sale of 53,103 odd-lot shares and the company's share of 168,875 treasury shares sold by affiliated companies accounted for by the equity method.

2. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 27, 2008	Common stock	13,241	20	March 31, 2008	June 30, 2008
Board of Directors' meeting on November 14, 2008	Common stock	11,608	18	September 30, 2008	December 10, 2008

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 26, 2009	Common stock	9,028	Retained earnings	14	March 31, 2009	June 29, 2009

The year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the end of the year ended March 2009	Increase in number of shares during the year ended March 2010	Decrease in number of shares during the year ended March 2010	Number of shares at the end of the year ended March 2010
Outstanding shares	Common stock	700,480,693	—	—	700,480,693
Treasury stock	Common stock	56,123,617	130,495	12,349	56,241,763

Notes: 1. The increase of 130,495 treasury shares is due to the repurchase of odd-lot shares.

2. The decrease of 12,349 treasury shares is due to the sale of odd-lot shares.

2. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 26, 2009	Common stock	9,028	14	March 31, 2009	June 29, 2009
Board of Directors' meeting on November 13, 2009	Common stock	10,317	16	September 30, 2009	December 10, 2009

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2010	Common stock	10,316	Retained earnings	16	March 31, 2010	June 30, 2010

Segment information

1. Business segment information
The year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

(Million yen)

	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Elimination and/or corporate	Consolidated
I Net sales and Operating income (loss)							
Net sales							
(1) Outside customers	711,275	545,915	255,967	71,685	1,584,844	—	1,584,844
(2) Inter-segment	7,150	5,905	8	45	13,109	(13,109)	—
Total	718,425	551,821	255,975	71,731	1,597,953	(13,109)	1,584,844
Operating expenses	686,735	531,905	253,397	71,408	1,543,447	(4,780)	1,538,667
Operating income	31,690	19,916	2,577	322	54,506	(8,329)	46,177
II Assets, depreciation, impairment loss and capital expenditures							
Assets	619,079	513,092	329,042	43,394	1,504,608	31,948	1,536,556
Depreciation	25,204	29,512	46,039	3,506	104,263	2,619	106,882
Impairment loss	1,798	48	48,692	150	50,690	—	50,690
Capital expenditures	27,988	29,718	34,270	2,834	94,812	1,344	96,156

The year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(Million yen)

	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Elimination and/or corporate	Consolidated
I Net sales and Operating income (loss)							
Net sales							
(1) Outside customers	732,708	530,401	257,479	62,793	1,583,382	—	1,583,382
(2) Inter-segment	6,976	6,237	23	34	13,271	(13,271)	—
Total	739,685	536,638	257,502	62,828	1,596,654	(13,271)	1,583,382
Operating expenses	716,218	492,924	249,186	63,405	1,521,734	(4,865)	1,516,869
Operating income	23,466	43,713	8,316	(577)	74,919	(8,406)	66,513
II Assets, depreciation, impairment loss and capital expenditures							
Assets	592,670	522,334	397,006	43,169	1,555,181	63,672	1,618,853
Depreciation	24,913	27,735	33,373	3,397	89,419	2,275	91,694
Impairment loss	264	2	—	111	377	—	377
Capital expenditures	23,800	22,763	67,953	3,172	117,689	1,374	119,063

2. Geographic segment information

In the previous and current fiscal years, geographical segment information is not stated because Japan accounts for more than 90% of aggregate sales of all segments and of the aggregate amount of assets of all segments.

3. Overseas sales

The year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

	Asia	Other	Total
I Overseas sales (a)	¥134,108 million	¥76,302 million	¥210,410 million
II Consolidated net sales (b)			¥1,584,844 million
III Ratio: (a)/(b)	8.5%	4.8%	13.3%

The year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

	Asia	Other	Total
I Overseas sales (a)	¥130,836 million	¥62,308 million	¥193,144 million
II Consolidated net sales (b)			¥1,583,382 million
III Ratio: (a)/(b)	8.3%	3.9%	12.2%

Notes:

1. Country and regional segments are based on geographic proximity.
2. Main countries and regions included in each segment:
   Asia: Taiwan, South Korea, China, Indonesia
   Other: United States, France, Germany, United Kingdom
3. Overseas sales represent the total sales of the Company and its consolidated subsidiaries outside Japan.

Per share information

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)		Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	
Net assets per share	¥1,393.91	Net assets per share	¥1,422.34
Net income (loss) per share	¥(32.35)	Net income per share	¥36.13
No diluted net income per share is presented for the fiscal year because there are net losses per share and there are no potentially dilutive securities.		No diluted net income per share is presented for the fiscal year because there are no potentially dilutive securities.	

Note: Basis of calculations

1. Net assets per share

		Year ended March 31, 2009 (As of March 31, 2009)	Year ended March 31, 2010 (As of March 31, 2010)
Total net assets	(Million yen)	940,085	956,863
Amount excluded from total net assets	(Million yen)	41,910	40,538
Of which, minority interests	(Million yen)	41,910	40,538
Net assets at fiscal year-end pertaining to common stock	(Million yen)	898,174	916,324
Number of common shares outstanding	(Thousand shares)	700,480	700,480
Number of common treasury shares	(Thousand shares)	56,123	56,241
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	644,357	644,238

2. Net income (loss) per share

		Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)
Net income (loss)	(Million yen)	(20,933)	23,278
Amounts not attributable to common shareholders	(Million yen)	—	—
Net income (loss) pertaining to common stock	(Million yen)	(20,933)	23,278
Average number of common shares outstanding during the fiscal year	(Thousand shares)	647,025	644,314

Disclosure omission

Disclosure of notes on such items as tax effect accounting, marketable securities, and retirement benefits is omitted because such disclosure in the release of Financial Results is not considered to be important.

5. Non-consolidated financial statements
(1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2009 (As of March 31, 2009)	Year ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and time deposits	49,874	80,515
Notes receivable	44,155	40,191
Trade receivable	257,183	292,497
Merchandise and finished goods	4,994	4,310
Work in progress	10,317	11,334
Raw materials and supplies	3,924	2,536
Deferred income taxes	4,781	3,864
Other	17,853	13,431
Allowance for doubtful accounts	(2,309)	(1,608)
Total current assets	390,775	447,073
Fixed assets		
Property, plant and equipment		
Buildings	365,070	385,265
Accumulated depreciation	(215,809)	(225,255)
Buildings, net	149,261	160,010
Structures	30,160	31,051
Accumulated depreciation	(21,926)	(22,848)
Structures, net	8,233	8,202
Machinery	689,899	714,702
Accumulated depreciation	(560,965)	(579,270)
Machinery, net	128,933	135,431
Vehicles	1,047	1,097
Accumulated depreciation	(914)	(977)
Vehicles, net	133	119
Equipment	48,657	48,269
Accumulated depreciation	(39,128)	(39,535)
Equipment, net	9,528	8,733
Land	117,533	119,576
Lease asset	1,626	8,018
Accumulated depreciation	(77)	(564)
Lease asset, net	1,548	7,453
Construction in progress	39,579	31,905
Total property, plant and equipment	454,752	471,433
Intangible fixed assets		
Software	15,598	14,036
Other	7,998	6,497
Total intangible fixed assets	23,597	20,534

(Million yen)

	Year ended March 31, 2009 (As of March 31, 2009)	Year ended March 31, 2010 (As of March 31, 2010)
Investments and other assets		
Investment securities	105,254	122,781
Investments in securities in affiliates	140,356	123,732
Long-term loans	29,035	29,646
Deferred income taxes	41,355	31,352
Other	35,346	43,307
Allowance for doubtful accounts	(15,417)	(19,503)
Total investments and other assets	335,930	331,316
Total fixed assets	814,281	823,284
TOTAL ASSETS	1,205,056	1,270,358

(Million yen)

	Year ended March 31, 2009 (As of March 31, 2009)	Year ended March 31, 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Notes payable	18,186	25,681
Trade payable	183,161	204,859
Short-term bank loans	14,000	—
Lease obligation	269	701
Accounts payable - other	44,334	44,983
Accrued expenses	13,719	14,722
Deposits payable	143,003	145,223
Reserve for bonuses	5,993	6,927
Reserve for bonuses to directors	180	210
Reserve for loss on liquidation of affiliates	336	—
Notes payable for facilities	15,084	2,741
Other	2,499	1,938
Total current liabilities	440,769	447,990
Long-term liabilities		
Bonds	50,000	100,000
Lease obligation	1,356	7,124
Long-term debt	6,424	6,400
Provision for retirement benefits	11,578	11,303
Total long-term liabilities	69,359	124,828
TOTAL LIABILITIES	510,128	572,819
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus		
Capital reserve	144,898	144,898
Total capital surplus	144,898	144,898
Retained earnings		
Legal reserve	23,300	23,300
Other retained earnings		
Reserve for loss on overseas investment	1	0
Reserve for special depreciation	27	8,047
Reserve for depreciation reduction of fixed assets	60	52
Other reserve	482,780	432,780
Retained earnings brought forward	27,230	59,987
Total retained earnings	533,399	524,168
Treasury stock	(93,859)	(93,992)
Total stockholders' equity	698,903	689,539
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	(3,969)	8,007
Net deferred losses on derivatives	(6)	(7)
Total valuation and translation adjustments	(3,975)	8,000
TOTAL NET ASSETS	694,927	697,539
TOTAL LIABILITIES AND NET ASSETS	1,205,056	1,270,358

(2) **Non-consolidated statements of income**

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Net sales	1,105,429	1,086,701
Cost of sales	982,377	962,451
Gross profit	123,052	124,250
Selling, general and administrative expenses	111,084	112,617
Operating income	11,968	11,633
Non-operating income		
Interest income	1,189	1,034
Dividend income	21,230	23,181
Other	66,256	55,286
Total non-operating income	88,677	79,502
Non-operating expenses		
Interest expense	1,264	1,731
Other	61,608	47,125
Total non-operating expenses	62,873	48,856
Ordinary income	37,772	42,278
Extraordinary gains		
Gain on sale of fixed assets	3	199
Gain on sale of investment securities	371	33
Gain on cancellation of shares due to absorption of a subsidiary	652	—
Reversal of allowance for doubtful accounts	—	95
Gain on business transfer	—	200
Other	2	17
Total extraordinary gains	1,030	546
Extraordinary losses		
Loss on sale or disposal of fixed assets	5,580	5,411
Impairment loss on fixed assets	41,310	—
Loss on devaluation of investment securities	13,461	1,114
Loss on devaluation of securities in affiliates	10,588	20,475
Other	2,669	78
Total extraordinary losses	73,610	27,079
Income (loss) before income taxes	(34,808)	15,745
Current income taxes	210	200
Deferred income taxes	(15,044)	5,423
Income and other taxes	(14,834)	5,623
Net income (loss)	(19,973)	10,121

(3) Non-consolidated statements of changes in stockholders' equity

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Stockholders' equity		
Common stock		
Balance at previous fiscal year end	114,464	114,464
Balance at current fiscal year end	114,464	114,464
Capital surplus		
Capital reserve		
Balance at previous fiscal year end	144,898	144,898
Balance at current fiscal year end	144,898	144,898
Total capital surplus		
Balance at previous fiscal year end	144,898	144,898
Balance at current fiscal year end	144,898	144,898
Retained earnings		
Legal reserve		
Balance at previous fiscal year end	23,300	23,300
Balance at current fiscal year end	23,300	23,300
Other retained earnings		
Reserve for loss on overseas investment		
Balance at previous fiscal year end	2	1
Changes of items during the period		
Reversal of reserve for loss on overseas investment	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at current fiscal year end	1	0
Reserve for special depreciation		
Balance at previous fiscal year end	64	27
Changes of items during the period		
Provision of reserve for special depreciation	—	8,041
Reversal of reserve for special depreciation	(37)	(20)
Total changes of items during the period	(37)	8,020
Balance at current fiscal year end	27	8,047
Reserve for depreciation reduction of fixed assets		
Balance at previous fiscal year end	70	60
Changes of items during the period		
Reversal of reserve for depreciation reduction of fixed assets	(9)	(8)
Total changes of items during the period	(9)	(8)
Balance at current fiscal year end	60	52
Other reserve		
Balance at previous fiscal year end	532,780	482,780
Changes of items during the period		
Reversal of other reserve	(50,000)	(50,000)
Total changes of items during the period	(50,000)	(50,000)
Balance at current fiscal year end	482,780	432,780

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Retained earnings brought forward		
Balance at previous fiscal year end	22,033	27,230
Changes of items during the period		
Reversal of reserve for losses on overseas investment	0	0
Provision of reserve for special depreciation	—	(8,041)
Reversal of reserve for special depreciation	37	20
Reversal of reserve for depreciation reduction of fixed assets	9	8
Reversal of other reserve	50,000	50,000
Cash dividends paid	(24,849)	(19,346)
Net income (loss)	(19,973)	10,121
Disposal of treasury stock	(27)	(7)
Total changes of items during the period	5,196	32,757
Balance at current fiscal year end	27,230	59,987
Total retained earnings		
Balance at previous fiscal year end	578,250	533,399
Changes of items during the period		
Cash dividends paid	(24,849)	(19,346)
Net income (loss)	(19,973)	10,121
Disposal of treasury stock	(27)	(7)
Total changes of items during the period	(44,850)	(9,231)
Balance at current fiscal year end	533,399	524,168
Treasury stock		
Balance at previous fiscal year end	(66,524)	(93,859)
Changes of items during the period		
Purchase of treasury stock	(27,424)	(153)
Disposal of treasury stock	89	20
Total changes of items during the period	(27,335)	(132)
Balance at current fiscal year end	(93,859)	(93,992)
Total stockholders' equity		
Balance at previous fiscal year end	771,088	698,903
Changes of items during the period		
Cash dividends paid	(24,849)	(19,346)
Net income (loss)	(19,973)	10,121
Purchase of treasury stock	(27,424)	(153)
Disposal of treasury stock	62	13
Total changes of items during the period	(72,185)	(9,363)
Balance at current fiscal year end	698,903	689,539

(Million yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities		
Balance at previous fiscal year end	10,401	(3,969)
Changes of items during the period		
Net changes in items other than stockholders' equity	(14,371)	11,977
Total changes of items during the period	(14,371)	11,977
Balance at current fiscal year end	(3,969)	8,007
Net deferred gains (losses) on derivatives		
Balance at previous fiscal year end	7	(6)
Changes of items during the period		
Net changes in items other than stockholders' equity	(13)	(1)
Total changes of itmes during the period	(13)	(1)
Balance at current fiscal year end	(6)	(7)
Total valuation and translation adjustments		
Balance at previous fiscal year end	10,409	(3,975)
Changes of items during the period		
Net changes in items other than stockholders' equity	(14,385)	11,975
Total changes of items during the period	(14,385)	11,975
Balance at current fiscal year end	(3,975)	8,000
Total net assets		
Balance at previous fiscal year end	781,498	694,927
Changes of items during the period		
Cash dividends paid	(24,849)	(19,346)
Net income (loss)	(19,973)	10,121
Purchase of treasury stock	(27,424)	(153)
Disposal of treasury stock	62	13
Net changes in items other than stockholders' equity	(14,385)	11,975
Total changes of items during the period	(86,570)	2,612
Balance at current fiscal year end	694,927	697,539

(4) Notes on premise of a going concern

None

6. Other information

(1) Changes in directors and officers (as of June 29, 2010)

a. Director to be promoted (at the Board of Directors' meeting following the Ordinary General Meeting of Shareholders to be held on June 29)

Managing Director	Yoshiki Nozaka (currently Director)

b. New corporate officer candidates

Corporate Officer	Kenji Miya (currently Manager of Personnel Dept.)
Corporate Officer	Yoshio Ogawa (currently Deputy Manager of Information Communication Operations (Kansai-area))
Corporate Officer	Toshiki Sugimoto (currently Manager of Research and Design Center)

c. Senior corporate officers to be promoted

Senior Corporate Officer	Fujio Yamazaki (currently Corporate Officer)
Senior Corporate Officer	Takashi Saito (currently Corporate Officer)
Senior Corporate Officer	Shigemi Furuya (currently Corporate Officer)

Supplementary data

Net sales by segment

Segment \ Term	Year ended March 31, 2009 (A)		Year ended March 31, 2010 (B)		Increase (Decrease) (B – A)	
	Million yen	%	Million yen	%	Million yen	%
Information Communication	532,343	48.1	482,958	44.5	(49,385)	(9.3)
Lifestyle and Industrial Supplies	383,483	34.7	399,271	36.7	15,788	4.1
Electronics	189,603	17.2	204,471	18.8	14,868	7.8
Total	1,105,429	100.0	1,086,701	100.0	(18,728)	(1.7)