



**Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending March 31, 2011**  
**(J-GAAP)**

November 11, 2010

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 Securities report issuing date: November 12, 2010  
 Dividend payment date: December 10, 2010  
 Preparation of quarterly earnings presentation material: No  
 Holding of quarterly earnings announcement: No

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

**1. Consolidated financial results for the first six months ended September 30, 2010**  
**(April 1, 2010 – September 30, 2010)**

**(1) Consolidated financial results**

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

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2010	796,177	3.2	39,242	53.2	39,151	57.0
Six months ended September 30, 2009	771,276	(4.1)	25,610	(35.9)	24,932	(40.0)

	Net Income		Net Income per Share	Diluted Net Income per Share
	Million yen	%	Yen	Yen
Six months ended September 30, 2010	17,233	117.5	26.75	—
Six months ended September 30, 2009	7,924	(52.2)	12.30	—

**(2) Consolidated financial position**

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
As of September 30, 2010	1,587,962	953,125	57.2	1,410.36
As of March 31, 2010	1,618,853	956,863	56.6	1,422.34

Note: Stockholders' equity as of September 30, 2010: ¥908,530 million As of March 31, 2010: ¥916,324 million

**2. Dividends**

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2010	—	16.00	—	16.00	32.00
Year ending March 31, 2011	—	16.00			
Year ending March 31, 2011 (Forecast)			—	16.00	32.00

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

### 3. Consolidated earnings forecasts for the year ending March 31, 2011 (April 1, 2010 – 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
Full year	1,640,000	3.6	75,000	12.8	73,000	6.0	32,500	39.6	50.45

Note: Revisions of consolidated earnings forecasts during the current quarter: None

### 4. Other information (For more detail, refer to the attached “2. Other information.”)

(1) Changes in significant subsidiaries during the current quarter: None

Note: This refers to changes in specified subsidiaries resulting in change of scope of consolidation during the current quarter.

(2) Application of simplified accounting and special accounting procedures: Yes

Note: This refers to simplified accounting and accounting procedures peculiar to quarterly consolidated financial statement preparation.

(3) Changes in accounting policies, procedures and methods of presentation

1) Changes due to revision of accounting standard, etc.: Yes

2) Changes due to other reasons: None

Note: This refers to changes in accounting policies, procedures and methods of presentation related to quarterly consolidated financial statement preparation (entries of changes in significant matters that are basic to preparation of quarterly consolidated financial statements)

(4) Number of common shares issued and outstanding

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

As of September 30, 2010	700,480,693 shares	As of March 31, 2010	700,480,693 shares
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2) Number of treasury shares at end of each period

As of September 30, 2010	56,294,864 shares	As of March 31, 2010	56,241,763 shares
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3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

Six months ended September 30, 2010	644,214,161 shares	Six months ended September 30, 2009	644,343,707 shares
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#### Presentation of implementation status for quarterly review procedures

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

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

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

### **(1) Qualitative information on consolidated financial results**

In the first six months of the fiscal year, Japan's economy rebounded in some respects, with help from government economic stimulus measures, but the business environment became more challenging because of concerns about a deterioration in employment conditions as well as the yen's appreciation and the global economic slowdown in the latter half of the fiscal period.

Conditions continued to be challenging in the printing industry. Competition intensified because consumer spending as well as corporate advertising spending were weak. In addition, unit prices declined.

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 for the first six months increased 3.2% year on year to ¥796.1 billion, consolidated operating income rose 53.2% to ¥39.2 billion, consolidated ordinary income climbed 57.0% to ¥39.1 billion, and net income increased 117.5% to ¥17.2 billion.

The results by segment are as follows.

#### **[PRINTING]**

##### **Information Communication**

In the Books and Magazines business, printing sales declined year on year because of a decrease in sales of magazines, owing to a prolonged slump in the publications market.

In the Commercial Printing business, sales decreased year on year because of a decline in sales of printing of flyers, pamphlets, and point of purchase displays and other marketing/advertising products, stemming from companies' cutbacks in advertising budget.

In the Business Forms business, overall sales were lower year on year because of declines in sales from information processing services (ranging from data entry to printing and shipment of personal mail and other items) and from the printing of smart cards.

In the Educational Publications Distribution business, sales increased substantially year on year thanks to sales promotions at bookstores and a rise in the number of consolidated subsidiaries.

As a result of the above, overall segment sales totaled ¥358.4 billion and operating income ¥9.8 billion.

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

In the Packaging business, sales declined year on year because of a decline in sales of flexible packaging and paper containers, despite an increase in sales of preformed bottles (primary products for making PET bottles) and paper cups.

In the Lifestyle Materials business, sales increased year on year. Housing starts remained weak, but sales of eco-friendly products that use DNP's proprietary electron beam coating technology increased.

In the Industrial Supplies business, sales rose year on year because of growth in sales of anti-reflection film used in flat-panel displays, dye-sublimation materials for photo printers (color ink ribbons and receiver paper), and back sheets for photovoltaic modules.

As a result of the above, overall segment sales totaled ¥269.8 billion and operating income ¥25.5 billion.

##### **Electronics**

In the LCD color filter business, there were some production cutbacks in the latter half of the fiscal period, but sales still increased considerably year on year thanks to full-scale operations

at plants in Sakai, Osaka Prefecture, and Himeji, Hyogo Prefecture.

In the semiconductor-related products business, sales of photomasks decreased year on year. The semiconductor market has been rebounding, and the DNP Group started to meet overseas demand for photomasks with a new plant that started up in Taiwan, but domestic demand remained very weak. On the other hand, sales of etched products for high-density build-up circuit boards, hard drive suspensions and other applications increased.

As a result of the above, overall segment sales totaled ¥146.4 billion and operating income ¥9.1 billion.

## **[BEVERAGES]**

### **Beverages**

Amid tough market conditions, characterized by a slump in consumer spending and intensified sales competition, the DNP Group worked hard to increase sales of Coca-Cola and Georgia, both core products, and I LOHAS, a brand of mineral water that uses "ecoru Bottle Shiboru," Japan's lightest bottle.

Sales of Coca-Cola and mineral water increased, but sales of tea and coffee drinks decreased. As a result, overall segment sales totaled ¥28.1 billion and operating losses ¥64 million.

### **(2) Qualitative information on the consolidated financial position**

Total assets at the end of the second quarter were down ¥30.8 billion from the end of the previous fiscal year to ¥1,587.9 billion because of declines in notes and trade receivable and investment securities.

Total liabilities decreased ¥27.1 billion from the end of the previous fiscal year to ¥634.8 billion because of a decline in notes and trade payable.

Net assets decreased ¥3.7 billion from the end of the previous fiscal year to ¥953.1 billion because of a deterioration in net unrealized gains/losses on available-for-sale securities.

As a result of the above, the equity ratio rose 0.6 percentage point from the end of the previous fiscal year to 57.2%.

Consolidated cash flow provided by operating activities in the first six months totaled ¥79.1 billion primarily because of ¥35.1 billion in income before income taxes and minority interests and ¥47.0 billion in depreciation.

Cash flow used in investing activities totaled ¥38.2 billion, mainly because of the acquisition of ¥45.9 billion of property, plant and equipment, and cash flow used in financing activities totaled ¥23.5 billion, owing mainly to a ¥5.4 billion decrease in short-term bank loans and ¥10.3 billion of dividends paid.

Because of these activities, DNP's cash and cash equivalents at the end of the second quarter increased by ¥15.8 billion from the end of the previous fiscal year to ¥167.5 billion.

### **(3) Qualitative information on the consolidated earnings forecasts**

DNP has not changed its May 14, 2010 forecasts for the full fiscal year ending March 2011.

## **2. Other information**

### **(1) Changes in significant subsidiaries**

None

## **(2) Application of simplified accounting and special accounting procedures**

### Simplified accounting

#### 1) Valuation of inventory

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

#### 2) 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.

Accounting procedures peculiar to quarterly consolidated financial statement preparation  
None

## **(3) Changes in accounting policies, procedures and method of presentation**

### Changes in matters related to accounting standards

#### 1) Application of accounting standards for asset retirement obligations

Starting from the first quarter of the current fiscal year, DNP and its domestic consolidated subsidiaries have applied the “Accounting Standards for Asset Retirement Obligations” (Accounting Standards Board of Japan [ASBJ] Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Implementation Guidance No. 21, March 31, 2008).

As a result, operating income for the first six months has declined by ¥109 million, ordinary income by ¥134 million, and income before income taxes and minority interests by ¥641 million. The change in asset retirement obligations owing to the application of the accounting standards is ¥3,093 million.

#### 2) Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

Starting from the first quarter of the current fiscal year, DNP and its domestic consolidated subsidiaries have applied the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issue Task Force [PITF] No. 24, March 10, 2008).

There is no impact on profits and losses as a result.

#### 3) Application of “Accounting Standard for Business Combinations” and other accounting standards

Starting from the first quarter of the current fiscal year, DNP and its domestic consolidated subsidiaries have applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial Amendments to ‘Accounting Standard for Research and Development Costs’” (ASBJ Statement No. 23, December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008), and “Revised Guidance on Accounting Standard for Business Combinations and Accounting standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

**3. Quarterly consolidated financial statements**  
**(1) Quarterly consolidated balance sheets**

(Million yen)

	As of September 30, 2010	As of March 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and time deposits	169,535	152,416
Notes and trade receivable	402,440	449,020
Merchandise and finished products	81,133	71,340
Work in progress	33,777	29,722
Raw materials and supplies	18,521	17,756
Deferred income taxes	9,566	9,775
Other	11,756	14,246
Allowance for doubtful accounts	(4,444)	(4,327)
Total current assets	<u>722,285</u>	<u>739,951</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	220,317	207,256
Machinery and equipment, net	184,011	179,127
Land	138,777	135,485
Construction in progress	37,460	51,433
Other, net	42,763	43,544
Total property, plant and equipment	<u>623,330</u>	<u>616,847</u>
Intangible fixed assets		
Goodwill	12,105	10,281
Software	20,827	20,489
Other	3,843	3,945
Total intangible fixed assets	<u>36,776</u>	<u>34,717</u>
Investments and other assets		
Investment securities	125,263	142,381
Long-term loans	2,039	1,741
Deferred income taxes	40,361	40,574
Other	49,137	54,702
Allowance for doubtful accounts	(12,652)	(13,668)
Total investments and other assets	<u>204,149</u>	<u>225,731</u>
Total fixed assets	<u>864,256</u>	<u>877,296</u>
Deferred assets		
Business startup costs	1,420	1,605
Total deferred assets	<u>1,420</u>	<u>1,605</u>
<b>TOTAL ASSETS</b>	<u>1,587,962</u>	<u>1,618,853</u>

(Million yen)

	As of September 30, 2010	As of March 31, 2010
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payable	273,895	308,630
Short-term bank loans	58,438	50,547
Current portion of long-term debt	5,568	4,019
Income taxes payable	10,701	15,623
Reserve for bonuses	16,923	16,341
Other	77,408	76,783
Total current liabilities	442,935	471,945
Long-term liabilities		
Bonds	100,270	101,167
Long-term debt	11,273	11,018
Provision for retirement benefits	41,653	43,229
Other	38,704	34,628
Total long-term liabilities	191,901	190,045
<b>TOTAL LIABILITIES</b>	<b>634,837</b>	<b>661,990</b>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	762,970	756,428
Treasury stock	(94,067)	(94,016)
Total stockholders' equity	928,265	921,774
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	(2,878)	8,059
Net deferred gains (losses) on hedges	2	(10)
Foreign currency translation adjustments	(16,858)	(13,498)
Total valuation and translation adjustments	(19,734)	(5,449)
Stock acquisition rights	16	—
Minority interests	44,577	40,538
<b>TOTAL NET ASSETS</b>	<b>953,125</b>	<b>956,863</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,587,962</b>	<b>1,618,853</b>



**(2) Quarterly consolidated statements of income**

(Million yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net sales	771,276	796,177
Cost of sales	629,830	642,220
Gross profit	141,446	153,957
Selling, general and administrative expenses	115,836	114,715
Operating income	25,610	39,242
Non-operating income		
Interest income	395	238
Dividend income	1,884	2,180
Other	2,906	4,001
Total non-operating income	5,185	6,420
Non-operating expense		
Interest expense	1,057	1,360
Equity in losses of associated companies	210	437
Foreign exchange transaction losses	—	1,567
Provision of allowance for doubtful accounts	1,509	—
Other	3,084	3,145
Total non-operating expenses	5,863	6,511
Ordinary income	24,932	39,151
Extraordinary gains		
Gain on sale of fixed assets	119	87
Gain on sale of investment securities	16	26
Other	211	—
Total extraordinary gains	347	113
Extraordinary losses		
Loss on sale or disposal of fixed assets	2,782	1,892
Loss on devaluation of investment securities	944	1,169
Other	909	1,016
Total extraordinary losses	4,636	4,079
Income before income taxes and minority interests	20,644	35,185
Current income taxes	10,107	10,824
Deferred income taxes	2,490	6,527
Income and other taxes	12,598	17,352
Income before minority interests	—	17,833
Minority interests	121	599
Net income	7,924	17,233

**(3) Quarterly consolidated statements of cash flows**

(Million yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	20,644	35,185
Depreciation	43,421	47,005
Increase (Decrease) of doubtful receivables, net	1,636	(151)
Increase (Decrease) of provision for retirement benefits, net	1,019	(2,136)
Equity in losses of associated companies	210	437
Amortization of consolidation goodwill, net	2,612	1,264
Interest and dividend income	(2,279)	(2,419)
Interest expense	1,057	1,360
Net gains on sales of investment securities	(11)	(26)
Net losses on devaluation of investment securities	944	1,174
Net losses on sale or disposal of fixed assets	2,662	1,805
(Increase) Decrease in trade receivables	(6,529)	49,176
(Increase) Decrease in inventories	2,360	(778)
Decrease in trade payables	(4,547)	(42,689)
Other	(1,450)	1,874
Sub-total	61,752	91,083
Payment of income taxes	2,312	(11,886)
Net cash provided by operating activities	64,065	79,196
<b>Cash flows from investing activities</b>		
(Increase) Decrease in time deposits	5,099	(595)
Payments for purchases of property, plant and equipment	(59,979)	(45,988)
Proceeds from sales of property, plant and equipment	1,261	717
Payments for purchases of investment securities	(8,613)	(1,690)
Proceeds from sales and redemption of investment securities	2,625	10,167
Payments for purchases of subsidiary stocks	(3,711)	—
Proceeds from purchases of newly consolidated subsidiary stocks	—	908
Payments for business transfer	(49)	—
Interest and dividends received	2,294	2,603
Other	2,402	(4,347)
Net cash used in investing activities	(58,671)	(38,225)

(Million yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Cash flows from financing activities		
Net decrease in short-term bank loans	(23,918)	(5,497)
Proceeds from long-term debt	800	1,180
Repayments of long-term debt	(1,809)	(3,683)
Proceeds from issuance of bonds	50,000	—
Payments for redemption of bonds	—	(117)
Payments for purchases of treasury stocks	(34)	(68)
Interest paid	(917)	(1,346)
Dividends paid	(9,041)	(10,317)
Dividends paid to minority interests	(235)	(373)
Other	(1,840)	(3,337)
Net cash provided by (used in) financing activities	13,001	(23,561)
Effect of exchange rate changes on cash and cash equivalents	1,699	(1,733)
Net increase in cash and cash equivalents	20,095	15,676
Cash and cash equivalents at beginning of year	117,200	151,709
Increase in cash and cash equivalents from newly consolidated subsidiaries	97	—
Increase in cash and cash equivalents from merger with unconsolidated subsidiaries	—	128
Cash and cash equivalents at end of period	137,393	167,514

#### (4) Note on assumptions for going concern

None

#### (5) Segment information

##### [Segment information by type of business]

First six months of previous fiscal year (April 1, 2009 – September 30, 2009)

(Million yen)

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

##### [Segment information]

(Supplementary information)

Starting from the first quarter of the current fiscal year, DNP and its domestic consolidated subsidiaries have applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

#### 1. Overview of reporting segments

DNP’s reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of business resources and evaluate business results.

The Group bases its business divisions on the products and services provided and develops its business activities based on a comprehensive domestic and overseas strategy for each business division. The four reporting segments are Information Communication, Lifestyle and Industrial Supplies, Electronics, and Beverages.

The main products and services of each reporting segment are as follows:

Information Communication	Production and sale of publications, commercial printed matter, and business forms; educational publications distribution
Lifestyle and Industrial Supplies	Manufacture and sale of packaging materials, interior and exterior construction materials, photographic materials, and industrial supplies
Electronics	Manufacture and sale of precision electronic components
Beverages	Manufacture and sale of carbonated and non-carbonated beverages

2. Information concerning sales and income/loss by reporting segment  
 First six months of current fiscal year (April 1, 2010 – September 30, 2010)

(Million yen)

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

Notes:

1. Segment income/losses are adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
2. Segment income/losses are adjusted to reflect operating income as reported on the consolidated statements of income.

**(6) Significant changes in shareholders' equity**

None