

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 [J-GAAP]

May 13, 2011

**Company Name:** Dai Nippon Printing Co., Ltd.  
**Stock exchange listings:** Tokyo, Osaka  
**Stock code:** 7912 URL: <http://www.dnp.co.jp/>  
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**General meeting of shareholders:** June 29, 2011  
**Dividend payment date:** June 30, 2011  
**Securities report issuing date:** June 29, 2011  
**Preparation of earnings presentation material:** None  
**Holding of earnings announcement:** None

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

## 1. Consolidated financial results for the year ended March 31, 2011

### (1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2011	1,589,373	0.4	67,818	2.0	62,786	(8.8)	25,032	7.5
Year ended March 31, 2010	1,583,382	(0.1)	66,513	44.0	68,841	45.3	23,278	—

Note: Comprehensive income: Year ended March 31, 2011: ¥12,474 million ((67.2)%)  
Year ended March 31, 2010: ¥37,999 million (- %)

	Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2011	38.86	—	2.7	3.8	4.3
Year ended March 31, 2010	36.13	—	2.6	4.4	4.2

Reference: Equity in earnings or losses of affiliates: Year ended March 31, 2011: ¥(412) million  
Year ended March 31, 2010: ¥(102) million

### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2011	1,649,784	952,440	55.1	1,410.44
As of March 31, 2010	1,618,853	956,863	56.6	1,422.34

Reference: Stockholders' equity as of March 31, 2011: ¥908,521 million As of March 31, 2010: ¥916,324 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, 2011	140,053	(82,561)	15,185	222,056
As of March 31, 2010	140,574	(120,683)	13,126	151,709

## 2. Dividends

	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, 2010	—	16.00	—	16.00	32.00	20,633	88.6	2.3
Year ended March 31, 2011	—	16.00	—	16.00	32.00	20,630	82.3	2.3
Year ending March 31, 2012 (Forecast)	—	—	—	—	—		—	

Note: The dividend forecast for the year ending March 31, 2012 is pending.

## 3. Consolidated forecasts for the year ending March 31, 2012

DNP will announce forecasts when disclosure is possible because the impact of the Tohoku – Pacific Ocean Earthquake on March 11, 2011 on consolidated earnings for the year ending March 31, 2012 is difficult to rationally estimate at the present time.

## 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

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

Note: Please refer to page 29, “(7) Changes in the basis of presenting 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 shares)	As of March 31, 2011	700,480,693 shares	As of March 31, 2010	700,480,693 shares
2) Number of treasury shares at end of each period	As of March 31, 2011	56,338,163 shares	As of March 31, 2010	56,241,763 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2011	644,187,752 shares	Year ended March 31, 2010	644,314,513 shares

## (Reference) Non-consolidated financial results

### 1. Non-consolidated financial results for the year ended March 31, 2011

#### (1) Non-consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2011	1,076,434	(0.9)	14,370	23.5	30,877	(27.0)	17,118	69.1
Year ended March 31, 2010	1,086,701	(1.7)	11,633	(2.8)	42,278	11.9	10,121	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2011	26.55	—
Year ended March 31, 2010	15.70	—

**(2) Non-consolidated financial position**

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2011	1,314,214	686,674	52.2	1,065.16
As of March 31, 2010	1,270,358	697,539	54.9	1,081.85

Reference: Stockholders' equity as of March 31, 2011: ¥686,674 million As of March 31, 2010: ¥697,539 million

**\* Presentation of audit status**

These consolidated financial results are exempt from auditing procedures based on the Financial Instruments and Exchange Act. The financial statements are being audited based on the Financial Instruments and Exchange Act at the time of the disclosure of these consolidated financial results.

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

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

See the "Analysis of operating results" on pages 2–3 for information about earnings forecasts.

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## **1. Operating results**

### **(1) Analysis of operating results**

#### **1) Operating results for the year ended March 31, 2011**

Economic conditions in Japan remained challenging during the year ended March 31, 2011. Despite some signs of recovery driven by overseas economic growth, especially in emerging countries, the economy was affected by a stronger yen, rising crude oil prices, and high unemployment. Additionally, the Tohoku – Pacific Ocean Earthquake in March 2011 could possibly have a very large impact on the Japanese economy, making the future outlook even more uncertain.

The printing industry continued to face a difficult business environment. Order prices declined in response to stiffer competition prompted by weak consumer spending and corporate advertising spending. The earthquake also weakened demand further at the end of the fiscal year.

In this environment, the DNP (Dai Nippon Printing Co., Ltd.) Group sought to aggressively develop its business and deliver products, services, and solutions tailored to the needs of its customers, based on its P&I Solutions business vision (P&I stands for “printing technology” and “information technology”). The Group also pursued “Production 21” Activities to establish a robust production structure in all facets of production, including quality, cost, and delivery time, and it worked to secure earnings.

Although the DNP Group was affected by the earthquake, including damage and suspension of some operations at DNP Tohoku Co., Ltd. in Sendai, Miyagi Prefecture, it is pursuing restoration efforts and gradually resuming operations.

As a result, consolidated net sales increased by 0.4% year on year to ¥1,589.3 billion, consolidated operating income grew 2.0% to ¥67.8 billion, consolidated ordinary income fell 8.8% to ¥62.7 billion, and consolidated net income rose 7.5% to ¥25.0 billion.

The results by segment are as follows.

### **PRINTING**

#### **Information Communication**

In the Books and Magazines business, magazine sales decreased due to a prolonged slump in the publications market.

In the Commercial Printing business, sales decreased year on year as cutbacks in corporate advertising spending resulted in declines for flyers, pamphlets, catalogs, and other products.

In the Business Forms business, sales fell below year-ago levels as a result of declines for both information processing services (ranging from data entry to printing and shipment of personal mail and other items) and smart cards.

In the Educational Publications Distribution business, sales rose sharply over last year, due partly to an increase in the number of newly consolidated subsidiaries.

As a result of the above, overall segment sales fell 2.4% year on year to ¥721.9 billion and operating income fell 22.7% to ¥18.1 billion.

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

In the Packaging business, despite higher sales of PET bottle preforms and paper cups, overall sales decreased year on year on a decline in liquid paper containers.

In the Lifestyle Materials business, sales increased over last year on a recovery in housing starts and growth for environmentally friendly products that use DNP's proprietary Electron Beam coating technology.

In the Industrial Supplies business, sales of anti-reflection films for flat-panel displays increased as the Group leveraged a broad product lineup to respond to growing demand. Dye-sublimation materials for photo printers (color ink ribbons and receiver paper), back sheets for photovoltaic modules, and other products also achieved growth, and sales in this business increased over the previous fiscal year.

As a result of the above, overall segment sales decreased by 0.9% year on year to ¥531.7 billion, but operating income increased by 7.0% to ¥46.7 billion.

## **Electronics**

In the LCD color filter business, sales increased year on year on contributions from production at the Sakai Plant in Osaka Prefecture and the Himeji Plant in Hyogo Prefecture and greater demand for small- and medium-sized LCD displays.

In the semiconductor-related products business, although the DNP Group worked to acquire overseas demand, primarily at its plant in Taiwan, sales decreased year on year because domestic demand remains weak. Sales of high-density build-up circuit boards also decreased.

As a result of the above, overall segment sales increased by 11.2% year on year to ¥286.2 billion and operating income rose 47.0% to ¥12.2 billion.

## **BEVERAGES**

### **Beverages**

Amid tough market conditions, characterized by a slump in consumer spending and intensified sales competition, the DNP Group worked to expand 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.

As a result, although coffee and tea sales declined, Coca-Cola and mineral water sales increased, and overall segment sales edged up 0.3% year on year to ¥63.0 billion and operating income totaled ¥1.2 billion, versus a loss of ¥500 million in the previous year.

## **2) Forecast for the year ending March 31, 2012**

Concerning the future outlook, despite expectations for economic growth driven by emerging countries, there are concerns about rising crude oil prices, the impact of deflation, and worsening employment conditions. Additional concerns include changes in the business environment of customers and suppliers as a result of the Tohoku – Pacific Ocean Earthquake and the impact on production of electric power restrictions. The future outlook has become more uncertain.

DNP expects conditions in the printing industry to remain challenging, due partly to a decline in order prices caused by weak demand and stiffer competition and to procurement concerns for paper, ink, film, and other materials.

In this environment, the DNP Group will work to quickly restore facilities damaged by the earthquake and to ensure a stable production structure through alternate production using production facilities across the country and through cooperation with related raw material manufacturers and distribution companies. Additionally, to respond to electric power restrictions, DNP will pursue rigorous energy saving and install independent power generation facilities. It will also work to minimize the impact by revising its business continuity plan and preparing an optimal production plan.

During the fiscal year ending March 31, 2012, DNP intends to further develop its P&I Solutions

business vision and make every effort to provide products and services that address the needs of its customers. 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 Group also intends to pursue its "Production 21" Activities to solidify the base for promoting P&I Solutions, improve productivity further, and generate solid earnings and stable long-term business growth.

DNP will announce forecasts for the fiscal year ending March 31, 2012 when disclosure is possible because the impact of the earthquake on the DNP Group's earnings is difficult to rationally estimate at the present time.

## **(2) Analysis of financial position**

Total assets at the end of the current fiscal year increased by ¥30.9 billion from the end of the previous fiscal year to ¥1,649.7 billion, due mainly to increases in cash and time deposits and in merchandise and finished products.

Total liabilities increased by ¥35.3 billion from the end of the previous fiscal year to ¥697.3 billion, due mainly to an increase in bonds.

Net assets decreased by ¥4.4 billion from the end of the previous fiscal year to ¥952.4 billion, due mainly to a decrease in net unrealized gains on available-for-sale securities.

As a result of the above, the equity ratio was 55.1%, down 1.5 percentage points from 56.6% at the end of the previous fiscal year.

Consolidated cash flow provided by operating activities totaled ¥140.0 billion (¥140.5 billion in the previous fiscal year), due mainly to ¥52.6 billion in income before income taxes and minority interests and ¥97.9 billion in depreciation.

Cash flow used in investing activities totaled ¥82.5 billion (¥120.6 billion in the previous fiscal year), due mainly to the acquisition of ¥89.8 billion of property, plant and equipment. Cash flow provided by financing activities totaled ¥15.1 billion (¥13.1 billion in the previous fiscal year), due mainly to ¥53.7 billion of proceeds from the issuance of bonds and ¥21.0 billion of dividend payments. As a result, cash and cash equivalents at the end of the fiscal year increased by ¥70.3 billion from the end of the previous fiscal year to ¥222.0 billion.

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

	Year ended March 2007	Year ended March 2008	Year ended March 2009	Year ended March 2010	Year ended March 2011
Equity ratio (%)	63.0	62.6	58.5	56.6	55.1
Market value-based equity ratio (%)	75.7	65.5	37.7	50.3	39.6
Debt-to-cash flow ratio (year)	0.6	0.5	0.9	1.2	1.6
Interest coverage ratio (times)	93.8	120.1	79.7	63.9	52.6

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 by/used in operating activities on the consolidated statements of cash flows
*Interest coverage ratio:	Cash flow / Interest expenses
Cash flow:	Cash flow provided by/used in 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, 2011 and year ending March 31, 2012**

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 82.3%.

Dividends for the year ending March 31, 2012 are pending due to the difficulty of disclosing consolidated earnings forecasts for that year. DNP will announce forecasts for the fiscal year ending March 31, 2012 when disclosure is possible.

### **(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, and conducts its business so as not to overly dependent on specific customers. The Group does most of its business in the Japanese market and 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 continue to 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 careful information gathering, establishing a profitable production structure, and developing highly competitive value-added 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 sharp fluctuations in petroleum prices, sudden surges in demand from emerging markets, and the impact of major disasters. 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 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 been accelerating, 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 DNP's 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 security and personal information protection**

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 its 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, DNP's performance could be substantially affected in the event of major earthquakes or other natural disasters, terrorist attacks, disease outbreaks, or other unexpected events that cause production stoppages or major damage or interference with social infrastructure.

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

The DNP Group includes 160 subsidiaries and 14 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 Graphica Co., Ltd., DNP Book Factory 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 Multi Print Co., Ltd., DNP Media Art Co., Ltd. DNP Media Create Co., Ltd., DNP Media Techno Kansai Co., Ltd. DNP Uniprocess Co., Ltd.
Production and sales	Tien Wah Press (Pte.) Ltd.
Sales and services	CHI Group Co., Ltd., INTELLIGENT WAVE INC. BUNKYODO GROUP HOLDINGS CO., LTD., Direc Co., Ltd. DNP Art Communications Co., Ltd., DNP Social Links Co., Ltd. DNP Dream Pages Co., Ltd. 2Dfacto, Inc. . Maruzen Co., Ltd., MARUZEN SHUPPAN Co., Ltd. Maruzen Bookstores Co., Ltd., TRC, Inc. Junkudo Co., Ltd., Yushodo Co., Ltd., BUNKYODO Co., Ltd. *BOOKOFF CORPORATION LIMITED Kyoiku Shuppan Co., Ltd., SHUFUNOTOMO Co., Ltd.

The shares of CHI Group Co., Ltd. and BOOKOFF CORPORATION LIMITED are traded on the Tokyo Stock Exchange, and the shares of INTELLIGENT WAVE INC. and 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 Hosono 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 Photo Imaging Co., Ltd., DNP ID System Co., Ltd. DNP Lifestyle Materials Marketing Co., Ltd. DNP Field Eyes Co., Ltd., DNP Fotolusio Co., Ltd. LIFESCAPE MARKETING CORPORATION DNP Photo Imaging America Corporation 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., DNP 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.

### **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 Logistics Co., Ltd., DNP Trading Co., Ltd. DNP Accounting Services Co., Ltd.

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

## **BEVERAGES**

### **Beverages**

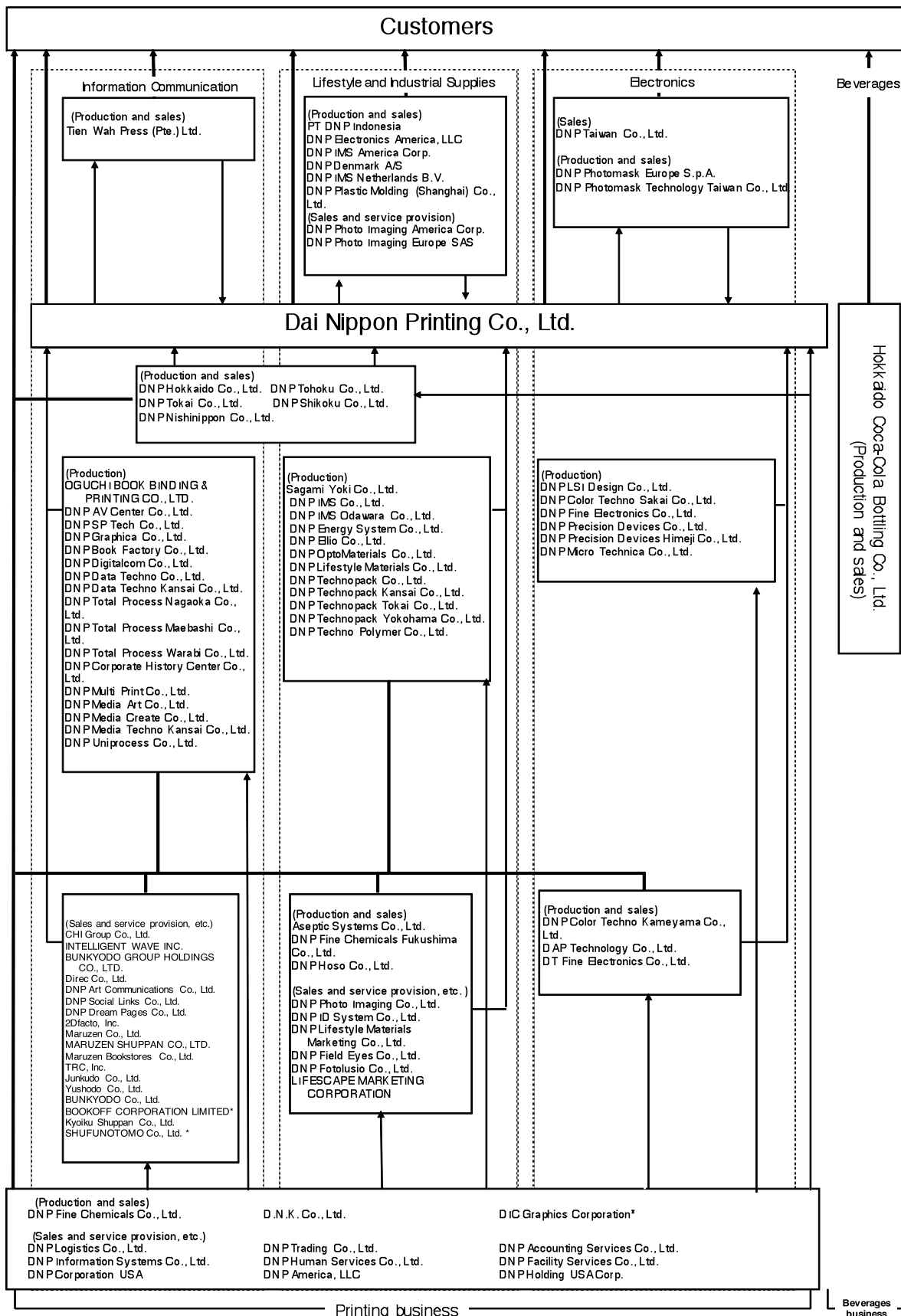
Centered on Hokkaido Coca-Cola Bottling Co., Ltd.; manufacture/sale of soft drinks and juices

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.



Notes: \* : Equity-method affiliated companies (Otherwise, subsidiaries)

← : Flow of products, materials and services

### 3. 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 through its business activities, 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”) to realize its management concept, DNP seeks to contribute to society and expand its business by leveraging its strengths in printing technology and information technology to solve the problems of companies and consumers.

Additionally, to promote fair and appropriate corporate activity and fulfill its corporate social responsibilities (CSR), DNP strictly complies with laws and social ethics based on the DNP Group Code of Conduct and ensures proper business activities through an internal control system. The Company strives to conduct business in good faith to earn the deep trust of its various stakeholders, including shareholders, customers, consumers, and employees.

#### (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.

DNP has begun redeveloping the Ichigaya district in an effort to further promote P&I Solutions and ensure future growth. 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.

#### **Initiatives in the different businesses and segments**

##### **PRINTING BUSINESS**

###### **Information Communication**

This segment engages in a broad range of activities using a variety of media to provide the optimal expression of information tailored to the needs of companies and consumers.

In the Books and Magazines business, DNP is focusing on developing the business environment for electronic publishing as a promising growth market through the unification of standards and coordination of copyright management and billing methods. In partnership with NTT DoCoMo, Inc., the Group is focusing on the sale of e-books through the e-store “2Dfacto,” which opened in January 2011. DNP is also bolstering its book production structure based on DNP Book Factory Co., Ltd., which was established as a specialized book manufacturing subsidiary. It is working to build a hybrid production system for a variety of media, from paper books to print-on-demand and electronic content, and to expand sales.

In the Educational Publications Distribution business, DNP made BUNKYODO GROUP HOLDINGS CO., LTD. a consolidated subsidiary in May 2010 and reformed the structure of intermediate holding company Maruzen CHI Holdings Co., Ltd. (name changed from CHI Group Co., Ltd. in May 2011) in an effort to expand this business. It is working to deepen cooperation among group companies, expand sales promotions at bookstores, and introduce smart cards and IC tags at university and public libraries.



Additionally, in the Books and Magazines, Commercial Printing, and Business Forms businesses, DNP seeks to improve earnings further by strengthening its comprehensive management structure, coordinating among the various prepress, printing, and processing operations, developing a lean production structure, and improving distribution efficiency. Further, the Company is actively developing new advertising methods, including digital signage (using large electronic displays), and expanding its information security business, including by providing authentication services compatible with Near Field Communication (NFC), an emerging international next-generation communication protocol for contactless smart cards.

### **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. DNP is also working on universal design initiatives and developing packaging that is easier to use.

In the Lifestyle Materials business, DNP seeks to use its proprietary Electron Beam coating technology to expand sales of environmentally friendly products that are well regarded within the construction industry for their superior design, durability, and practicality.

In the Industrial Supplies business, DNP aims to expand sales in the opto-materials area, including the anti-reflection films used in flat-panel displays for which it has a high market share, amid expected growth in global demand for flat-panel displays. It is also working to increase production capacity, improve product quality, and bolster cost competitiveness to respond to rising demand for dye-sublimation materials with the spread of digital photography. Additionally, DNP acquired Sony Corporation's professional digital photo printer business based in North America and Europe in April 2011. Going forward, the Company will supply dye-sublimation materials for a variety of photo printers around the world.

### **Electronics**

In this segment, DNP is working to increase production 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, although the business environment is likely to change on account of global production adjustments, price volatility, and other factors, DNP seeks to expand orders primarily for large TVs, respond to growing demand for small- and medium-sized displays used in smartphones, tablet PCs, and other products, and develop a flexible production structure responsive to market needs.

In the photomask business, although semiconductor prices are likely to be volatile, DNP is working to develop cutting-edge technologies, including nanoimprint and extreme ultraviolet (EUV) technologies, enhance competitiveness, adequately meet overseas demand using plants in Italy and Taiwan, and establish a profitable production structure.

### **New businesses**

DNP is working hard to develop new businesses that generate new added value, including products and services that solve the problems of companies and consumers.

In particular, in the energy field, DNP commenced operations at newly built plant in Kita-Kyushu, Fukuoka Prefecture in April 2011 that makes soft-pack packaging material for rechargeable lithium-ion polymer batteries, as well as back sheets and sealants for photovoltaic modules. This plant roughly triples DNP's production capacity and allows it to respond to a prospective sharp rise in new energy demand, including for photovoltaic modules and rechargeable lithium-ion polymer batteries.

In the life sciences (pharmaceutical, medical, and health care) field, DNP is actively pursuing business based on the CytoGraph cell pattern culturing substrate and efficient production technology for cell sheet culturing film used in 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.

In this environment, DNP is working to bolster sales of profitable products and to develop new vending machine business and expand sales based on its medium-term business plan, titled "Restart 2009: Along with the North Earth." It is also pursuing more efficient operations and greater cost competitiveness. Additionally, with the aim of being a socially trustworthy company, DNP aspires to environmental management based on ISO14001 (environmental management system).

### Strengthened organization

DNP seeks to bolster cooperation between divisions, enhance the Group's overall strengths, deepen its dialogue with companies and consumers, and provide a broad range of solutions through to corporate business strategy and sales promotion planning. DNP also recognizes that business expansion requires not only its own proprietary technology, but also cooperation with other companies with unique strengths. It has been pursuing strategic partnerships and M&A in the electronics, digital photo, and educational publications distribution businesses, and it intends to continue with these efforts both in Japan and overseas.

Meanwhile, DNP is always reviewing its existing structure to further enhance efficiency and reduce costs. This fiscal year, the Company integrated and reorganized its Commercial Printing sales, planning, development, and production organizations in both the Kanto and Kansai regions to better allocate personnel, optimize production locations, and improve productivity.

Additionally, DNP launched DNP Chubu Co., Ltd. on April 1, 2011 as a unified manufacturing and sales company by integrating the Chubu-based operations of the Chubu division of Dai Nippon Printing Co., Ltd. with its manufacturing division DNP Tokai Co., Ltd. DNP seeks to strengthen ties with the local community, expand orders tailored to the region's unique attributes, and enhance efficiency and reduce costs by integrating production and sales.

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. In addition to the results of the groupwide pursuit of "Production 21" Activities since 2002, under the theme of overall optimization, DNP seeks to achieve a smooth flow between divisions and plants from order to delivery, build an efficient production system that rigorously eliminates waste, improve quality, and enhance cost competitiveness.

### **Contributions to a sustainable society**

DNP's various environmental initiatives to build a sustainable society that coexists with nature include a proprietary environmental management system, global warming prevention, zero waste emissions, biodiversity protection, volatile organic solvent and chemical substance management, environmentally friendly product development, and green purchasing.

This fiscal year, DNP installed more solvent recovery equipment at the Izumizaki and Sayama plants to reduce atmospheric emissions of volatile organic solvents. To help reduce CO<sub>2</sub> emissions, it equipped production equipment with independently developed systems to show the amount of energy used and pushed forward with energy-saving activities.

## 4. Consolidated financial statements

### (1) Consolidated balance sheets

	(Million yen)	
	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	152,416	223,847
Notes and trade receivable	449,020	403,986
Marketable securities	8	8
Merchandise and finished products	71,340	87,446
Work in progress	29,722	31,585
Raw materials and supplies	17,756	19,575
Deferred income taxes	9,775	10,415
Other	14,238	21,072
Allowance for doubtful accounts	(4,327)	(6,994)
Total current assets	739,951	790,942
Fixed assets		
Property, plant and equipment		
Buildings and structures	508,518	531,440
Accumulated depreciation	(301,261)	(318,455)
Buildings and structures, net	207,256	212,984
Machinery and equipment	896,479	918,201
Accumulated depreciation	(717,352)	(744,352)
Machinery and equipment, net	179,127	173,849
Land	135,485	138,650
Construction in progress	51,433	47,036
Other	136,047	143,432
Accumulated depreciation	(92,502)	(101,126)
Other, net	43,544	42,306
Total property, plant and equipment	616,847	614,827
Intangible fixed assets		
Goodwill	10,281	10,633
Software	20,489	22,304
Other	3,945	2,953
Total intangible fixed assets	34,717	35,891
Investments and other assets		
Investment securities	142,381	130,793
Long-term loans	1,741	1,990
Deferred income taxes	40,574	37,196
Other	54,702	48,139
Allowance for doubtful accounts	(13,668)	(11,250)
Total investments and other assets	225,731	206,868
Total fixed assets	877,296	857,587
Deferred assets		
Business startup costs	1,605	1,235
Other	-	18
Total deferred assets	1,605	1,253
<b>TOTAL ASSETS</b>	<b>1,618,853</b>	<b>1,649,784</b>

(Million yen)

	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payable	308,630	275,525
Short-term bank loans	50,547	51,403
Current portion of long-term debt	4,019	9,415
Income taxes payable	15,623	10,486
Reserve for bonuses	16,341	16,650
Reserve for disaster losses	—	4,648
Other	76,783	79,638
<b>Total current liabilities</b>	<b>471,945</b>	<b>447,768</b>
Long-term liabilities		
Bonds	101,167	153,520
Long-term debt	11,018	14,802
Deferred tax liabilities	2,710	2,628
Provision for retirement benefits	43,229	39,260
Other	31,917	39,363
<b>Total long-term liabilities</b>	<b>190,045</b>	<b>249,574</b>
<b>TOTAL LIABILITIES</b>	<b>661,990</b>	<b>697,343</b>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,898	144,898
Retained earnings	756,428	760,452
Treasury stock	(94,016)	(94,113)
<b>Total stockholders' equity</b>	<b>921,774</b>	<b>925,702</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,059	832
Net deferred losses on hedges	(10)	(12)
Foreign currency translation adjustments	(13,498)	(18,000)
<b>Total accumulated other comprehensive income</b>	<b>(5,449)</b>	<b>(17,180)</b>
Stock acquisition rights	—	16
Minority interests	40,538	43,902
<b>TOTAL NET ASSETS</b>	<b>956,863</b>	<b>952,440</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,618,853</b>	<b>1,649,784</b>

**(2) Consolidated statements of income and comprehensive income**  
**Consolidated statements of income**

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net sales	1,583,382	1,589,373
Cost of sales	1,286,682	1,287,581
Gross profit	296,700	301,791
Selling, general and administrative expenses	230,186	233,973
Operating income	66,513	67,818
Non-operating income		
Interest income	736	455
Dividend income	2,460	2,897
Subsidies	4,065	—
Other	5,099	6,318
Total non-operating income	12,361	9,671
Non-operating expenses		
Interest expense	2,363	2,775
Equity in losses of associated companies	102	412
Foreign exchange transaction losses	116	1,672
Contributions	1,553	—
Other	5,897	9,844
Total non-operating expenses	10,033	14,704
Ordinary income	68,841	62,786
Extraordinary gains		
Gain on sale of fixed assets	1,007	3,334
Gain on sale of investment securities	45	696
Other	270	385
Total extraordinary gains	1,323	4,416
Extraordinary losses		
Loss on sale or disposal of fixed assets	7,093	4,238
Impairment loss on fixed assets	377	1,685
Disaster losses and provision of reserve for disaster	—	6,088
Loss on devaluation of investment securities	1,196	430
Loss on sale of securities in affiliates	0	—
Loss on devaluation of securities in affiliates	3	5
Amortization of goodwill	11,063	—
Other	935	2,058
Total extraordinary losses	20,669	14,506
Income before income taxes and minority interests	49,495	52,696
Current income taxes	22,061	20,026
Deferred income taxes	3,699	8,003
Income and other taxes	25,761	28,030
Income before minority interests	—	24,666
Minority interests in income (loss) of consolidated subsidiaries	455	(366)
Net income	23,278	25,032

**Consolidated statements of comprehensive income**

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Income before minority income	—	24,666
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(7,108)
Net deferred losses on hedges	—	(1)
Foreign currency translation adjustments	—	(5,023)
Share of other comprehensive income of associates accounted for using equity method	—	(59)
Total other comprehensive income	—	(12,191)
Comprehensive income	—	12,474
Comprehensive income attributable to owners of the parent	—	13,302
Comprehensive income attributable to minority interests	—	(827)

**(3) Consolidated statements of changes in net assets**

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
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	751,869	756,428
Changes of items during the period		
Cash dividends paid	(19,346)	(20,631)
Net income	23,278	25,032
Decrease by merger of consolidated and unconsolidated subsidiaries	—	(368)
Change of scope of consolidation	192	—
Increase due to stock transfer	441	—
Disposal of treasury stock	(7)	(8)
Total changes of items during the period	4,558	4,024
Balance at current fiscal year end	756,428	760,452
Treasury stock		
Balance at previous fiscal year end	(93,884)	(94,016)
Changes of items during the period		
Purchase of treasury stock	(153)	(118)
Disposal of treasury stock	20	21
Total changes of items during the period	(132)	(96)
Balance at current fiscal year end	(94,016)	(94,113)
Total stockholders' equity		
Balance at previous fiscal year end	917,348	921,774
Changes of items during the period		
Cash dividends paid	(19,346)	(20,631)
Net income	23,278	25,032
Decrease by merger of consolidated and unconsolidated subsidiaries	—	(368)
Change of scope of consolidation	192	—
Increase due to stock transfer	441	—
Purchase of treasury stock	(153)	(118)
Disposal of treasury stock	13	13
Total changes of items during the period	4,426	3,927
Balance at current fiscal year end	921,774	925,702



(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at previous fiscal year end	(3,882)	8,059
Changes of items during the period		
Net changes in items other than stockholders' equity	11,942	(7,227)
Total changes of items during the period	11,942	(7,227)
Balance at current fiscal year end	8,059	832
Net deferred losses on hedges		
Balance at previous fiscal year end	(4)	(10)
Changes of items during the period		
Net changes in items other than stockholders' equity	(6)	(1)
Total changes of items during the period	(6)	(1)
Balance at current fiscal year end	(10)	(12)
Foreign currency translation adjustments		
Balance at previous fiscal year end	(15,285)	(13,498)
Changes of items during the period		
Net changes in items other than stockholders' equity	1,787	(4,501)
Total changes of items during the period	1,787	(4,501)
Balance at current fiscal year end	(13,498)	(18,000)
Total accumulated other comprehensive income		
Balance at previous fiscal year end	(19,173)	(5,449)
Changes of items during the period		
Net changes in items other than stockholders' equity	13,723	(11,730)
Total changes of items during the period	13,723	(11,730)
Balance at current fiscal year end	(5,449)	(17,180)
Stock acquisition rights		
Balance at previous fiscal year end	—	—
Changes of items during the period		
Net changes in items other than stockholders' equity	—	16
Total changes of items during the period	—	16
Balance at current fiscal year end	—	16
Minority interests		
Balance at previous fiscal year end	41,910	40,538
Changes of items during the period		
Net changes in items other than stockholders' equity	(1,371)	3,363
Total changes of items during the period	(1,371)	3,363
Balance at current fiscal year end	40,538	43,902

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Total net assets</b>		
Balance at previous fiscal year end	940,085	956,863
Changes of items during the period		
Cash dividends paid	(19,346)	(20,631)
Net income	23,278	25,032
Decrease by merger of consolidated and unconsolidated subsidiaries	—	(368)
Change of scope of consolidation	192	—
Increase due to stock transfers	441	—
Purchase of treasury stock	(153)	(118)
Disposal of treasury stock	13	13
Net changes in items other than stockholders' equity	12,351	(8,350)
Total changes of items during the period	16,777	(4,422)
Balance at current fiscal year end	956,863	952,440

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

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flows from operating activities		
Income before income taxes and minority interests	49,495	52,696
Depreciation	91,694	97,977
Impairment loss on fixed assets	377	1,685
Increase (Decrease) of doubtful receivables, net	(79)	1,145
Increase (Decrease) of provision for retirement benefits, net	2,262	(4,177)
Equity in losses of associated companies	102	412
Amortization of consolidation goodwill, net	16,219	2,553
Interest and dividend income	(3,196)	(3,353)
Interest expense	2,363	2,775
Net gain on sales of investment securities	(52)	(694)
Net loss on devaluation of investment securities	1,199	436
Net loss on sales or disposal of fixed assets	6,085	903
(Increase) Decrease in trade receivables	(39,672)	48,851
(Increase) Decrease in inventories	1,969	(7,135)
Increase (Decrease) in trade payables	17,899	(36,476)
Other	2,776	4,782
Sub-total	149,446	162,383
Payment of income taxes	(8,872)	(22,330)
Net cash provided by operating activities	140,574	140,053
Cash flows from investing activities		
Net (increase) decrease in time deposits	6,130	(171)
Payments for purchases of property, plant and equipment	(108,595)	(89,846)
Proceeds from sales of property, plant and equipment	2,556	7,058
Payments for purchases of investment securities	(13,456)	(2,155)
Proceeds from sales of investment securities	7,047	11,095
Payments for purchases of subsidiary stocks	(5,639)	—
Proceeds from purchase of newly consolidated subsidiary stocks	—	908
Payments for business transfer	(49)	—
Interest and dividends received	3,163	3,501
Other	(11,841)	(12,951)
Net cash used in investing activities	(120,683)	(82,561)

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flows from financing activities		
Net decrease in short-term bank loans	(10,119)	(12,447)
Proceeds from long-term debt	3,340	14,698
Repayments of long-term debt	(3,484)	(9,786)
Proceeds from issuance of bonds	50,000	53,700
Payments for redemption of bonds	(217)	(306)
Payments for purchases of treasury stock	(153)	(118)
Payments for purchases of treasury stock of subsidiaries	(2)	—
Interest paid	(2,201)	(2,660)
Dividends paid	(19,360)	(20,634)
Dividends paid to minority interests	(323)	(459)
Other	(4,352)	(6,800)
Net cash provided by financing activities	13,126	15,185
Effect of exchange rate changes on cash and cash equivalents	889	(2,458)
Net increase in cash and cash equivalents	33,905	70,218
Cash and cash equivalents at beginning of year	117,200	151,709
Net increase in cash and cash equivalents from newly consolidated subsidiaries	604	—
Increase in cash and cash equivalents from merger with unconsolidated subsidiaries	—	128
Cash and cash equivalents at end of year	151,709	222,056

## **(5) Notes on premise of a going concern**

None

## **(6) Basis of presenting consolidated financial statements**

### **1) Scope of consolidation and application of the equity method of accounting**

#### **Number of consolidated subsidiaries: 131**

Major companies: CHI Group Co., Ltd. (changed its name to Maruzen CHI Holdings Co., Ltd. as of May 1, 2011), Hokkaido Coca-Cola Bottling Co., Ltd. INTELLIGENT WAVE INC., BUNKYODO GROUP HOLDINGS 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.

#### **Number of equity-method affiliated companies: 12**

Major companies: BOOKOFF CORPORATION LIMITED, Kyoiku Shuppan Co., Ltd. SHUFUNOTOMO Co., Ltd., DIC Graphics Corporation

### **2) Changes in scope of consolidation and application of the equity method of accounting**

#### **[Scope of consolidation]**

Newly included:	17	INTELLIGENT WAVE INC. and 16 other companies
Excluded:		DNP Butsuryu Systems Ichigaya Co., Ltd. and 10 other companies
	11	

#### **[Application of equity method]**

Newly included:	2	Felica Pocket Marketing Inc. and one other company
Excluded:	1	BUNKYODO GROUP HOLDINGS CO., LTD.

### **3) Matters concerning the fiscal years of consolidated subsidiaries**

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 24 others have fiscal years that end on December 31, while CHI Group Co., Ltd. and 24 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.

Additionally, INTELLIGENT WAVE INC.'s fiscal year ends on June 30 and BUNKYODO GROUP HOLDINGS CO., LTD. and eight other companies have fiscal years that end on August 31. Consequently, financial statements based on provisional account settlements are used.

Any material transactions during the time between the foregoing settlement dates and provisional settlement dates and the consolidated settlement date are adjusted for on a consolidated basis.

### **4) Summary of significant accounting policies**

#### **(a) 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

**(b) 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, Sakai Plant and Himeji 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 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 [ASBJ] Statement No. 13) are accounted for based on the method for ordinary rental

transactions.

**(c) Treatment of significant deferred assets**

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

**(d) 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).
  
- 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.
  
- Reserve for disaster losses      To cover payments required to restore assets damaged by disaster, the reserve for disaster losses is based on the estimated amount at the end of the current fiscal year.

**(e) Accounting treatment of consumption taxes**

National and local consumption taxes are excluded from transaction amounts.

**(f) Amortization of goodwill and negative goodwill**

Goodwill and negative goodwill incurred prior to March 31, 2010 are amortized using the straight-line method for a period of not more than 20 years. In the current fiscal year, straight-line amortization over five years is generally used. Negative goodwill incurred from April 1, 2010 is charged to income in the fiscal year of occurrence.

**(g) Scope of funds in the consolidated 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.

**(7) Changes in the basis of presenting consolidated financial statements**

**[Application of “Accounting Standards for Asset Retirement Obligations”]**

Starting in the current fiscal year, DNP applies 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 of the change, operating income in the current fiscal year decreased by ¥265 million, ordinary income by ¥449 million, and income before income taxes and minority interests by ¥950 million.

**[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 in the current fiscal year, DNP applies 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.

**[Application of “Accounting Standard for Business Combinations” and other accounting standards]**

Starting in the current fiscal year, DNP applies 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), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Revised 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).

**(8) Changes in presentation methods**

**[Consolidated statements of income]**

Starting in the current fiscal year, DNP will report “Income before minority interests,” applying the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008).

**(9) Additional information**

**[Application of “Accounting Standard for Presentation of Comprehensive Income”]**

Starting in the current fiscal year, DNP applies the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010). However, the amounts listed in the previous fiscal year under “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” are the amounts for “Valuation and translation adjustments” and “Total valuation and translation adjustments.”

## (10) Notes regarding consolidated financial statements

### [Consolidated balance sheets]

	Year ended March 31, 2010	Year ended March 31, 2011
1. Guarantee obligation	¥77 million	¥74 million
2. Discounts on notes receivable	¥670 million	¥704 million

### [Consolidated statements of income]

	Year ended March 31, 2010	Year ended March 31, 2011
1. Research and development expenses (Selling, general and administrative expenses, and cost of sales)	¥33,849 million	¥33,146 million

### [Consolidated statements of comprehensive income]

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

Comprehensive income for the year ended March 31, 2010		
Comprehensive income attributable to owners of the parent		¥37,001 million
Comprehensive income attributable to minority interests		¥998 million
Total		¥37,999 million
Other comprehensive income for the year ended March 31, 2010		
Valuation difference on available-for-sale securities		¥11,917 million
Net deferred losses on hedges		¥(6) million
Foreign currency translation adjustments		¥2,319 million
Share of other comprehensive income of associates accounted for using equity method		¥34 million
Total		¥14,265 million

### [Consolidated statements of changes in net assets]

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

#### 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 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

## The year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

### 1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the end of the year ended March 2010	Increase in number of shares during the year ended March 2011	Decrease in number of shares during the year ended March 2011	Number of shares at the end of the year ended March 2011
Outstanding shares	Common stock	700,480,693	—	—	700,480,693
Treasury stock	Common stock	56,241,763	109,418	13,018	56,338,163

- Notes: 1. The increase of 109,418 treasury shares is due to the repurchase of odd-lot shares.  
2. The decrease of 13,018 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 29, 2010	Common stock	10,316	16	March 31, 2010	June 30, 2010
Board of Directors' meeting on November 11, 2010	Common stock	10,315	16	September 30, 2010	December 10, 2010

### (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, 2011	Common stock	10,314	Retained earnings	16	March 31, 2011	June 30, 2011

[Segment information, etc.]

**[Business segment information]**

**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 (loss)	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

**[Geographic segment information]**

In the previous fiscal year, 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.

**[Overseas sales]**

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

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

## **[Segment Information]**

### **1. Overview of the 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 DNP 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.

Information Communication is involved in the production and sale of publications, commercial printed matter, and business forms and in educational and publications distribution. Lifestyle and Industrial Supplies is involved in the production and sale of packaging materials, interior and exterior construction materials, photographic materials, and industrial supplies. Electronics is involved in the production and sale of precision electronic components and other products. Beverages is involved in the production and sale of carbonated and non-carbonated beverages.

### **2. Method of calculating sales, income/loss, assets, and other items by reporting segment**

The accounting method used for reporting business segments is generally the same as stated in "Basis of presenting consolidated financial statements."

Reporting segment income figures are based on operating income. Inter-segment sales and transfers are based on third-party transaction prices.

### 3. Information on sales, income/loss, assets, and other items by reporting segment

The year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	715,520	524,528	286,285	63,038	1,589,373	—	1,589,373
Inter-segment	6,460	7,185	9	5	13,661	(13,661)	—
Total	721,981	531,714	286,295	63,043	1,603,034	(13,661)	1,589,373
Segment income	18,144	46,789	12,222	1,249	78,406	(10,588)	67,818
Segment assets	610,456	518,258	387,889	44,376	1,560,982	88,801	1,649,784
Other items							
Depreciation and amortization	24,036	26,070	41,878	3,350	95,335	2,642	97,977
Amortization of goodwill	1,407	1,293	160	0	2,861	—	2,861
Impairment loss	225	—	1,441	18	1,685	—	1,685
Increase in property, plant and equipment and in intangible fixed assets	20,938	20,067	56,497	3,471	100,975	1,196	102,172

Notes: 1. Figures are adjusted as follows.

- (1) Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
- (2) Segment assets are adjusted for companywide assets not allocated to reporting segments.
- (3) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.

2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.

#### [Additional information]

Starting in the current fiscal year, DNP applies 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).

**[Related information]**

**The year ended March 31, 2011 (April 1, 2010 – March 31, 2011)**

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

Japan	Asia	Other regions	Total
1,391,676	134,734	62,963	1,589,373

(2) Property, plant and equipment

Omitted because the value of property, plant and equipment located in Japan is over 90% of the value of property, plant and equipment as reported in the consolidated balance sheets.

3. Information on major customers

Omitted because sales to specific outside customers are less than 10% of sales as reported in the consolidated statements of income.

**[Per share information]**

Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)		Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)	
Net assets per share	¥1,422.34	Net assets per share	¥1,410.44
Net income per share	¥36.13	Net income per share	¥38.86
Diluted net income per share is not reported because there are no residual securities.		Diluted net income per share is not reported because there are no potentially dilutive securities.	

**Note: Basis of calculations****1. Net assets per share**

		Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
Total net assets	(Million yen)	956,863	952,440
Amount excluded from total net assets	(Million yen)	40,538	43,918
Of which, stock acquisition rights	(Million yen)	—	(16)
Of which, minority interests	(Million yen)	(40,538)	(43,902)
Net assets at fiscal year-end pertaining to common stock	(Million yen)	916,324	908,521
Number of common shares outstanding	(Thousand shares)	700,480	700,480
Number of common treasury shares	(Thousand shares)	56,241	56,338
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	644,238	644,142

**2. Net income per share**

		Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Net income	(Million yen)	23,278	25,032
Amounts not attributable to common shareholders	(Million yen)	—	—
Net income pertaining to common stock	(Million yen)	23,278	25,032
Average number of common shares outstanding during the fiscal year	(Thousand shares)	644,314	644,187

**[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, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	80,515	147,155
Notes receivable	40,191	34,730
Trade receivable	292,497	286,401
Merchandise and finished goods	4,310	5,874
Work in progress	11,334	12,309
Raw materials and supplies	2,536	2,780
Deferred income taxes	3,864	5,016
Other	13,431	22,701
Allowance for doubtful accounts	(1,608)	(1,974)
Total current assets	447,073	514,995
Fixed assets		
Property, plant and equipment		
Buildings	385,265	398,307
Accumulated depreciation	(225,255)	(235,814)
Buildings, net	160,010	162,493
Structures	31,051	31,877
Accumulated depreciation	(22,848)	(23,740)
Structures, net	8,202	8,137
Machinery	714,702	726,368
Accumulated depreciation	(579,270)	(598,626)
Machinery, net	135,431	127,742
Vehicles	1,097	1,115
Accumulated depreciation	(977)	(1,004)
Vehicles, net	119	110
Equipment	48,269	47,471
Accumulated depreciation	(39,535)	(39,677)
Equipment, net	8,733	7,794
Land	119,576	119,806
Lease asset	8,018	8,439
Accumulated depreciation	(564)	(1,270)
Lease asset, net	7,453	7,168
Construction in progress	31,905	37,626
Total property, plant and equipment	471,433	470,879
Intangible fixed assets		
Software	14,036	14,384
Other	6,497	5,136
Total intangible fixed assets	20,534	19,521

(Million yen)

	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
Investments and other assets		
Investment securities	122,781	111,201
Investments in securities in affiliates	123,732	130,486
Long-term loans	29,646	24,642
Deferred income taxes	31,352	28,350
Other	43,307	31,752
Allowance for doubtful accounts	(19,503)	(17,615)
Total investments and other assets	331,316	308,818
Total fixed assets	823,284	799,219
<b>TOTAL ASSETS</b>	<b>1,270,358</b>	<b>1,314,214</b>

(Million yen)

	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable	25,681	22,176
Trade payable	204,859	193,855
Lease obligations	701	771
Accounts payable - other	44,983	38,949
Accrued expenses	14,722	15,907
Deposits payable	145,223	166,488
Reserve for bonuses	6,927	7,013
Reserve for bonuses to directors	210	185
Reserve for disaster losses	—	3,367
Notes payable for facilities	2,741	4,496
Other	1,938	2,669
Total current liabilities	447,990	455,881
Long-term liabilities		
Bonds	100,000	150,000
Lease obligations	7,124	6,755
Asset retirement obligations	—	3,006
Long-term debt	6,400	6,379
Provision for retirement benefits	11,303	5,421
Reserve for environmental measures	—	94
Total long-term liabilities	124,828	171,658
<b>TOTAL LIABILITIES</b>	<b>572,819</b>	<b>627,539</b>
<b>NET ASSETS</b>		
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	0	0
Reserve for special depreciation	8,047	7,492
Reserve for depreciation reduction of fixed assets	52	46
Other reserve	432,780	432,780
Retained earnings brought forward	59,987	57,029
Total retained earnings	524,168	520,647
Treasury stock	(93,992)	(94,088)
Total stockholders' equity	689,539	685,922
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,007	763
Net deferred losses on hedges	(7)	(10)
Total valuation and translation adjustments	8,000	752
<b>TOTAL NET ASSETS</b>	<b>697,539</b>	<b>686,674</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,270,358</b>	<b>1,314,214</b>

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

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net sales	1,086,701	1,076,434
Cost of sales	962,451	951,872
Gross profit	124,250	124,561
Selling, general and administrative expenses	112,617	110,191
Operating income	11,633	14,370
Non-operating income		
Interest income	1,034	782
Dividend income	23,181	10,190
Other	55,286	58,594
Total non-operating income	79,502	69,567
Non-operating expenses		
Interest expense	1,731	1,918
Other	47,125	51,141
Total non-operating expenses	48,856	53,059
Ordinary income	42,278	30,877
Extraordinary gains		
Gain on sale of fixed assets	199	32
Gain on sale of investment securities	33	599
Reversal of allowance for doubtful accounts	95	—
Gain on business transfer	200	—
Gain on liquidation of subsidiaries and affiliates	—	1,667
Other	17	7
Total extraordinary gains	546	2,306
Extraordinary losses		
Loss on sale or disposal of fixed assets	5,411	3,337
Loss on devaluation of investment securities	1,114	414
Loss on devaluation of securities in affiliates	20,475	188
Disaster losses and provision of reserve for disaster	—	3,992
Other	78	1,087
Total extraordinary losses	27,079	9,020
Income before income taxes	15,745	24,163
Current income taxes	200	220
Deferred income taxes	5,423	6,824
Income and other taxes	5,623	7,044
Net income	10,121	17,118

**(3) Non-consolidated statements of changes in net assets**

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
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	1	0
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	0	0
Reserve for special depreciation		
Balance at previous fiscal year end	27	8,047
Changes of items during the period		
Provision of reserve for special depreciation	8,041	1,038
Reversal of reserve for special depreciation	(20)	(1,593)
Total changes of items during the period	8,020	(555)
Balance at current fiscal year end	8,047	7,492
Reserve for depreciation reduction of fixed assets		
Balance at previous fiscal year end	60	52
Changes of items during the period		
Reversal of reserve for depreciation reduction of fixed assets	(8)	(6)
Total changes of items during the period	(8)	(6)
Balance at current fiscal year end	52	46
Other reserve		
Balance at previous fiscal year end	482,780	432,780
Changes of items during the period		
Reversal of other reserve	(50,000)	—
Total changes of items during the period	(50,000)	—
Balance at current fiscal year end	432,780	432,780

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Retained earnings brought forward		
Balance at previous fiscal year end	27,230	59,987
Changes of items during the period		
Reversal of reserve for losses on overseas investment	0	0
Provision of reserve for special depreciation	(8,041)	(1,038)
Reversal of reserve for special depreciation	20	1,593
Reversal of reserve for depreciation reduction of fixed assets	8	6
Reversal of other reserve	50,000	—
Cash dividends paid	(19,346)	(20,631)
Net income	10,121	17,118
Disposal of treasury stock	(7)	(8)
Total changes of items during the period	32,757	(2,958)
Balance at current fiscal year end	59,987	57,029
Total retained earnings		
Balance at previous fiscal year end	533,399	524,168
Changes of items during the period		
Cash dividends paid	(19,346)	(20,631)
Net income	10,121	17,118
Disposal of treasury stock	(7)	(8)
Total changes of items during the period	(9,231)	(3,520)
Balance at current fiscal year end	524,168	520,647
Treasury stock		
Balance at previous fiscal year end	(93,859)	(93,992)
Changes of items during the period		
Purchase of treasury stock	(153)	(118)
Disposal of treasury stock	20	21
Total changes of items during the period	(132)	(96)
Balance at current fiscal year end	(93,992)	(94,088)
Total stockholders' equity		
Balance at previous fiscal year end	698,903	689,539
Changes of items during the period		
Cash dividends paid	(19,346)	(20,631)
Net income	10,121	17,118
Purchase of treasury stock	(153)	(118)
Disposal of treasury stock	13	13
Total changes of items during the period	(9,363)	(3,617)
Balance at current fiscal year end	689,539	685,922

(Million yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at previous fiscal year end	(3,969)	8,007
Changes of items during the period		
Net changes in items other than stockholders' equity	11,977	(7,244)
Total changes of items during the period	11,977	(7,244)
Balance at current fiscal year end	8,007	763
Net deferred losses on hedges		
Balance at previous fiscal year end	(6)	(7)
Changes of items during the period		
Net changes in items other than stockholders' equity	(1)	(2)
Total changes of items during the period	(1)	(2)
Balance at current fiscal year end	(7)	(10)
Total valuation and translation adjustments		
Balance at previous fiscal year end	(3,975)	8,000
Changes of items during the period		
Net changes in items other than stockholders' equity	11,975	(7,247)
Total changes of items during the period	11,975	(7,247)
Balance at current fiscal year end	8,000	752
Total net assets		
Balance at previous fiscal year end	694,927	697,539
Changes of items during the period		
Cash dividends paid	(19,346)	(20,631)
Net income	10,121	17,118
Purchase of treasury stock	(153)	(118)
Disposal of treasury stock	13	13
Net changes in items other than stockholders' equity	11,975	(7,247)
Total changes of items during the period	2,612	(10,864)
Balance at current fiscal year end	697,539	686,674

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

None

## 6. Other information

### (1) Changes in directors and officers (as of June 29, 2011)

1) Director to be retired (at the end of the Ordinary General Meeting of Shareholders to be held on June 29)

Managing Director	Shigeru Kashiwabara (to be assigned as President of DNP Trading Co., Ltd.)
Managing Director	Kenji Noguchi (to be assigned as the Company's Standing Statutory Auditor)
Director	Tatsuo Komaki (to be assigned as the Company's Senior Corporate Officer)
Director	Akira Yokomizo (President of DNP Chubu Co., Ltd., current position)

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

Managing Director	Masaki Tsukada (currently Director)
Managing Director	Sakae Hikita (currently Director)

3) New statutory auditor candidates (at the Ordinary General Meeting of Shareholders to be held on June 29)

Standing Statutory Auditor	Kenji Noguchi (currently the Company's Managing Director)
Standing Statutory Auditor (outside)	Shinichi Ikeda (currently Manager of Related Business Division, The Dai-ichi Life Insurance Co., Ltd.)
Statutory Auditor (outside)	Makoto Matsuura (Lawyer)

4) Statutory auditors to be retired (at the end of the Ordinary General Meeting of Shareholders to be held on June 29)

Standing Statutory Auditor	Noriaki Nakamura
Standing Statutory Auditor (outside)	Kiyoshi Yuzawa
Statutory Auditor (outside)	Yasuchika Negoro

5) New corporate officer candidates

Senior Corporate Officer	Tatsuo Komaki (currently the Company's Director)
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6) Corporate officers to be retired

Senior Corporate Officer	Koichi Hashimoto (to be assigned as Director and Senior Corporate Officer of DNP Nishinippon Co., Ltd.)
Corporate Officer	Akira Oguri (President of DNP Nishinippon Co., Ltd., current position)



Corporate Officer	Katsuhisa Fudouta (President of DNP Tohoku Co., Ltd., current position)
Corporate Officer	Kensuke Nakamura (President of DNP Hokkaido Co., Ltd., current position)
Corporate Officer	Yoshio Nishida (to be assigned as Technical Advisor of Aseptic Systems Co., Ltd.)
Corporate Officer	Yoji Yamakawa (to be assigned as Director and Managing Corporate Officer of DNP Trading Co., Ltd.)
Corporate Officer	Jun-ichi Funatsu (to be assigned as President of DNP Logistics Co., Ltd.)
Corporate Officer	Masanori Akada (President of DNP Techno Research Co., Ltd., current position)