



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

August 5, 2010

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 Dividend payment date: -  
 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 three months ended June 30, 2010**  
**(April 1-June 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	%
Three months ended June 30, 2010	396,109	4.1	21,543	128.4	22,568	106.8
Three months ended June 30, 2009	380,418	(2.4)	9,430	(50.0)	10,912	(48.2)

	Net Income		Net Income per Share	Diluted Net Income per Share
	Million yen	%	Yen	Yen
Three months ended June 30, 2010	8,797	337.8	13.66	—
Three months ended June 30, 2009	2,009	(79.8)	3.12	—

**(2) Consolidated financial position**

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
As of June 30, 2010	1,600,114	950,835	56.6	1,407.05
As of March 31, 2010	1,618,853	956,863	56.6	1,422.34

Note: Stockholders' equity as of June 30, 2010: ¥906,458 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	—				
Year ending March 31, 2011 (Forecast)		16.00	—	16.00	32.00

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

### 3. Consolidated forecasts for the fiscal year ending March 31, 2011 (April 1 – 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
First half	800,000	3.7	36,000	40.6	35,000	40.4	15,500	95.6	24.06
Full year	1,640,000	3.6	75,000	12.8	73,000	6.0	32,500	39.6	50.45

Note: Revisions of consolidated 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 June 30, 2010	700,480,693 shares	As of March 31, 2010	700,480,693 shares
As of June 30, 2010	56,252,390 shares	As of March 31, 2010	56,241,763 shares
Three months ended June 30, 2010	644,232,682 shares	Three months ended June 30, 2009	644,349,623 shares

2) Number of treasury shares at end of each period

3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

#### 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 three months of the fiscal year, Japan's economy rebounded with help from government economic stimulus measures and economic growth in emerging countries, but conditions were challenging, with lingering fiscal concerns in Europe and unemployment still high.

Conditions continued to be challenging in the printing industry. Competition intensified because consumer spending was weak and companies cut advertising spending. 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 its business vision of P&I Solutions (P&I stands for "printing technology" and "information technology"). In addition, the DNP Group 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 three months increased 4.1% year on year to ¥396.1 billion, consolidated operating income rose 128.4% to ¥21.5 billion, consolidated ordinary income increased 106.8% to ¥22.5 billion, and net income climbed 337.8% to ¥8.7 billion.

The results by segment are as follows.

#### **[PRINTING]**

##### **Information Communication**

In the Books and Magazines business, printing sales declined year on year as a result of a prolonged slump in the publications market.

In the Commercial Printing business, sales were lower year on year because of a decline in sales of printing of flyers, pamphlets, and point of purchase displays, stemming from companies' cutbacks in advertising spending.

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

In the Educational Publications Distribution business, sales increased year on year thanks to sales promotions at bookstores, the opening of new stores, and expanded retail floor space.

As a result of the above, overall segment sales totaled ¥179.6 billion and operating income ¥5.1 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, and 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 were 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. 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 increased.

As a result of the above, overall segment sales totaled ¥135.2 billion and operating income ¥14.1 billion.

##### **Electronics**

In the LCD color filter business, amid continued growth in demand for LCD panels, sales increased year on year thanks to the October 2009 start of production at a 10th-generation color

filter plant in Sakai, Osaka Prefecture, and the April 2010 start of production at an 8th-generation color filter plant in Himeji, Hyogo Prefecture.

Sales of semiconductor-related products increased year on year. The DNP Group met overseas demand for photomasks with a new plant that started up in Taiwan. Sales of high-density build-up circuit boards and etched products for hard drive suspensions and other applications increased. As a result of the above, overall segment sales totaled ¥72.1 billion and operating income ¥5.2 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 new brand of water that uses “ecoru Bottle Shiboru,” Japan’s lightest bottle.

Sales of mineral water increased, but sales of tea and coffee drinks decreased. As a result, overall segment sales totaled ¥12.8 billion and operating losses ¥400 million.

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

Total assets at the end of the first quarter were down ¥18.7 billion from the end of the previous fiscal year to ¥1,600.1 billion because of decreases in notes and trade receivable and investment securities.

Total liabilities decreased ¥12.7 billion from the end of the previous fiscal year to ¥649.2 billion because of a decrease in notes and trade payable.

Net assets decreased ¥6.0 billion from the end of the previous fiscal year to ¥950.8 billion because of a decline in net unrealized gains on available-for-sale securities.

As a result of the above, the equity ratio was 56.6%, unchanged from the end of the previous fiscal year.

Consolidated cash flow provided by operating activities in the first three months totaled ¥31.9 billion primarily because of ¥20.9 billion in income before income taxes and minority interests and ¥23.0 billion in depreciation.

Cash flow used in investing activities totaled ¥12.9 billion, mainly because of the acquisition of ¥16.0 billion of property, plant and equipment, and cash flow used in financing activities totaled ¥21.6 billion, owing to an ¥8.6 billion decrease in short-term bank loans and ¥10.0 billion of dividends paid.

Because of these activities, the DNP Group’s cash and cash equivalents at the end of the first quarter decreased by ¥2.7 billion from the end of the previous fiscal year to ¥149.0 billion.

## **(3) Qualitative information on the consolidated results forecast**

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

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

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

#### 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**

### 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 has declined by ¥54 million, ordinary income by ¥67 million, and income before income taxes and minority interests by ¥574 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, March 10, 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 June 30, 2010	As of March 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and time deposits	150,603	152,416
Notes and trade receivable	420,589	449,020
Merchandise and finished products	82,895	71,340
Work in progress	33,195	29,722
Raw materials and supplies	18,545	17,756
Deferred income taxes	4,227	9,775
Other	17,505	14,246
Allowance for doubtful accounts	(4,652)	(4,327)
Total current assets	<u>722,910</u>	<u>739,951</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	223,881	207,256
Machinery and equipment, net	186,066	179,127
Land	138,497	135,485
Construction in progress	28,042	51,433
Other, net	43,936	43,544
Total property, plant and equipment	<u>620,425</u>	<u>616,847</u>
Intangible fixed assets		
Goodwill	12,865	10,281
Software	20,786	20,489
Other	3,959	3,945
Total intangible fixed assets	<u>37,611</u>	<u>34,717</u>
Investments and other assets		
Investment securities	134,598	142,381
Long-term loans	2,104	1,741
Deferred income taxes	44,316	40,574
Other	48,975	54,702
Allowance for doubtful accounts	(12,340)	(13,668)
Total investments and other assets	<u>217,654</u>	<u>225,731</u>
Total fixed assets	<u>875,691</u>	<u>877,296</u>
Deferred assets		
Business startup costs	1,512	1,605
Total deferred assets	<u>1,512</u>	<u>1,605</u>
<b>TOTAL ASSETS</b>	<u>1,600,114</u>	<u>1,618,853</u>

	As of June 30, 2010	As of March 31, 2010
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payable	298,356	308,630
Short-term bank loans	53,658	50,547
Current portion of long-term debt	6,137	4,019
Income taxes payable	4,679	15,623
Reserve for bonuses	6,108	16,341
Other	85,754	76,783
Total current liabilities	454,695	471,945
Long-term liabilities		
Bonds	100,210	101,167
Long-term debt	12,248	11,018
Provision for retirement benefits	42,919	43,229
Other	39,204	34,628
Total long-term liabilities	194,583	190,045
<b>TOTAL LIABILITIES</b>	<b>649,279</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	754,540	756,428
Treasury stock	(94,029)	(94,016)
Total stockholders' equity	919,873	921,774
Valuation and translation adjustments		
Net unrealized gains on available-for-sale securities	310	8,059
Net deferred gains (losses) on derivatives	46	(10)
Foreign currency translation adjustments	(13,771)	(13,498)
Total valuation and translation adjustments	(13,415)	(5,449)
Stock acquisition rights	14	—
Minority interests	44,362	40,538
<b>TOTAL NET ASSETS</b>	<b>950,835</b>	<b>956,863</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,600,114</b>	<b>1,618,853</b>



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

(Million yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net sales	380,418	396,109
Cost of sales	313,564	318,760
Gross profit	66,853	77,349
Selling, general and administrative expenses	57,423	55,805
Operating income	9,430	21,543
Non-operating income		
Interest income	204	128
Dividend income	1,791	2,045
Equity in earnings of associated companies	30	—
Other	1,708	2,067
Total non-operating income	3,734	4,241
Non-operating expense		
Interest expense	448	651
Equity in losses of associate companies	—	159
Foreign exchange transaction losses	—	668
Other	1,805	1,738
Total non-operating expenses	2,253	3,217
Ordinary income	10,912	22,568
Extraordinary gains		
Gain on sale of fixed assets	81	38
Gain on sale of investment securities	1	19
Reversal of allowance for doubtful accounts	100	371
Total extraordinary gains	183	429
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,464	991
Loss on devaluation of investment securities	855	160
Effect of application of accounting standards for asset retirement obligations	—	507
Other	13	383
Total extraordinary losses	2,334	2,042
Income before income taxes and minority interests	8,761	20,955
Current income taxes	2,830	3,676
Deferred income taxes	3,568	8,013
Income and other taxes	6,398	11,689
Income before minority interests	—	9,265
Minority interests	354	468
Net income	2,009	8,797

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

(Million yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Cash flows from operating activities		
Income before income taxes and minority interests	8,761	20,955
Depreciation	20,903	23,004
Effect of application of accounting standards for asset retirement obligations	—	507
Increase (Decrease) of doubtful receivables, net	462	(444)
Increase (Decrease) of provision for retirement benefits, net	587	(1,041)
Equity in (gains) losses of associated companies	(30)	159
Amortization of consolidation goodwill, net	1,277	551
Interest and dividend income	(1,996)	(2,174)
Interest expense	448	651
Net gains on sales of investment securities	(1)	(19)
Net losses on devaluation of investment securities	855	160
Net losses on sale or disposal of fixed assets	1,382	952
Decrease in trade receivables	19,035	33,058
Increase in inventories	(1,035)	(4,007)
Decrease in trade payables	(5,079)	(19,721)
Other	(4,920)	(4,902)
Sub-total	40,652	47,689
Payment of income taxes	(7,418)	(15,718)
Net cash provided by operating activities	33,233	31,971
Cash flows from investing activities		
Increase in time deposits	(54)	(452)
Payments for purchases of property, plant and equipment	(34,059)	(16,083)
Proceeds from sales of property, plant and equipment	427	247
Payments for purchases of investment securities	(6,477)	(1,375)
Proceeds from sales of investment securities	2,063	5,147
Payments for purchases of subsidiary stocks	(3,329)	—
Payments for business transfer	—	271
Interest and dividends received	2,003	2,357
Other	3,864	(3,040)
Net cash used in investing activities	(35,563)	(12,928)

(Million yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Cash flows from financing activities		
Net decrease in short-term bank loans	(10,391)	(8,674)
Proceeds from long-term debt	800	680
Repayments of long-term debt	(1,095)	(1,641)
Proceeds from issuance of bonds	—	(62)
Payments for purchases of treasury stocks	(23)	(14)
Interest paid	(227)	(215)
Dividends paid	(8,753)	(10,043)
Dividends paid to minority interests	(56)	(8)
Other	(878)	(1,692)
Net cash used in financing activities	(20,625)	(21,672)
Effect of exchange rate changes on cash and cash equivalents	1,421	(199)
Net decrease in cash and cash equivalents	(21,532)	(2,828)
Cash and cash equivalents at beginning of year	117,200	151,709
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	128
Cash and cash equivalents at end of period	95,667	149,009

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

None

#### (5) Segment information

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

First three months of previous fiscal year (April 1-June 30, 2009)

(Million yen)

	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Elimination and/or corporate	Consolidated
Net sales							
(1) Outside customers	189,569	125,320	51,960	13,568	380,418	—	380,418
(2) Inter-segment	1,967	1,550	4	9	3,530	(3,530)	—
Total	191,536	126,870	51,964	13,577	383,949	(3,530)	380,418
Operating income (loss)	5,526	8,000	(1,141)	(785)	11,599	(2,168)	9,430

##### [Segment information]

(Supplementary information)

Starting from the first three months 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 three months of current fiscal year (April 1-June 30, 2010)

	Reporting segment					Adjustment <sup>1</sup>	(Million yen)
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		Amounts reported on quarterly consolidated statements of income <sup>2</sup>
Net sales							
(1) Outside customers	177,717	133,484	72,106	12,799	396,109	—	396,109
(2) Inter-segment	1,957	1,779	5	1	3,743	(3,743)	—
Total	179,675	135,263	72,112	12,801	399,852	(3,743)	396,109
Segment income (loss)	5,181	14,191	5,228	(432)	24,168	(2,625)	21,543

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