



Consolidated Financial Results for the Six Months Ended September 30, 2013 (Japan GAAP) (Fiscal year ending December 31, 2013)

Company name: DIC Corporation

Listing Code number: 4631

URL: <http://www.dic-global.com/en/>

Representative: Yoshiyuki Nakanishi, Representative Director, President and CEO

Contact Person: Hiroyuki Ninomiya, Corporate Controller, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

Holding of Quarterly Financial Results Meeting: Yes (for security analysts and institutional investors, etc.)

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Dividend Payment: December 2, 2013

November 11, 2013
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1. Consolidated Financial Results for the Six Months Ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

Note: Yen amounts are rounded to the nearest million, except for per share information.

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
Six months ended September 30, 2013	384,955	10.0	22,781	22.3	20,659	24.9	10,682	-6.6
Six months ended September 30, 2012	349,840	-7.7	18,632	3.9	16,541	6.4	11,435	-8.7

Note: Comprehensive income (JPY million): Six months ended September 30, 2013 37,449 (134.4%), Six months ended September 30, 2012 15,975 (14.0%)

	Earnings per share basic	Earnings per share diluted
	JPY	JPY
Six months ended September 30, 2013	11.66	—
Six months ended September 30, 2012	12.47	—

Note: The percentages of changes represent rate of increases or decreases from the results of the corresponding period of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of September 30, 2013	760,355	192,805	22.3
As of March 31, 2013	692,991	160,731	19.8

Note: Shareholders' equity (JPY million): As of September 30, 2013 169,601, As of March 31, 2013 136,921

2. Cash dividends

	Cash dividends per share				
(Record date)	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	JPY	JPY	JPY	JPY	JPY
FY2012	—	3.00	—	3.00	6.00
FY2013	—	3.00	—	—	—
FY2013 (Plan)	—	—	—	3.00	6.00

Note: Revision of the forecast for the dividends payment: No

3. Forecast for Consolidated Operating Results for the Fiscal Year Ending December 31, 2013 (From April 1, 2013 to December 31, 2013)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
FY2013	710,000	—	39,000	—	35,000	—	24,400	—	26.64

Note: Revision of the forecast for the consolidated operating results for the fiscal year ending December 31, 2013: No

At the Annual Meeting of Shareholders held on June 20, 2013, shareholders approved a resolution to partially amend the Article of Incorporation. Accordingly, effective from fiscal year 2013 DIC has changed its fiscal year-end from March 31 to December 31. As a consequence, for DIC Corporation and all domestic subsidiaries, which previously closed their books on March 31, fiscal year 2013 is a transitional irregular nine-month period ending December 31, 2013. For overseas subsidiaries and one domestic subsidiary, fiscal year 2013 is a regular 12-month period ending December 31, 2013.

Note: For the purposes of comparison, percentages next to the fiscal year 2013 forecasts below represent changes from fiscal year 2012 results adjusted to represent the nine months ended December 31, 2012, for DIC Corporation and all domestic subsidiaries but one and the 12 months ended December 31, 2012, for overseas subsidiaries and one domestic subsidiary.

Net sales	Operating income	Ordinary income	Net income
710,000 13.5%	39,000 12.1%	35,000 8.6%	24,400 38.1% (JPY million)

Notes

- (1) Changes in the scope of consolidation for significant subsidiaries during the six months ended September 30, 2013 : No
- (2) Adoption of accounting methods which are exceptional for quarterly consolidated financial statements : Yes
- (3) Changes in accounting policies and accounting estimates, and restatements
- | | |
|-----------------------------------------------------------------------------------|-----|
| 1) Changes in accounting policies arising from revision of accounting standards : | No |
| 2) Changes in accounting policies other than 1) : | Yes |
| 3) Changes in accounting estimates : | No |
| 4) Restatements : | No |
- (4) Number of common stocks
- | | | | |
|------------------------------------------------------------------------------------|---------------------|---------------------------------------------|--------------------|
| 1) Number of common stocks issued at the end of period, including treasury stocks | | | |
| As of September 30, 2013 | 919,372,048 shares, | As of March 31, 2013 | 919,372,048 shares |
| 2) Number of treasury stocks at the end of period | | | |
| As of September 30, 2013 | 3,379,693 shares, | As of March 31, 2013 | 3,359,492 shares |
| 3) Average number of common stocks issued during period, excluding treasury stocks | | | |
| For the six months ended September 30, 2013 | 916,002,816 shares, | For the six months ended September 30, 2012 | 917,069,309 shares |

Note: **Implementation status of quarterly review procedures**

Although these quarterly consolidated financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Law, the quarterly consolidated financial statement review procedures have been completed at the time of disclosure of these financial results.

Note: **Explanation of the appropriate use of performance forecasts, and other special items**

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, the users should be aware that actual results may differ from any expressed future performance herein due to various factors.

Analysis of Results of Operations

Effective from fiscal year 2013, DIC Corporation and its domestic subsidiaries, with the exception of one company, adopted a December 31 fiscal year-end. Accordingly, for these companies fiscal year 2013 is a transitional irregular period. This document presents consolidated results for the first half of fiscal year 2013, comprising the accounts for the six months ended September 30, 2013, of DIC and its domestic subsidiaries but one and the six months ended June 30, 2013, of its overseas subsidiaries and one domestic subsidiary.

(1) Overview of Operating Results

Despite visibly flagging growth in emerging economies, notably the People's Republic of China (PRC) and India, and other negative factors, the six months ended September 30, 2013, brought tangible signs of a gradual recovery in global economic conditions, as the weakening of the yen bolstered the export environment for companies in Japan and the downturn in Europe—a consequence of the region's debt crisis—began to bottom out. Against this backdrop, demand from the automobile industry was robust. In contrast, the recovery in demand from the electrical and electronics industries remained fragile.

In this environment, consolidated net sales rose 10.0%, to ¥385.0 billion.

Operating income, at ¥22.8 billion, was up 22.3%, bolstered by rationalization measures, sales price revisions and the weaker yen, among others.

Ordinary income advanced 24.9%, to ¥20.7 billion.

Net income decreased 6.6%, to ¥10.7 billion.

(Billions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	¥349.8	¥385.0	10.0%	0.1%
Operating income	18.6	22.8	22.3%	14.1%
Ordinary income	16.5	20.7	24.9%	—
Net income	11.4	10.7	−6.6%	—

Note: The exchange rates used to translate the results of overseas DIC Group companies for the six months ended September 30, 2013 and 2012, respectively, are as follows:

Six months ended September 30, 2013: ¥94.57/US\$1.00 (average for the six months ended June 30, 2013)

Six months ended September 30, 2012: ¥79.49/US\$1.00 (average for the six months ended June 30, 2012)

(2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	Six months ended September 30, 2012	Six months ended September 30, 2013	Change (%)	Change (%) excluding the impact of foreign currency fluctuations	Six months ended September 30, 2012	Six months ended September 30, 2013	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Printing Inks	¥ 175.4	¥ 191.1	8.9%	−4.7%	¥ 6.7	¥ 8.1	19.9%	8.0%
Fine Chemicals	53.6	64.3	20.0%	7.7%	5.4	7.5	39.9%	31.3%
Polymers	75.9	84.2	10.9%	6.6%	6.2	5.9	−5.1%	−9.2%
Application Materials	63.1	64.3	1.8%	−2.4%	2.7	4.1	51.9%	47.1%
Others	1.6	1.3	−19.0%	−24.5%	(0.3)	(0.7)	Loss increased	Loss increased
Corporate and eliminations	(19.8)	(20.2)	—	—	(2.1)	(2.1)	—	—
Total	¥349.8	¥385.0	10.0%	0.1%	¥18.6	¥22.8	22.3%	14.1%

Note: Effective from April 1, 2013, DIC has revised its segmentation in line with its new medium-term management plan “DIC105”. Certain figures for the six months ended September 30, 2012, have been restated to conform to the new segmentation.

Segment results in key markets are as follows. Year-on-year percentage changes in squared parentheses represent increases or decreases excluding the impact of foreign currency fluctuations. Interregional transactions within the Printing Inks segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Printing Inks segment differ from the figures presented above.

Printing Inks

Japan

Net sales	¥42.1 billion	Change	−3.8%
Operating income	¥3.0 billion	Change	0.5%

Sales of gravure inks rose, as demand remained solid. Sales of offset inks declined, owing to an existing downward trend in demand. Falling demand pushed down sales of news inks, as well. As a result, overall sales in Japan decreased.

Operating income was level, reflecting the aforementioned sales results.

The Americas and Europe

Net sales	¥123.8 billion	Change	14.8%	[−3.4%]
Operating income	¥2.4 billion	Change	94.8%	[62.2%]

Sales of packaging inks were firm in North America and Europe, although sales of publishing inks and news inks fell, a consequence of shrinking print runs for magazines and newspapers and other factors. In Central and South America, sales advanced, bolstered by recovering demand in all product categories. Reflecting these factors, overall sales in the Americas and Europe were up after translation as a result of the depreciation of the yen, despite declining in local currency terms.

Operating income increased, owing to ongoing rationalization efforts and an improvement in the segment's product mix.

Asia and Oceania

Net sales	¥33.6 billion	Change	13.0%	[−3.9%]
Operating income	¥2.8 billion	Change	11.1%	[−5.5%]

Sales in the PRC declined, despite brisk sales of gravure inks, as faltering economic growth and other factors caused sales of offset inks and news inks to tumble. Sales in Southeast Asia waned, owing to falling demand, among others, which hampered sales of news inks, and to sluggish sales of gravure inks and offset inks. Although sales of offset inks were robust, sales in Oceania were on a par with the corresponding period of the previous fiscal year, as sales of news inks floundered. Sales in India declined, with news inks and gravure inks, in particular, struggling under slowing economic growth. While these results led to a decrease in local currency terms, overall sales in Asia and Oceania were up after translation, thanks to yen depreciation.

Despite slipping in local currency terms, a consequence of the aforementioned sales results, operating income rose after translation, supported by the weak yen.

Fine Chemicals

Net sales	¥64.3 billion	Change	20.0%	[7.7%]
Operating income	¥7.5 billion	Change	39.9%	[31.3%]

Sales of organic pigments were up both in Japan and overseas, spurred by healthy sales for use in inks and color filters in Japan and in coatings, plastics and inks in the Americas and Europe. Sales of TFT LCs also expanded, reflecting steady shipments for use in LCD televisions. These factors supported an overall increase in segment sales.

Segment operating income climbed significantly, owing to the aforementioned sales results, among others.

Polymers

Net sales	¥84.2 billion	Change	10.9%	[6.6%]
Operating income	¥5.9 billion	Change	-5.1%	[-9.2%]

In Japan, sales of resins for coatings advanced, primarily reflecting firm sales to the civil engineering and construction industries. Sales of epoxy resins were level, as demand from the electrical and electronics industries flagged. Sales of polystyrene rose, thanks to expanded marketing efforts. Overseas, sales were up, bolstered mainly by the solid results of subsidiaries in the PRC and Southeast Asia, among others. As a consequence, overall segment sales increased.

Segment operating income decreased, with causes including a deterioration of the segment's product mix.

Application Materials

Net sales	¥64.3 billion	Change	1.8%	[-2.4%]
Operating income	¥4.1 billion	Change	51.9%	[47.1%]

Sales of high-performance optical materials fell, owing to falling demand from the electrical and electronics industries. In contrast, sales of polyphenylene sulfide (PPS) compounds increased, sustained by strong demand for automotive applications, as did sales of industrial adhesive tapes, which benefited from expanded shipments for use in smartphones. A higher market share was one of several factors that boosted sales of jet inks. As a consequence, overall segment sales increased.

Segment operating income rose, thanks to an improved product mix, among others.

(3) Operating Results Forecasts for Fiscal Year 2013

(Billions of yen)

	Fiscal year 2012 (Adjusted)	Fiscal year 2013 (Forecasts)	Change (%) from fiscal year 2012 (Adjusted)	Change (%) from fiscal year 2012 (Adjusted) excluding the impact of foreign currency fluctuations
Net sales	¥625.4	¥710.0	13.5%	1.9%
Operating income	34.8	39.0	12.1%	2.0%
Ordinary income	32.2	35.0	8.6%	—
Net income	17.7	24.4	38.1%	—

Notes: 1. Forecasts are unchanged from those published on October 4, 2013.

2. For DIC Corporation and all but one of its domestic subsidiaries, which previously closed their books on March 31, fiscal year 2013 is an irregular nine-month period ending December 31, 2013. For overseas subsidiaries and one domestic subsidiary, fiscal year 2013 is a regular 12-month period ending December 31, 2013. For convenience only, figures for fiscal year 2012 in this table have been adjusted to represent the fiscal year 2013 accounting periods.

Disclaimer Regarding Forward-Looking Statements

Statements herein, other than those of historical fact, are forward-looking statements that reflect management's projections based on information available as of the publication date. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from such statements. These risks and uncertainties include, but are not limited to, economic conditions in Japan and overseas, market trends, raw materials prices, interest rate trends, currency exchange rates, conflicts, litigations, disasters and accidents, as well as the possibility the Company will incur special losses related to the restructuring of its operations.

Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
(Assets)		
Current assets		
Cash and deposits	22,654	19,279
Notes and accounts receivable-trade	183,221	219,116
Merchandise and finished goods	75,184	83,895
Work in process	8,045	8,359
Raw materials and supplies	45,950	49,388
Other	25,714	28,087
Allowance for doubtful accounts	(8,911)	(9,553)
Total current assets	351,857	398,571
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	83,490	86,753
Machinery, equipment and vehicles, net	59,907	61,939
Tools, furniture and fixtures, net	7,561	7,997
Land	53,396	53,735
Construction in progress	9,689	16,089
Total property, plant and equipment	214,043	226,513
Intangible assets		
Goodwill	1,227	1,150
Software	10,285	10,905
Other	3,287	3,547
Total intangible assets	14,799	15,602
Investments and other assets		
Investment securities	36,663	38,310
Other	79,878	86,281
Allowance for doubtful accounts	(4,249)	(4,922)
Total investments and other assets	112,292	119,669
Total noncurrent assets	341,134	361,784
Total assets	692,991	760,355

Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	109,058	111,570
Short-term loans payable	87,930	73,027
Commercial papers	7,000	32,000
Current portion of bonds	3,000	8,000
Income taxes payable	5,770	6,804
Provision for bonuses	2,955	2,947
Provision for loss on disaster	420	366
Other	55,561	62,182
Total current liabilities	271,694	296,896
Noncurrent liabilities		
Bonds payable	33,000	28,000
Long-term loans payable	178,367	191,832
Provision for retirement benefits	29,711	30,500
Asset retirement obligations	777	829
Other	18,711	19,493
Total noncurrent liabilities	260,566	270,654
Total liabilities	532,260	567,550
(Net assets)		
Shareholders' equity		
Capital stock	91,154	91,154
Capital surplus	88,758	88,758
Retained earnings	68,444	75,825
Treasury stock	(873)	(879)
Total shareholders' equity	247,483	254,858
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	410	1,222
Deferred gains or losses on hedges	(837)	(503)
Pension liabilities adjustments	(27,888)	(29,686)
Foreign currency translation adjustment	(82,247)	(56,290)
Total accumulated other comprehensive income	(110,562)	(85,257)
Minority interests	23,810	23,204
Total net assets	160,731	192,805
Total liabilities and net assets	692,991	760,355

Consolidated Quarterly Statement of Income

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net sales	349,840	384,955
Cost of sales	278,686	303,685
Gross profit	71,154	81,270
Selling, general and administrative expenses		
Employees' salaries and allowances	16,875	19,454
Provision of allowance for doubtful accounts	178	649
Provision for bonuses	1,235	1,308
Retirement benefit expenses	1,929	1,532
Other	32,305	35,546
Total selling, general and administrative expenses	52,522	58,489
Operating income	18,632	22,781
Non-operating income		
Interest income	852	602
Dividends income	156	185
Foreign exchange gains	—	227
Equity in earnings of affiliates	1,269	845
Other	1,289	1,130
Total non-operating income	3,566	2,989
Non-operating expenses		
Interest expenses	3,618	3,424
Foreign exchange losses	821	—
Other	1,218	1,687
Total non-operating expenses	5,657	5,111
Ordinary income	16,541	20,659
Extraordinary income		
Gain on sales of noncurrent assets	1,781	524
Reversal of provision for loss on disaster	1,207	—
Total extraordinary income	2,988	524
Extraordinary loss		
Loss on disposal of noncurrent assets	764	1,965
Severance costs	60	1,526
Impairment loss	—	787
Provision of allowance for doubtful accounts	1,131	—
Total extraordinary losses	1,955	4,278
Income before income taxes and minority interests	17,574	16,905
Income taxes	5,198	5,259
Income before minority interests	12,376	11,646
Minority interests in income	941	964
Net income	11,435	10,682

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Income before minority interests	12,376	11,646
Other comprehensive income		
Valuation difference on available-for-sale securities	(643)	848
Deferred gains or losses on hedges	(67)	334
Pension liabilities adjustments	(560)	(1,797)
Foreign currency translation adjustment	4,675	25,471
Share of other comprehensive income of associates accounted for using equity method	194	947
Total other comprehensive income	3,599	25,803
Comprehensive income	15,975	37,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	15,051	35,987
Comprehensive income attributable to minority interests	924	1,462

Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	17,574	16,905
Depreciation and amortization	13,387	14,852
Amortization of goodwill	74	174
Increase (decrease) in allowance for doubtful accounts	1,051	(208)
Increase (decrease) in provision for bonuses	197	(8)
Interest and dividends income	(1,008)	(787)
Equity in (earnings) losses of affiliates	(1,269)	(845)
Interest expenses	3,618	3,424
Loss (gain) on sales and retirement of noncurrent assets	(1,017)	1,441
Impairment loss	—	787
Decrease (increase) in notes and accounts receivable-trade	(30,265)	(23,640)
Decrease (increase) in inventories	2,309	(3,546)
Increase (decrease) in notes and accounts payable-trade	(8,509)	(474)
Other, net	(4,698)	(6,473)
Subtotal	(8,556)	1,602
Interest and dividends income received	1,735	1,607
Interest expenses paid	(3,639)	(3,480)
Income taxes paid	(4,519)	(5,257)
Net cash provided by (used in) operating activities	(14,979)	(5,528)
Net cash provided by (used in) investing activities		
Payments into time deposits	(2)	(389)
Proceeds from withdrawal of time deposits	106	126
Purchase of property, plant and equipment	(9,858)	(15,215)
Proceeds from sales of property, plant and equipment	2,048	1,604
Purchase of intangible assets	(1,796)	(1,293)
Proceeds from sales of intangible assets	3	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(386)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	71	—
Payments for purchase of subsidiaries and affiliates securities	—	(27)
Proceeds from sales of subsidiaries and affiliates securities	—	313
Purchase of investment securities	(418)	(22)
Proceeds from sales and redemption of investment securities	2	100
Other, net	(121)	324
Net cash provided by (used in) investing activities	(10,351)	(14,479)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,459	(5,860)
Increase (decrease) in commercial papers	15,000	25,000
Proceeds from long-term loans payable	22,170	26,777
Repayment of long-term loans payable	(16,867)	(27,006)
Redemption of bonds	(5,000)	—
Cash dividends paid	(1,835)	(2,748)
Cash dividends paid to minority shareholders	(563)	(881)
Net decrease (increase) in treasury stock	(210)	(6)
Other, net	(153)	(248)
Net cash provided by (used in) financing activities	17,001	15,028
Effect of exchange rate change on cash and cash equivalents	239	1,329
Net increase (decrease) in cash and cash equivalents	(8,090)	(3,650)
Cash and cash equivalents at beginning of period	29,592	22,529
Cash and cash equivalents at end of period	21,502	18,879