



Consolidated Financial Results for the Nine Months Ended September 30, 2016 (Japan GAAP)
(The fiscal year ending December 31, 2016)

November 14, 2016
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Company Name: DIC Corporation

Listing Code Number: 4631

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

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Preparation of Supplemental Explanatory Materials: Yes

Holding of Quarterly Financial Results Meeting: No

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(Yen amounts are rounded to the nearest million, except for per share information)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2016 (January 1, 2016 – September 30, 2016)

(1) Consolidated operating results

(The percentages indicate the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
Nine months ended September 30, 2016	559,515	-9.2	40,337	9.3	41,739	17.4	25,278	9.9
Nine months ended September 30, 2015	616,426	0.3	36,901	24.4	35,552	24.8	22,994	39.9

Note: Comprehensive income (JPY million): Nine months ended September 30, 2016 -9,454 (— %),
Nine months ended September 30, 2015 11,041 (-53.4%)

	Earnings per share basic	Earnings per share diluted
	JPY	JPY
Nine months ended September 30, 2016	266.63	—
Nine months ended September 30, 2015	239.05	—

The Company implemented a consolidation of shares of common stock by a factor of 10 to 1 with July 1, 2016, as the effective date. Earnings per share basic is calculated based on the assumption that the consolidation had been implemented at the beginning of the fiscal year ended December 31, 2015.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of September 30, 2016	744,238	271,507	32.8
As of December 31, 2015	778,857	289,857	33.7

Note: Shareholders' equity (JPY million): As of September 30, 2016 244,340, As of December 31, 2015 262,467

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
FY2015	—	4.00	—	4.00	8.00
FY2016	—	4.00	—	—	—
FY2016 (Plan)	—	—	—	40.00	—

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

The forecast for year-end cash dividend per share for fiscal year 2016 reflects the impact of the consolidation of shares, while the forecast for annual cash dividend per share for fiscal year 2016 has been omitted. Had the consolidation of shares not been taken into consideration, the forecast for year-end and annual cash dividends per share for fiscal year 2016 would be 4 yen and 8 yen, respectively. For further details, please refer to "Explanation of the appropriate use of performance forecasts, and other special items."

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2016 (January 1, 2016 – December 31, 2016)

(The percentages indicate the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
FY2016	750,000	-8.5	54,000	5.7	54,000	10.2	30,000	-19.8	316.43

Note: Revision of the forecasts for the consolidated operating results for the fiscal year ending December 31, 2016: Yes

The forecast for earnings per share basic for fiscal year 2016 reflects the impact of consolidation of shares. For further details, please refer to "Explanation of the appropriate use of performance forecasts, and other special items."

Notes

(1) Changes in the scope of consolidation for significant subsidiaries during the nine months ended September 30, 2016: 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

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|----------------------------------------------------------------------------------|-----|
| 1) Changes in accounting policies arising from revision of accounting standards: | Yes |
| 2) Changes in accounting policies other than 1): | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatements: | No |

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period, including treasury shares

As of September 30, 2016 95,156,904 shares, As of December 31, 2015 96,537,204 shares

2) Number of treasury shares at the end of the period

As of September 30, 2016 355,376 shares, As of December 31, 2015 1,729,475 shares

3) Average number of shares issued during the period, excluding treasury shares

For the nine months ended September 30, 2016 94,806,072 shares, For the nine months ended September 30, 2015 96,191,020 shares

Each of the number of shares listed above is calculated based on the assumption that the consolidation of shares had been implemented at the beginning of the fiscal year ended December 31, 2015.

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 statements 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**

Caution concerning forward-looking statements

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.

Cash dividends and operating results forecasts following consolidation of shares

At the 118th Annual General Meeting of Shareholders held on March 29, 2016, a proposal for the consolidation of shares was approved. Accordingly, the Company consolidated its common stock by a factor of 10 to 1 with July 1, 2016, as the effective date. Had the consolidation of shares not been taken into consideration, the forecasts for cash dividends and consolidated operating results for the fiscal year ending December 31, 2016, are as follows:

1. Cash dividends per share forecasts for fiscal year 2016

End of 2nd quarter: 4 yen (Note1)

Year-end: 4 yen

2. Consolidated operating results forecasts for fiscal year 2016

(Earnings per share basic)

Year-end: 31.64 yen

(Notes)

1. The cash dividend for the end of 2nd quarter was paid in accordance with the number of shares before the consolidation.
2. The annual cash dividend for fiscal year 2016 (without reflecting the impact of the consolidation of shares) is 8 yen.

Analysis of Results of Operations

(1) Overview of Operating Results

In the nine months ended September 30, 2016, the economies of North America and Europe continued to see moderate recovery. In Asia, a revival was seen in the People's Republic of China (PRC) and Southeast Asia. Conditions in India remained on a gentle upswing. Japan's economy showed signs of a gradual rally, despite evidence of weakness. Nonetheless, the United Kingdom's decision to leave the European Union remains a cause of global economic uncertainty.

In this environment, consolidated net sales declined 9.2%, to ¥559.5 billion, notwithstanding firm shipments, owing to the appreciation of the yen against other major currencies, among others.

Operating income advanced 9.3%, to ¥40.3 billion. Factors behind this result included increased sales of high-value-added products and cost reductions.

Ordinary income increased 17.4%, to ¥41.7 billion, bolstered by an improved financial position and other factors.

Net income attributable to owners of the parent rose 9.9%, to ¥25.3 billion.

(Billions of yen)

	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	616.4	559.5	-9.2%	-1.0%
Operating income	36.9	40.3	9.3%	18.6%
Ordinary income	35.6	41.7	17.4%	—
Net income attributable to owners of the parent	23.0	25.3	9.9%	—

Note: The exchange rates used to translate the results of overseas DIC Group companies for the nine months ended September 30, 2016 and 2015, respectively, are as follows:

Nine months ended September 30, 2016: ¥109.53/US\$1.00 (average for the nine months ended September 30, 2016)

Nine months ended September 30, 2015: ¥120.67/US\$1.00 (average for the nine months ended September 30, 2015)

(2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Change (%)	Change (%) excluding the impact of foreign currency fluctuations	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Printing Inks	309.3	273.0	-11.7%	-0.7%	12.9	13.5	4.6%	17.0%
Fine Chemicals	102.9	97.3	-5.5%	2.4%	10.0	10.9	8.5%	15.6%
Polymers	146.4	133.3	-8.9%	-4.9%	11.5	14.3	24.7%	32.0%
Compounds	47.5	45.4	-4.4%	2.6%	4.3	3.8	-10.4%	-2.9%
Application Materials	43.2	40.6	-6.1%	-3.9%	1.8	1.4	-22.5%	-20.8%
Others, Corporate and eliminations	(32.9)	(30.1)	—	—	(3.6)	(3.6)	—	—
Total	616.4	559.5	-9.2%	-1.0%	36.9	40.3	9.3%	18.6%

Note: Effective from January 1, 2016, the Company revised its segmentation to coincide with the launch of its new medium-term management plan, DIC108. Accordingly, certain figures for the nine months ended September 30, 2015, have been restated.

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	¥59.1 billion	Change	-0.7%
Operating income	¥3.6 billion	Change	78.9%

Sales of packaging inks and news inks benefited from steady shipments. However, overall sales in Japan were essentially level, reflecting the erosion of sales price across the board.

Operating income soared, underpinned by the aforementioned shipments, as well as by the positive impact of cost reductions and an improved product mix, among others.

The Americas and Europe

Net sales	¥174.9 billion	Change	-14.9%	[-1.2%]
Operating income	¥6.3 billion	Change	-11.1%	[7.9%]

Although sales of packaging inks rose, sales in Europe and North America were down, owing to waning demand for publishing inks and news inks. Sales in Central and South America advanced, buoyed by brisk shipments of packaging inks and publishing inks. As a consequence of various factors, including these results, and of the impact of foreign currency fluctuations, overall sales in the Americas and Europe declined.

Foreign currency fluctuations also hindered operating income, which decreased despite being up in local currency terms.

Asia and Oceania

Net sales	¥45.9 billion	Change	-13.7%	[-0.7%]
Operating income	¥3.6 billion	Change	-7.4%	[6.5%]

While shipments of publishing inks and packaging inks were solid, flagging sales prices pushed down sales in all product categories in the PRC. A sharp increase in sales of publishing inks and packaging inks underpinned higher sales in Southeast Asia. In Oceania, sales declined as robust shipments of publishing inks and packaging inks were insufficient to counter dwindling demand for news inks. Sales in India were down, with contributing factors including falling sales of news inks. For these and other reasons, overall sales in Asia and Oceania decreased, hampered by foreign currency fluctuations.

Operating income was up in local currency terms, bolstered by higher sales of high-value-added products, cost reductions and other factors, but down after translation, reflecting foreign currency fluctuations.

Fine Chemicals

Net sales	¥97.3 billion	Change	-5.5%	[2.4%]
Operating income	¥10.9 billion	Change	8.5%	[15.6%]

In pigments, sales in Japan were lifted by brisk shipments, led by pigments for color filters, while sales in the Americas and Europe decreased, notwithstanding a substantial increase in sales of pigments for cosmetics, as a consequence of foreign currency fluctuations. Sales of TFT LCs recovered substantially, reflecting higher shipments from a new production facility in the PRC and the start of full-scale shipments from Japan, which had been delayed. While these factors boosted results in local currency terms, segment sales were down after translation, owing to foreign currency fluctuations.

Segment operating income advanced, underpinned by an improved product mix, among others.

Polymers

Net sales	¥133.3 billion	Change	-8.9%	[-4.9%]
Operating income	¥14.3 billion	Change	24.7%	[32.0%]

Despite generally firm shipments, sales in Japan declined as a consequence of falling sales prices. Sales overseas were also down, hindered by the deterioration of sales prices and foreign currency fluctuations, although sales to customers in the electrical and electronics industries were solid. For these and other reasons, segment sales decreased.

Cost reductions and other factors sparked a sharp increase in segment operating income.

Compounds

Net sales	¥45.4 billion	Change	-4.4%	[2.6%]
Operating income	¥3.8 billion	Change	-10.4%	[-2.9%]

Sales of polyphenylene sulfide (PPS) compounds advanced, as shipments were healthy both in Japan and overseas. Thanks to robust shipments overseas, sales of jet inks were level overall, despite the negative impact of foreign currency fluctuations on exports, which hurt domestic sales. Although these factors led to an increase in local currency terms, segment sales decreased after translation, owing to foreign currency fluctuations.

Segment operating income was down, reflecting the aforementioned sales results.

Application Materials

Net sales	¥40.6 billion	Change	-6.1%	[-3.9%]
Operating income	¥1.4 billion	Change	-22.5%	[-20.8%]

Persistently robust shipments sustained an increase in sales of hollow-fiber membrane modules. Nonetheless, segment sales declined. Reasons for this result included flagging sales of industrial adhesive tapes, owing to sluggish demand for products used in smartphones, and of other products.

Segment operating income fell, with contributing factors including the aforementioned sales results.

(3) Operating Results Forecasts for the Fiscal Year Ending December 31, 2016

(Billions of yen)

	FY2015	FY2016 (Forecasts)	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	820.0	750.0 [780.0]	-8.5%	-1.4%
Operating income	51.1	54.0 [54.0]	5.7%	13.6%
Ordinary income	49.0	54.0 [52.0]	10.2%	—
Net income attributable to owners of the parent	37.4	30.0 [30.0]	-19.8%	—

Note: Forecasts in squared parentheses are those published on August 9, 2016.

Reasons for Revision of Operating Results Forecasts

In light of various factors, notably current economic trends overseas and steady yen appreciation, the Company has revised its full-term net sales forecast for fiscal year 2016. With falling interest rates expected to reduce interest expenses and an increase in equity in earnings of affiliates that exceeds previous estimates now likely, the Company has also revised its forecast for full-term ordinary income.

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 December 31, 2015	As of September 30, 2016
(Assets)		
Current assets		
Cash and deposits	15,363	53,058
Notes and accounts receivable-trade	221,006	191,749
Merchandise and finished goods	87,947	77,862
Work in process	9,369	9,505
Raw materials and supplies	52,245	48,403
Other	33,382	30,403
Allowance for doubtful accounts	(10,654)	(9,910)
Total current assets	408,658	401,070
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	95,879	86,277
Machinery, equipment and vehicles, net	70,226	61,356
Tools, furniture and fixtures, net	9,605	8,730
Land	50,775	49,125
Construction in progress	6,660	8,748
Total property, plant and equipment	233,145	214,236
Intangible assets		
Goodwill	906	560
Software	6,470	5,087
Other	3,880	3,323
Total intangible assets	11,256	8,970
Investments and other assets		
Investment securities	37,075	36,982
Net defined benefit asset	24,885	27,038
Other	64,235	57,303
Allowance for doubtful accounts	(397)	(1,361)
Total investments and other assets	125,798	119,962
Total non-current assets	370,199	343,168
Total assets	778,857	744,238

Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of December 31, 2015	As of September 30, 2016
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	95,569	86,276
Short-term loans payable	82,262	87,572
Commercial papers	4,000	25,000
Current portion of bonds	8,000	5,000
Income taxes payable	8,347	5,019
Provision for bonuses	6,914	6,155
Other	66,188	63,498
Total current liabilities	271,280	278,520
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term loans payable	139,900	118,735
Net defined benefit liability	32,833	25,302
Asset retirement obligations	1,213	1,135
Other	23,774	19,039
Total non-current liabilities	217,720	194,211
Total liabilities	489,000	472,731
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,161	94,094
Retained earnings	137,071	150,052
Treasury shares	(5,911)	(1,209)
Total shareholders' equity	321,878	339,494
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,688	3,881
Deferred gains or losses on hedges	(73)	(4)
Foreign currency translation adjustment	(29,925)	(75,346)
Remeasurements of defined benefit plans	(33,101)	(23,685)
Total accumulated other comprehensive income	(59,411)	(95,154)
Non-controlling interests	27,390	27,167
Total net assets	289,857	271,507
Total liabilities and net assets	778,857	744,238

Consolidated Quarterly Statement of Income

(Millions of yen)

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Net sales	616,426	559,515
Cost of sales	478,795	425,305
Gross profit	137,631	134,210
Selling, general and administrative expenses		
Employees' salaries and allowances	33,766	30,847
Provision of allowance for doubtful accounts	1,197	1,709
Provision for bonuses	3,381	3,647
Retirement benefit expenses	1,399	1,310
Other	60,987	56,360
Total selling, general and administrative expenses	100,730	93,873
Operating income	36,901	40,337
Non-operating income		
Interest income	888	397
Dividends income	309	326
Foreign exchange gains	—	128
Equity in earnings of affiliates	2,077	2,652
Other	1,608	1,778
Total non-operating income	4,882	5,281
Non-operating expenses		
Interest expenses	4,211	2,473
Foreign exchange losses	260	—
Other	1,760	1,406
Total non-operating expenses	6,231	3,879
Ordinary income	35,552	41,739
Extraordinary income		
Gain on bargain purchase	—	78
Gain on sales of subsidiaries and affiliates securities	2,723	—
Gain on sales of non-current assets	817	—
Compensation income	708	—
Gain on sales of investment securities	554	—
State subsidy	255	—
Total extraordinary income	5,057	78
Extraordinary loss		
Loss on disposal of non-current assets	1,889	3,567
Severance costs	3,008	802
Provision of allowance for doubtful accounts	—	566
Loss on disaster	—	438
Loss on reduction of non-current assets	168	—
Total extraordinary loss	5,065	5,373
Income before income taxes and non-controlling interests	35,544	36,444
Income taxes	10,956	9,078
Net income	24,588	27,366
Net income attributable to non-controlling interests	1,594	2,088
Net income attributable to owners of the parent	22,994	25,278

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Net income	24,588	27,366
Other comprehensive income		
Valuation difference on available-for-sale securities	11	168
Deferred gains or losses on hedges	224	70
Foreign currency translation adjustment	(15,578)	(44,750)
Remeasurements of defined benefit plans, net of tax	3,197	9,460
Share of other comprehensive income of associates accounted for using equity method	(1,401)	(1,768)
Total other comprehensive income	(13,547)	(36,820)
Comprehensive income	11,041	(9,454)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,083	(10,465)
Comprehensive income attributable to non-controlling interests	958	1,011