Color & Comfort by Chemistry

DIC Annual Report 2013

Year ended March 31, 2013




DIC Corporation

DIC Corporation, one of the world's leading diversified chemicals companies, is also the core of the DIC Group, a multinational organization with a network comprising more than 180 companies in 62 countries and territories worldwide. Established in 1908 as a manufacturer of printing inks, DIC has capitalized on its extensive technologies, know-how and experience in the years since to transform itself into a global powerhouse in key fields of endeavor. Today, DIC and the companies of the DIC Group supply an extensive lineup of products in four business segments: Printing Inks & Supplies, Neo-Graphic Arts Materials, Synthetic Resins and Chemical Solution Materials.

Now in its second century in business, DIC is redoubling its efforts to develop and market innovative, high-performance products that respond to market needs, in line with its "Color and Comfort by Chemistry" management vision. As a responsible corporate citizen, DIC is also working to contribute to environmental and social sustainability.

The DIC WAY

Color and Comfort by Chemistry

Through unceasing innovation, the DIC Group strives to create new value directed at sustainable development for its customers, society and the environment.

- We shall hone our sensitivity to changes in society and be aware of our mission to always be ahead of the times.
- We pledge to incorporate the concepts of social and environmental sustainability into our corporate activities.
- We vow to strive constantly to hone "The DIC SPIRIT."
- We shall respect the autonomy and initiative of each individual employee in applying his or her talents to the pursuit of our values and the realization of our vision.

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Disclaimer Regarding Forward-Looking Statements

Statements contained herein concerning plans and strategies, other expectations or projections about the future, and other statements except for historical statements are forward-looking statements.

These forward-looking statements are subject to uncertainties that could cause actual results to differ from such statements. These uncertainties include, but are not limited to, general economic conditions, demand for and price of DIC's products, DIC's ability to continue to develop and market advanced products, and currency exchange rates.

DIC disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

1 Consolidated Financial Highlights

DIC Corporation and Consolidated Subsidiaries
Years ended March 31

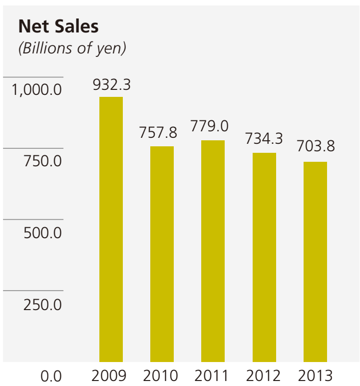
	Millions of yen		
	2013	2012	2011
Net sales	**¥703,781**	¥734,276	¥778,964
Operating income	**38,484**	34,960	37,152
Income before income taxes and minority interests	**34,206**	27,079	26,303
Net income	**19,064**	18,158	15,761
Total property, plant and equipment	**214,043**	202,825	220,631
Total net assets	**160,731**	124,496	130,379
Total assets	**692,991**	675,067	703,760

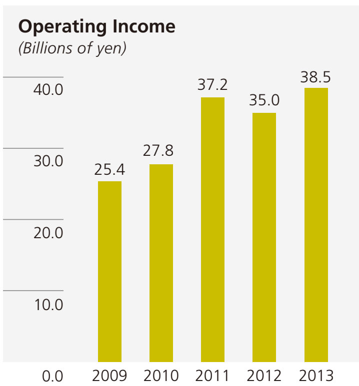
			Yen
Earnings per share (Note 2):			
Basic	**¥20.80**	¥19.79	¥17.60
Diluted	**—**	—	—
Cash dividends per share applicable to the period (Note 3)	**6.00**	4.00	4.00

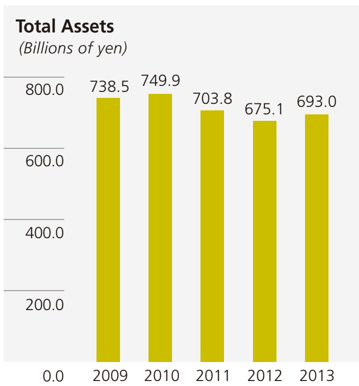
	Thousands of U.S. dollars (Note 1)		
	2013	2012	2011
Net sales	**$7,487,032**	$7,811,447	$8,286,851
Operating income	**409,404**	371,915	395,234
Income before income taxes and minority interests	**363,894**	288,074	279,819
Net income	**202,809**	193,170	167,670
Total property, plant and equipment	**2,277,053**	2,157,713	2,347,138
Total net assets	**1,709,904**	1,324,426	1,387,011
Total assets	**7,372,245**	7,181,564	7,486,809

			U.S. dollars (Note 1)
Earnings per share (Note 2):			
Basic	**$0.221**	$0.211	$0.187
Diluted	**—**	—	—
Cash dividends per share applicable to the period (Note 3)	**0.064**	0.043	0.043

Notes: 1. Yen amounts have been translated, for readers' convenience only, at the rate of ¥94 to US$1, the approximate rate of exchange at March 31, 2013.
2. The computation of earnings per share of common stock has been based on the weighted-average number of shares issued and outstanding during each fiscal year.
3. Cash dividends per share have been presented on an accrual basis to correspond to the related earnings.







In April 2013, we embarked on a new medium-term management plan, dubbed DIC105, that will guide our efforts for the next three years. In line with the slogan of the plan—"Step Beyond"—we will concentrate our allocation of management resources in business domains that will enable us to establish a new course for the future.

Results for the Period

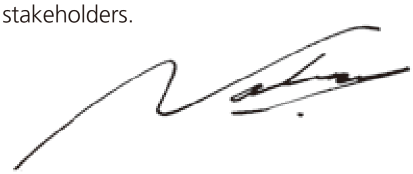
Despite the global economic slowdown, provoked by the European debt crisis, as well as flagging economic growth in Asia and other factors—all of which impeded domestic and overseas demand—signs of a gradual improvement in the economic environment were seen in the first quarter of the fiscal year ended March 31, 2013, notably in the electrical and electronics, automotive and other industries. Nonetheless, conditions from the second quarter forward were harsh as demand dipped, particularly in the electrical and electronics industries, a consequence of inventory adjustments, among others.

In this environment, we reported consolidated net sales of ¥703.8 billion, a decline of 4.2% from the previous fiscal year. Reasons behind this result included falling shipments in Japan and the appreciation of the yen, particularly to the euro. Operating income, at ¥38.5 billion, was up 10.1%, bolstered by sales price revisions and rationalization measures, among others, which countered the impact of lower sales. Ordinary income rose 14.1%, to ¥35.1 billion, while net income increased 5.0%, to ¥19.1 billion.

Looking Ahead

Despite growing expectations of an improvement in Japan, firm signs of a domestic economic recovery have yet to materialize. Overseas, the lingering European debt crisis and the continued slowing of economic growth in the People's Republic of China (PRC) make it difficult to predict a robust recovery in global economic conditions. Accordingly, the DIC Group's operating environment is likely to remain harsh. In this environment, we will implement measures outlined in our new medium-term management plan, DIC105, the central strategies of which include restructuring our printing inks businesses in North America and Europe and expanding businesses that will drive growth. As of the date of publication of this annual report, we forecast increases in both net sales and operating income. (Owing to the adoption of a December 31 fiscal year-end across the entire DIC Group, the next fiscal year for the parent company and all domestic subsidiaries but one will be an irregular nine-month period ending December 31, 2013. The fiscal year of overseas subsidiaries, which close their books on December 31, and the one domestic subsidiary that currently has a December 31 fiscal year-end, will not change. Our forecast is thus for increases in consolidated net sales and operating income compared with results for the fiscal year ended March 31, 2013, adjusted to reflect the new accounting period.)

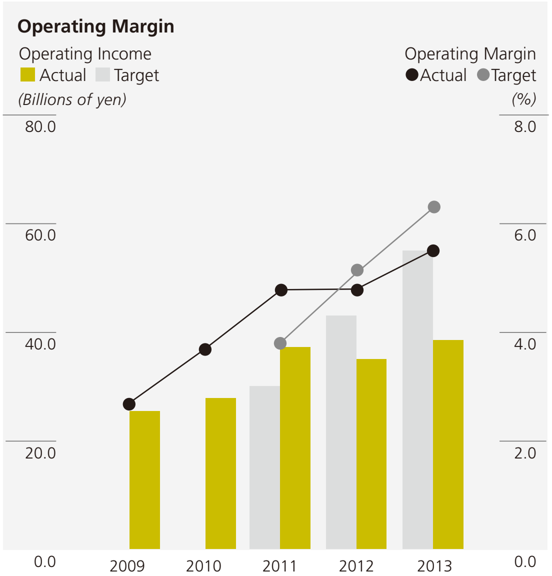
Having paid an interim cash dividend of ¥3.00, we also declared a year-end dividend for the fiscal year ended March 31, 2013, of ¥3.00 per share, bringing our total dividend payment for the period to ¥6.00 per share. It is our basic belief that we have a dual responsibility to ensure rock-solid management fundamentals and to enhance returns to shareholders. Accordingly, in addition to working tirelessly to improve internal reserves, we endeavor to maximize those reserves to reinforce our financial health, thereby positioning us to bolster future returns to shareholders. In all our efforts, I look forward to the ongoing support and guidance of our many stakeholders.

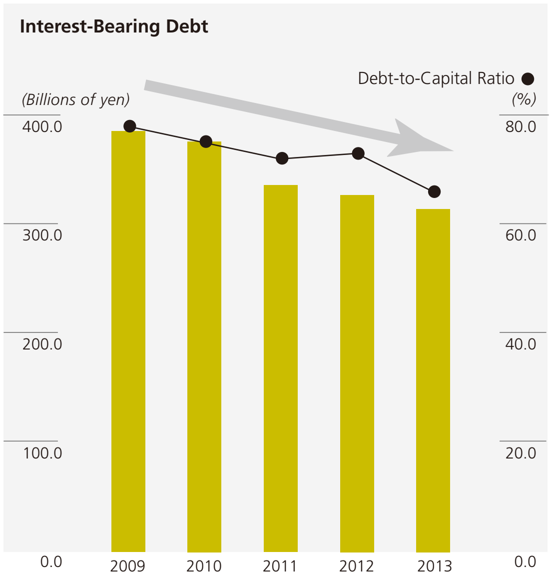


Yoshiyuki Nakanishi
Representative Director, President and CEO
DIC Corporation

Q:
How do you evaluate your achievements under DIC 102?

A:
Efforts to increase our operating margin under DIC 102 met with considerable success. Growth over the three years of the plan was driven by a recovery in profitability in our domestic printing inks business and the expansion of such promising businesses as liquid crystal (LC) materials, pigments for color filters and polyphenylene sulfide (PPS) products. Against this backdrop, our operating margin rose from 2.7% in the fiscal year ended March 31, 2009, to 5.5% in the fiscal year ended March 31, 2013. Efforts to divest of noncore businesses and rationalize our operations, among others, helped us to reduce interest-bearing debt to ¥315.6 billion, from ¥387.1 billion in the fiscal year ended March 31, 2009, underscoring a marked improvement in our financial health.





Q:
What are the goals of DIC105?

A:
The fiscal year ending December 31, 2013—the first year of our new medium-term management plan—is the 105th anniversary of DIC's establishment, hence the name "DIC105," underscoring our belief that the plan represents the beginning of a new chapter in our history. DIC105 will guide our efforts for the three years through to the fiscal year ending December 31, 2015, which is the first phase of a longer-term initiative that sets clear, concrete objectives for the fiscal year ending December 31, 2018. With the aim of achieving record-high operating income of ¥60.0 billion in the fiscal year ending December 31, 2015, we will implement measures in line with three key strategies.

Q:
Can you tell us about the three strategies?

A:
Over the next three years, we will work to restructure our printing inks businesses in North America and Europe, expand businesses that will drive growth and create next-generation businesses.

To restructure our printing inks businesses in North America and Europe, we will implement decisive rationalization measures, emphasizing the optimization of our production capabilities in these two regions, with the aim of strengthening our printing inks business and ensuring its continued viability as a core business. To expand businesses that will drive growth, we will focus management resources in three forward-looking businesses we have identified as being particularly key, namely, thin-film transistor liquid crystals (TFT LCs), pigments for color filters and PPS products. Efforts to create next-generation businesses will emphasize generating new value by combining our renowned basic technologies with inorganic materials to develop and commercialize strategic offerings that are more sophisticated and diverse than existing materials. The key concept behind these efforts is "hybrid chemicals."

Q:
What specific measures do you plan to implement to restructure your printing inks businesses in North America and Europe?

A:
With demand for publishing inks declining in North America and Europe, the profitability of our printing inks businesses in both regions has suffered, despite steadily increasing sales of packaging inks. Having achieved a dramatic recovery in profitability in our printing inks business in Japan, we are now turning our attention to restructuring our printing inks businesses in North America and Europe—the world's largest markets for these products. Specific measures will entail streamlining our production configuration, including the closing of plants, shifting our focus to packaging inks, realigning our sales teams and accelerating global procurement efforts to cut costs. We will also integrate R&D functions with those of DIC in Japan and promote the development and launch of new strategic products, including environment-friendly inks. Through such efforts, we will endeavor to lift the combined operating margin of our printing inks businesses in North America and Europe, 1.8% in the fiscal year ended March 31, 2013, to 4.2% in the fiscal year ending December 31, 2015.

Q:
How will you go about expanding businesses that will drive growth?

A:
In the area of TFT LCs, we will work to increase our global market share to approximately 15% in the fiscal year ending December 31, 2015, from 8% in the fiscal year ended March 31, 2013, by doubling our number of customers and expanding our product portfolio. In pigments for color filters, with our share of the global market for green pigments already at 70%, we will focus on introducing high-performance blue pigments. In PPS products, we will endeavor to increase our global market share from 25% in the fiscal year ended March 31, 2013 to 30% in the fiscal year ending December 31, 2015 by allocating approximately ¥10.0 billion in new facilities to expand our annual production capacity, as well as by expanding applications for our offerings. DIC105 calls for the focused investment of management resources in these three key businesses, all of which saw outstanding growth under our previous medium-term management plan.

Q:
You mentioned hybrid chemicals in connection to creating next-generation businesses. What are hybrid chemicals?

A:
Hybrid chemicals are products that combine our specialized basic technologies with inorganic materials, thereby generating new value. Our goal is to create products that realize sophisticated and/or multiple performance features that surpass those of existing materials. One example is highly durable coatings for plastics made by incorporating glass into organic resins, which improves resistance to weather and corrosion. We have already taken steps to secure promising inorganic materials technologies, including acquiring Benda-Lutz Werke GmbH, an Austrian manufacturer of aluminum pigments.

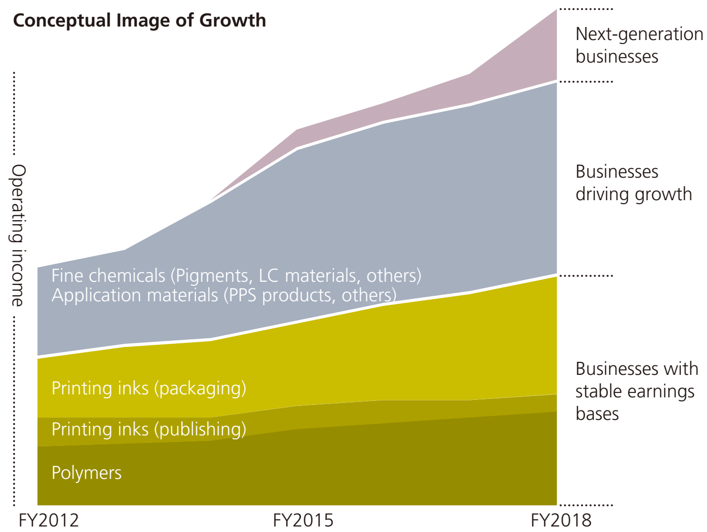
Q:
What are the quantitative targets of DIC105?

A:
By implementing the three key strategies of DIC105—restructuring our printing inks businesses in North America and Europe, expanding businesses that will drive growth and creating next-generation businesses—we will strive to achieve consolidated net sales of ¥840.0 billion in the fiscal year ending December 31, 2015, the final year of the plan, an increase of 19% from the fiscal year ended March 31, 2013. We also aim to achieve operating income of ¥60.0 billion, up 56%; ordinary income of ¥53.0 billion, a 51% gain; and net income of ¥32.0 billion, an increase of 68%.

Q:
What are your plans for ensuring a balanced financial position?

A:
Efforts to better our financial health under our previous medium-term management plan, DIC 102, yielded solid results. During the three years of DIC105, we will continue pushing for improvement. Measures to reinforce profitability will contribute to the expansion of net cash provided by operating activities. Cash thus generated will be allocated to strategic investments and to the repayment of interest-bearing debt, which we aim to reduce to ¥290.0 billion as of December 31, 2015, from ¥315.6 billion as of March 31, 2013. Through these efforts, we will strive to reduce our debt-to-capital ratio to 58% as of December 31, 2015, from 66% as of March 31, 2013.

Conceptual Image of Growth



Q:
In closing, is there anything in particular that you would like to communicate to stakeholders?

A:
By implementing the strategies set forth in DIC105, we will continue working to realize our Color and Comfort by Chemistry management vision. In so doing, we will transform DIC into an organization that creates value and contributes to both its customers and society. I look forward to the ongoing support and guidance of stakeholders in these and all our efforts.

Central Strategies

Restructure Our Printing Inks Businesses in North America and Europe

Global headquarters of subsidiary Sun Chemical Corp. (New Jersey, U.S.A.)

Guided by our new medium-term management plan, we will implement decisive rationalization efforts, emphasizing the optimization of production capabilities, with the aim of strengthening our printing inks businesses in North America and Europe and ensuring their continued viability as core businesses.

Despite a dramatic recovery in profitability in our printing inks business in Japan, declining demand for publishing inks continues to erode results in our printing inks businesses in North America and Europe. Under DIC105, we will implement far-reaching, decisive measures, including optimization, with the aim of restructuring our printing inks businesses in these two regions, which are the world's largest markets for these products.

Reengineer publishing inks business

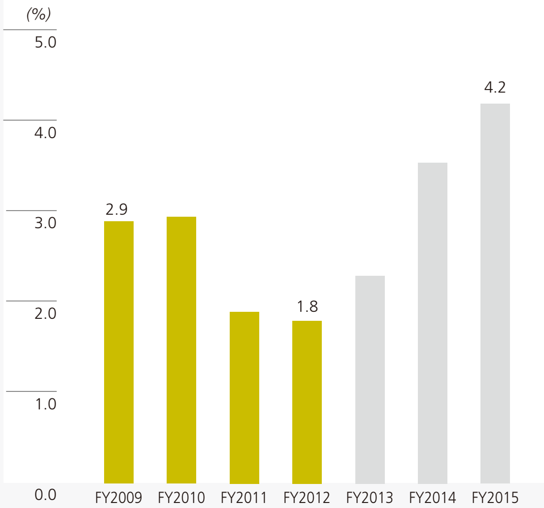
- Take necessary steps—including closing plants—to streamline production configurations and significantly increase operating rates for mother plants
- Improve the efficiency of all businesses, including packaging inks, through efforts to reduce costs, including realigning sales teams and accelerating global procurement efforts to reduce costs
- Integrate North American and European R&D functions with those of the parent company in Japan and promote the development of new environment-friendly inks and other strategic products

Invest resolutely in packaging inks

- Promote critical investments to establish an unassailable position in the North American and European markets for packaging inks, which combined are expected to grow by close to 6% over the next three years

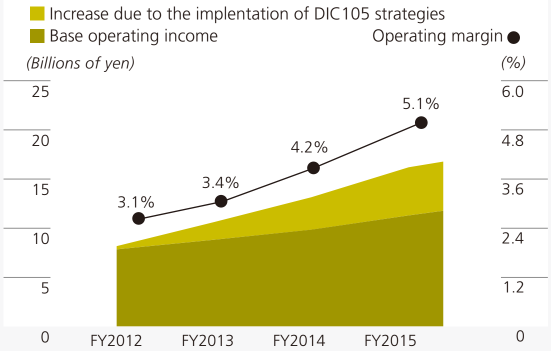
Through these and other measures, we will endeavor to lift the combined operating margin of our North American and European printing inks businesses to 4.2% in the fiscal year ending December 31, 2015.

Combined Operating Margin of North American and European Printing Inks Businesses



Operating Income and Operating Margin for Sun Chemical

We aim to achieve a cumulative increase in operating income of ¥10.0 billion through restructuring, as well as to lift Sun Chemical's operating margin to 5.1%, from 3.1%.



Note: Net sales, operating income and operating margin figures in the above graphs are for the fiscal years ended/ending December 31.

Expand Businesses that will Drive Growth

DIC105 also calls for us to focus our allocation of management resources in three key forward-looking businesses that achieved outstanding growth during the three years of our previous medium-term management plan, DIC 102.

TFT LCs

The principal application of TFT LCs is liquid crystal displays (LCDs). At present, we are one of only three companies in the world capable of manufacturing TFT LCs. Under DIC 102, leading LCD manufacturers began adopting our product, as a result of which TFT LCs has grown to become one of our core businesses. In response to recent moves by LCD manufacturers to start up production lines in the PRC, we have begun construction of a new TFT LC production facility—our first overseas— in the city of Qingdao, in Shandong Province, that is scheduled to commence operations in October 2013. The new facility will expedite our efforts to supply TFT LCs to customers in the PRC, thereby positioning us to further grow this promising business.

There are two principal LC technologies. Vertically aligned (VA) LCs are used mainly in televisions, while in-plane switching (IPS) LCs are used in both televisions and touch screens. While our emphasis has largely been on VA LCs until now, late in the fiscal year ending December 31, 2013, we plan to add IPS LCs to our portfolio. Our targets for our TFT LC business under DIC105 are to expand annual sales to ¥32.0 billion and to increase our share of the global market to 15% in the fiscal year ending December 31, 2015, from 8% in the fiscal year ended March 31, 2013.

Artist's conception of new TFT LC production facility in Qingdao when completed

Green pigments for color filters and magnified section of a color filter

Pigments for Color Filters

We manufacture green pigments for use in the formulation of pixels in color filters for LCDs. Our innovative green pigments feature a molecular structure that is radically different from conventional green pigments and which achieves a marked increase in brightness and contrast. High brightness ensures excellent picture quality even when light emitted from the backlight is minimal. As a consequence, our products are finding increased application, particularly in energy-efficient displays, driving up our share of the global market for green pigments to approximately 70%. Moving forward, we will continue working to boost our market shares in the Republic of Korea (ROK), Taiwan and the PRC. We will also expand our focus to include blue pigments that deliver superior brightness and contrast.

PPS Products

PPS compounds are manufactured by reinforcing PPS polymer with glass fibers or inorganic fillers. In addition to outstanding heat resistance and strength, PPS polymer boasts excellent dimensional stability, properties that have bolstered demand for the product as an alternative to metal materials, particularly for use in automobiles, electrical and electronics equipment and household appliances. In 2011, we launched a ¥10.0 billion project to expand our global PPS polymer and compound production capacity. As part of this project, we will invest in new production facilities that will expand our annual production capacity for PPS compounds to 33,000 tons, from 27,000 tons at present and for PPS polymer to 19,000 tons, from the current 13,000 tons. We will also work to expand applications for these products, with the aim of boosting our share of the global market for PPS compounds from 25% to 30% by the fiscal year ending December 31, 2015.

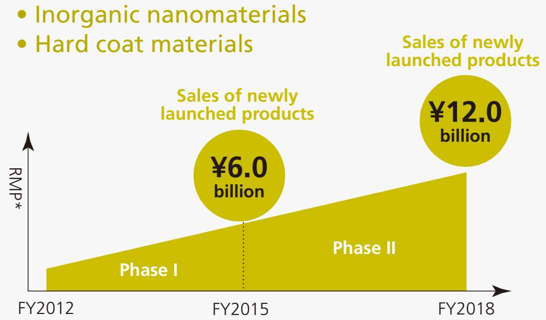
Applications for PPS compounds include automotive engine components

Create Next-Generation Businesses (Hybrid Chemicals)

Efforts to create next-generation businesses will emphasize advance investment in development efforts aimed at achieving commercialization of hybrid chemicals with the aim of offering products that provide core value to our customers. Hybrid chemicals are products that combine our basic technologies with inorganic materials to realize sophisticated and/or multiple performance features that surpass those of existing materials. One such investment is our acquisition of Benda-Lutz Werke of Austria.

Promoting commercialization (Key next-generation themes)

- Materials for printed electronics
- Next-generation display materials
- Heat-resistant and heat-dissipating materials
- Barrier materials
- Inorganic nanomaterials
- Hard coat materials



* Raw material profit (Sales – Raw materials cost)

Hybrid chemicals (Examples)

Electronics **Highly durable coatings for plastics**
(Polymer design + inorganic materials)
Improve resistance to weathering and corrosion by incorporating glass into organic resin

Packaging **Gas barrier adhesives**
(Polymer design + dispersion + inorganic materials)
Enhance performance by combining resin boasting high gas barrier properties with an inorganic filler

Electronics **Nanometallic inks**
(Dispersion + inorganic materials)
Use nano-sized silver particles and a specialized surface processing technique to facilitate low-temperature sinter and excellent conductivity

Strategic Investments

Sun Chemical Acquires Austria-Based Global Manufacturer of Aluminum Pigments

Targeting establishment of full-scale aluminum pigments business

On July 31, 2012, wholly owned U.S. subsidiary Sun Chemical Corp., based in New Jersey, completed acquisition of Benda-Lutz Werke, a leading manufacturer of aluminum pigments headquartered in Austria. Founded in 1902, Benda-Lutz has grown into a global provider with approximately 200 employees. In addition to its headquarters in Nussdorf ob der Traisen, approximately 80 km from Vienna, Benda-Lutz has production sites in Poland, the United States and Russia. As the name implies, the principal raw materials in aluminum pigments is milled aluminum. The distinctive metallic effects they impart continues to spur demand for aluminum pigments for coatings, inks and plastic materials used in automotive paints, building materials and packaging applications. Having positioned pigments as one of our core businesses, we look forward to capitalizing on this acquisition to launch full-scale production and sales of aluminum pigments for automotive, industrial and construction-use coatings, printing inks for packaging and other applications. By maintaining our focus on high-value-added offerings, we will work to increase the profitability of our overall pigments business.

Benda-Lutz headquarters, located near Vienna

PT. DIC Graphics Purchases Businesses from Monokem of Indonesia

Diversifying business risks and further stabilizing our printing inks and organic pigments businesses

Printing inks manufacturing and sales subsidiary PT. DIC Graphics, a wholly owned subsidiary in Jakarta, Indonesia, acquired the phthalocyanine blue crude and organic pigments businesses—including all related commercial rights, inventories and production facilities—of Indonesian firm PT. Monokem Surya, effective December 18, 2012.

To date, production of organic pigments has centered on the PRC and India, which have attracted producers by offering low production costs and robust supply chains encompassing everything from raw materials through to finished products. However, in recent years production cost increases and tighter environmental regulations have affected production in both countries, particularly by local companies. As a leading supplier and consumer of organic pigments, we have production and procurement capabilities in both India and the PRC. However, we also recognize the importance of lowering our dependence on these two countries to reduce business risk. With this in mind, we took the decision to pursue this acquisition.

In addition to a stellar global reputation as a producer of phthalocyanine pigments, and of the principal raw material therein (phthalocyanine crude), Monokem enjoys a long-standing business relationship with the DIC Group. We are confident that this acquisition will further solidify out production infrastructure for phthalocyanine pigments, thus enhancing the stability of both our printing inks and organic pigments businesses.

Plant in Karawang, West Java, acquired from Monokem

DIC (Vietnam) Commences Production at New Packaging Inks Plant

New facility, completed in June 2013, will reinforce production capacity

In June 2013, wholly owned subsidiary DIC (Vietnam) Co., Ltd., a printing inks manufacturing and sales company, completed constraction of a new plant where it will manufacture liquid inks for packaging applications.

We have taken several steps in recent years to expand our production capacity for packaging inks, including expanding the capacity of our plants in Russia, Chile and the PRC. The new plant in Vietnam will increase our production capacity in that country, which is forecast to see rapid economic growth in the years ahead, and will further reinforce our global packaging inks production configuration.

A significant improvement in the standard of living of many Vietnamese citizens is expected to bolster demand for liquid inks for packaging in the years ahead. This prospect has prompted packaging manufacturers from Japan and Europe, as well as from neighboring countries such as Indonesia and Thailand—many of which are DIC Group customers—to shift production bases to Vietnam, a development that has sparked considerable action in the market. DIC (Vietnam)'s new plant will facilitate the integrated production of packaging inks, from the procurement of raw materials through to final completion, thereby reducing costs for transporting products and contributing to enhanced profitability. DIC (Vietnam) intends to expand the plant's annual output to 1,500 tons by the fiscal year ending December 31, 2015.

DIC (Vietnam) Co., Ltd.

Location:	Vietnam–Singapore Industrial Park (near Ho Chi Minh City), Binh Duong Province, Vietnam
Principal products:	Printing inks (packaging inks, publishing inks and news inks)
Site area:	7,065 m^2 (area occupied by new plant: 1,764 m^2)

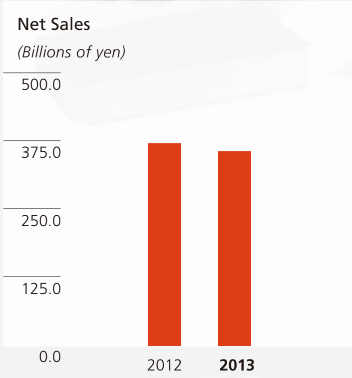
Printing Inks & Supplies

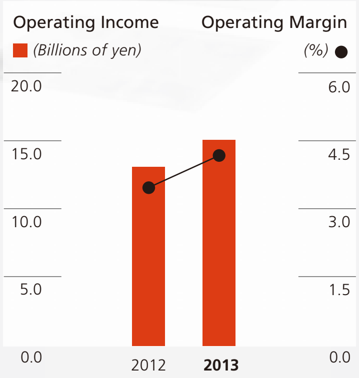
Principal Products

Printing inks

- Offset inks
- Gravure inks
- Flexo inks
- Can coatings
- News inks

- Packaging adhesives
- Presensitized (PS) plates
- Printing supplies
- Printing-related equipment





Neo-Graphic Arts Materials

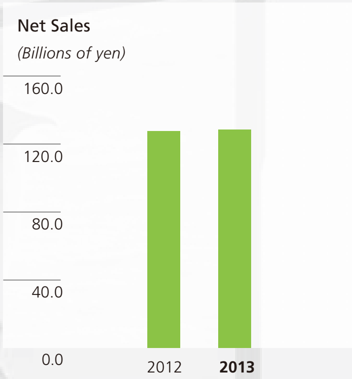
Principal Products

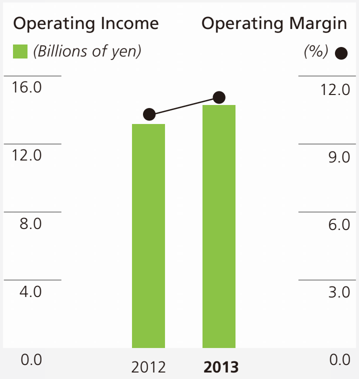
Fine chemicals

- Organic pigments for printing inks
- Organic pigments for coatings and plastics
- Organic pigments for color filters
- Thin-film transistor (TFT) liquid crystals (LCs)
- Supertwisted nematic (STN) LCs
- Alkylphenols
- Metal carboxylates
- Sulphur chemicals (lubricant additives)

Liquid compounds

- Ultraviolet (UV)-curable coatings and bonding adhesives for optical discs
- Jet inks
- Wood finishes



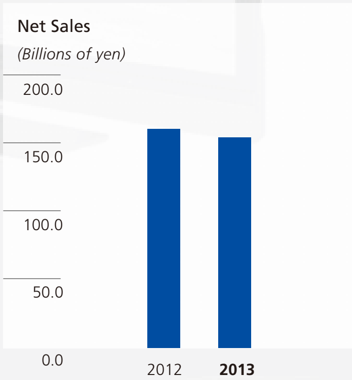


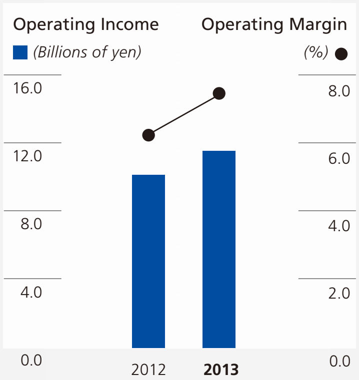
Synthetic Resins

Principal Products

General and specialty polymers

- Synthetic resins for inks and coatings, molded products, adhesives and textiles (polyurethane, epoxy, polystyrene, unsaturated polyester, acrylic, phenolic and alkyd resins, plasticizers)
- Papermaking chemicals





Chemical Solution Materials

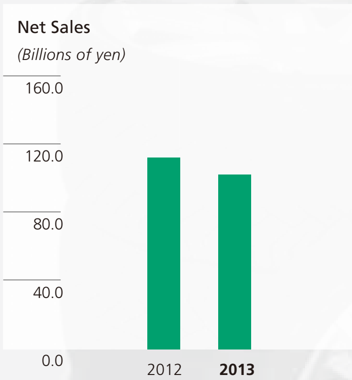
Principal Products

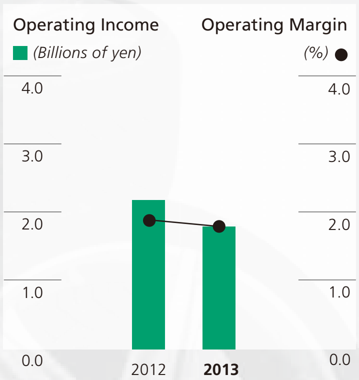
Solid compounds

- Plastic colorants
- Polyphenylene sulfide (PPS) compounds
- High-performance optical materials
- High-performance compounds
- Coextruded multilayer films
- Toners

Processed products

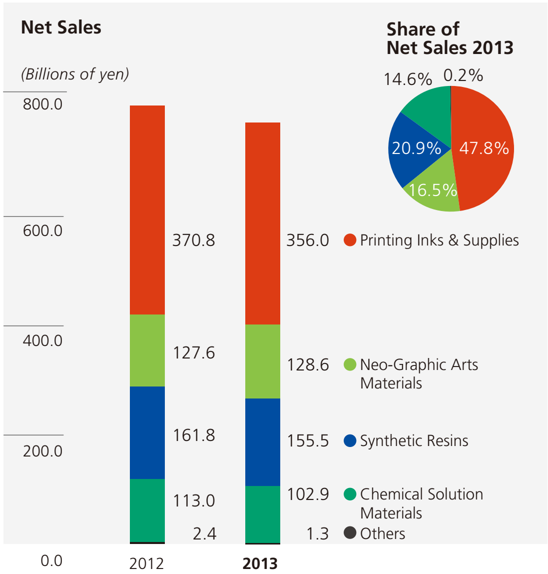
- Decorative boards
- Interior housing products
- Industrial adhesive tapes
- Labels
- Stickers
- Label stock for printing
- Specialty magnetic foils
- Plastic pallets
- Containers
- Hollow-fiber membranes
- Modules
- Bathtubs and bath units
- Synthetic marble
- Sheet molding compounds (SMCs)

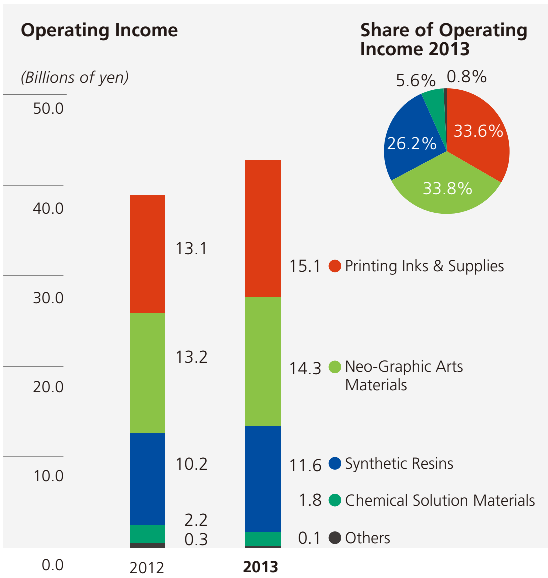




Notes: 1. Net sales include intersegment sales and foreign exchange fluctuations.
2. Owing to changes in segmentation implemented in line with organizational amendments effective April 1, 2012, certain figures for the fiscal year ended March 31, 2012, have been restated.

In the fiscal year ended March 31, 2013, we reported consolidated net sales of ¥703.8 billion, a decline of 4.2% from the previous fiscal year. This result reflected falling shipments in Japan and the appreciation of the yen, particularly to the euro. Nonetheless, price revisions, rationalization measures and other factors supported a 10.1% increase in operating income, to ¥38.5 billion.





Notes: 1. Net sales and operating income as used here include intersegment transactions. For this reason, and because of the existence of transactions that are not attributable to reportable segments, these figures differ from the net sales and operating income figures presented in the Consolidated Financial Highlights on page 1.

2. Owing to changes in segmentation implemented in line with organizational amendments effective April 1, 2012, certain figures for the fiscal year ended March 31, 2012, have been restated.

Printing Inks & Supplies

The Printing Inks & Supplies segment centers on DIC's mainstay printing inks business. A leading player in the global printing inks market, DIC has built a business that is unrivalled in both scale and diversity. DIC also provides printing equipment and consumables.

For the fiscal year ended March 31, 2013		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥356.0 billion	(4.0)%	(1.4)%
Operating income	¥ 15.1 billion	15.3 %	28.6 %

Japan

Sales in the Printing Inks & Supplies segment in Japan decreased, the principal contributing factor being a decline in sales of offset inks, owing to such factors as an existing downward trend in demand and to the loss of commercial rights for certain products in the wake of sales price revisions. Sales of news inks were level, bolstered by robust sales of new color inks and other factors, although demand softened. Sales of gravure inks were also on a par as demand was lower than usual in summer but solid thereafter. Despite diminished sales, operating income advanced, owing to such factors as the integration of products, the rationalization of product lines and a certain degree of success in revising sales prices upward.

The Americas and Europe

In the Americas and Europe, segment sales were level in local currency terms, but down after translation as a result of the appreciation of the yen. Falling sales of publishing inks and news inks—a consequence of shrinking print runs for magazines and

newspapers, among others—kept sales flat in North America and Europe, countering the positive impact of solid sales of packaging inks. Sales in Central and South America were even, thanks to steady sales of mainstay packaging inks. The strong yen also pushed down operating income, despite an increase in local currency terms attributable in part to an improved product mix and cost reductions achieved through rationalization.

Asia and Oceania

Segment sales in Asia and Oceania increased in local currency terms, but declined after translation, owing to yen appreciation. Sales in the PRC decreased, despite brisk sales of gravure inks, as flagging economic growth and other factors hampered sales of offset inks and news inks. In contrast, sales in Southeast Asia, Oceania and India rose. In Southeast Asia, sales were shored up by healthy sales of gravure inks and other factors, although demand for offset inks fell. The increase in Oceania was due to the takeover of all businesses of Pacific Inks Limited, which propelled a steep increase in sales of gravure inks, while in India higher sales reflected robust results in all product categories. Despite the strong yen, operating income rose, bolstered by an improved product mix, among others.

Neo-Graphic Arts Materials

The Neo-Graphic Arts Materials segment comprises fine chemicals—including organic pigments for printing inks, coatings, plastics and color filters; LC materials, used in LCDs; and various additives—and liquid compounds, notably UV-curable adhesives for optical discs and wood finishes.

For the fiscal year ended March 31, 2013		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥128.6 billion	0.8%	1.4%
Operating income	¥ 14.3 billion	8.4%	9.7%

The Neo-Graphic Arts Materials segment registered increases in sales and operating income. Sales of organic pigments increased on the strength of solid sales for use in color filters in Japan and in coatings and plastics in the Americas and Europe, although sales for use in inks in the latter two regions sagged. Sales of jet inks were also up worldwide, underpinned by improved market share and other factors. In contrast, sales of TFT LCs declined as shipments for use in LCD televisions decreased. While slight, the increase in segment sales supported firm growth in operating income.

Index of Sales of Principal Products

Index: 2012 = 100	2013	2012
Organic pigments	102	100
LC materials	89	100
Jet inks	115	100
UV-curable coatings and bonding adhesives for optical discs	113	100

Chemical Solution Materials

The Chemical Solution Materials segment includes compounds that integrate the DIC Group's core materials—namely, synthetic resins and organic pigments—and related technologies, as well as a variety of processed products. These products are provided to customers in the electrical and electronics, automobile manufacturing, housing, construction and civil engineering industries.

For the fiscal year ended March 31, 2013		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥102.9 billion	(9.0)%	(8.9)%
Operating income	¥ 1.8 billion	(18.8)%	(18.7)%

In the Chemical Solution Materials segment, both sales and operating income were down. The decline in sales occurred despite higher sales of PPS compounds and industrial adhesive tapes—attributable to, respectively, strong demand for automotive applications and expanded shipments for use in smartphones, among others—and was largely a result of flagging sales of high-performance optical materials and plastic pallets, the former due to a decrease in demand from the electrical and electronics industries and the latter to the transfer of certain commercial rights and other factors. Reduced operating income was primarily a consequence of sales results.

Index of Sales of Principal Products

Index: 2012 = 100	2013	2012
PPS compounds and polymers	104	100
Plastic colorants	90	100
Plastic pallets and containers	64	100
Industrial adhesive tapes	108	100
Coextruded multilayer films	102	100
High-performance optical materials	85	100
Decorative boards	83	100
Specialty magnetic foils	107	100

Synthetic Resins

The Synthetic Resins segment encompasses synthetic resins for a wide range of applications and papermaking chemicals. These products are used internally and supplied to manufacturers of, among others, coatings, building materials, automobiles, electrical and electronics equipment, and textiles.

For the fiscal year ended March 31, 2013		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥115.5 billion	(3.9)%	(3.7)%
Operating income	¥ 11.6 billion	13.7 %	13.1 %

Sales in the Synthetic Resins segment were down, although operating income rose. In Japan, declines were reported in sales of resins for coatings and epoxy resins, as well as in sales of polystyrene, the former due to waning demand from the second quarter forward, primarily from the electrical and electronics industries, and the latter to the absence of special procurement demand, which bolstered results in the previous fiscal year. Overseas, sales were pushed down by tight market conditions in the PRC, a result of slowing economic growth. Higher operating income mainly reflected increases at subsidiaries in Southeast Asia.

Index of Sales of Principal Products

Index: 2012 = 100	2013	2012
Coating resins	98	100
Polystyrene	97	100
Polyurethane resins	99	100
[Portion of above accounted for by water-based products]	*[104]*	*[100]*
Epoxy resins	97	100
Plasticizers	95	100
Unsaturated polyester resins	102	100

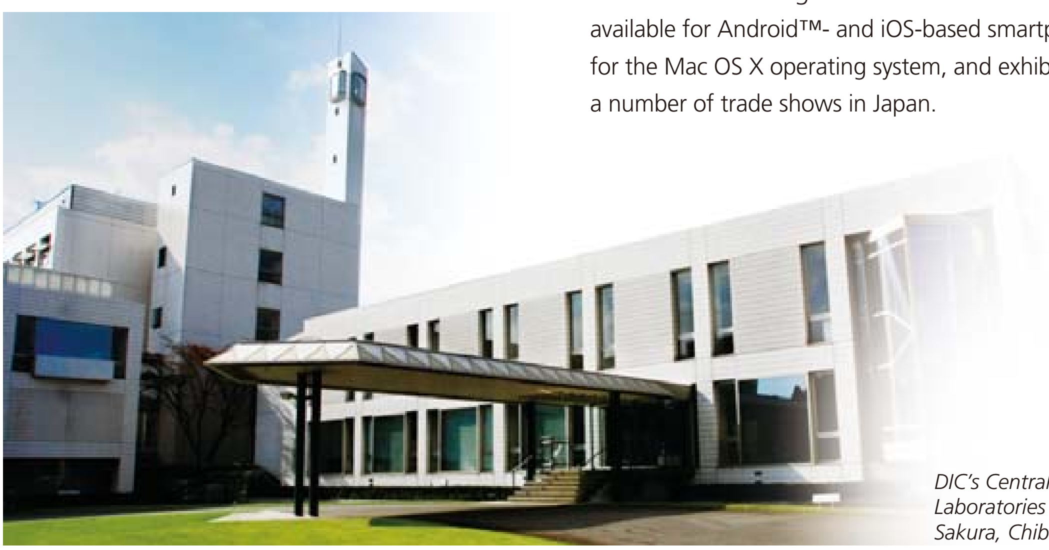
With the aim of realizing our Color and Comfort by Chemistry management vision, we are actively building a portfolio of next-generation products and new technologies that will support sustainable growth. To this end, we are combining our core materials—namely, synthetic resins and organic pigments—and our basic technologies in, among others, chemical engineering and dispersion, to promote the development of products that offer significant added value.

Our R&D organization centers on the Technical Administrative Division and the Corporate R&D Division, which work with DIC Graphics Corporation and other domestic DIC Group companies, as well as with the Sun Chemical Group's research centers in the United States, the United Kingdom and Germany and Qingdao DIC Finechemicals Co., Ltd., a corporate research facility in the PRC, to maximize our global R&D resources, thereby accelerating and ensuring the efficiency of our R&D activities. The Technical Administrative Division oversees the technical departments, which are organized according to the basic technology in which they specialize, and is responsible for R&D that is connected directly to our businesses. The Corporate R&D Division is charged with adding depth to core technologies and cultivating groundbreaking essential technologies, as well as with developing innovative products targeted at new markets. In the fiscal year ended March 31, 2013, we established a new commercial development center, an intermediate unit between the Corporate R&D Division and the Technical Administrative Division, under the supervision of the latter, that will be tasked with accelerating the commercialization of products that combine multiple technologies and products developed by the Corporate R&D Division. The Corporate R&D Division also collaborates with other companies, government bodies and academic institutions to conduct investigative and basic research in next-generation technological spheres.

Recent Achievements

Printing Inks & Supplies

In offset inks, efforts in the fiscal year ended March 31, 2013, focused on further enhancing the performance capabilities of products that were the subject of brand integration efforts in the preceding period. In gravure inks, we promoted the integration of brands and succeeded in the development of a lamination ink that delivers an outstanding performance and superb cost effectiveness, yet is also environment-friendly, while in adhesives for food packaging we concentrated on solvent-free and other environment-friendly adhesives, particularly for customers in overseas markets, notably India and Russia. Additionally, in the area of digital color technology, we developed a new version of our *DIC Digital COLOR GUIDE*—already available for Android™- and iOS-based smartphones—for the Mac OS X operating system, and exhibited it at a number of trade shows in Japan.



DIC's Central Research Laboratories in Sakura, Chiba, Japan

Overseas, Sun Chemical conducted R&D aimed at developing breakthrough technologies in the area of printing inks. New products of note in the period under review include a water-based varnish that delivers excellent gloss, thereby improving print quality, in line with Sun Chemical's efforts to cultivate newspaper printing as a new market, a key strategic target. In offset inks for publishing applications, Sun Chemical saw increased success in translating R&D designed to improve printability and to reduce the use of petroleum-derived solvents into commercially viable products, while in sheetfed offset inks it proceeded with a shift to environment-friendly cobalt-free driers, focusing efforts on improving printing performance. In flexographic and gravure inks and printing supplies, Sun Chemical earned high marks from customers by developing new high-definition flexographic plates that provide high-precision images, as well as solvent-based liquid inks that respond to the trend toward small-lot obverse, reverse and address label printing.

Neo-Graphic Arts Materials

In organic pigments, we continued to emphasize research aimed at further enhancing the performance of our renowned green pigments. We also devoted considerable effort to the development of a new high-performance blue pigment. In the area of LC materials, we continued to benefit from expanding sales of TFT LCs for large-screen LCD televisions, but we also devoted attention to the development of new LCs for the next generation of display devices. R&D in the area of metal carboxylates yielded an environment-friendly cobalt-free drier, which we currently offer to customers, particularly in European markets. In response to demand for more attractive appearance, in the area of materials for photovoltaics we devised an adhesion-enhancing primer coating for white and black backsheets. Overseas, Sun Chemical developed and launched a jet ink for printing onto ceramic tiles. Other highlights included a new technology for the highly effective dispersion of micronized pigments, which Sun Chemical will apply to the development of superior inks and pigment products.

Synthetic Resins

The emphasis of our R&D in synthetic resins is on environment-friendly UV-curable and waterborne products. In adhesives for food packaging, we developed a new low-migration resin that complies with European regulations, thereby assisting efforts to promote the global expansion of our adhesives business. Achievements in resins for use in electronics materials included the full-scale marketing of a new epoxy resin characterized by high thermal resistance, low thermal expansion and outstanding flame resistance, as well as the development of an epoxy resin for high-end semiconductor encapsulation materials that delivers low viscosity and excellent thermal and flame resistance. In fluorochemicals, used as additives in optical materials, among others, efforts continued to center on the development of products that contain no perfluorooctanoic acid (PFOA), which is suspected of having adverse effects on both human health and the environment, enabling us to realize a complete lineup of PFOA-free products.

Chemical Solution Materials

In the area of industrial adhesive tapes, the adoption of protective films for glass surfaces and waterproof adhesive tapes continued to expand for use in smartphones. In films for packaging, we pressed forward with the development of films with multiple performance features, including low adsorption and excellent shape retention, which we will market for use in packaging for a variety of products, including confectionery, medical supplies and cosmetics. In PPS compounds, we devised compounds with excellent flow and toughness and insulating compounds with superior thermoconductive properties for use in electrical components for hybrid vehicles. In fiber-reinforced plastic (FRP) compounds, we developed an innovative FRP sheet pile earth retaining wall for use in tunnel construction and collaborated with The Zenitaka Corporation to create a new shield earth retaining wall (SEW) system that promises to improve safety, reduce costs and shorten construction time.

The DIC Group's CSR Program

The DIC Group launched its corporate social responsibility (CSR) program in 2007, in line with The DIC WAY, an articulation of its basic management approach.

DIC has identified fulfilling its responsibilities as a member of society through its business activities, and contributing to the evolution of society, as the cornerstones of CSR.

The DIC Group strives to ensure a prompt and accurate grasp of evolving social imperatives, including climate change and the depletion of natural resources, and respond with solutions that deliver the value that its stakeholders expect.

Through the ongoing implementation of such initiatives, the DIC Group will continue working to contribute to environmental and social sustainability.

CSR Initiatives in the PRC Earn GoldenBee Award

At the Seventh International CSR Forum and Ceremony to announce the 2011 GoldenBee CSR China Honor Roll, sponsored by the *China WTO Tribune*, a monthly financial journal, DIC (China) Co., Ltd., was named winner of the GoldenBee Ecological Civilization Award.

The GoldenBee CSR China Honor Roll—named for the honeybee, a symbol of harmonious coexistence in the PRC—was established with the aim of recognizing companies with excellent CSR practices by naming them GoldenBee enterprises. In making the award, the jury noted high marks given to CSR initiatives reported by DIC (China) in responses to a survey. The jury also acknowledged a report by Deqing DIC Synthetic Resins, Ltd., a manufacturer of hard resins used in printing inks, on its introduction of a carbon neutral wood waste-fueled biomass boiler for the heating and thermal storage of rosins and other materials.

Project Implemented in Zambia to Combat Malnutrition through the Provision of Spirulina

The DIC Group is the world's largest supplier of Spirulina, an edible blue-green algae rich in more than 50 nutrients, including vitamins, minerals and essential amino acids. In line with a support agreement concluded in 2009 with the Alliance Forum Foundation (AFF), a Japan-based nonprofit organization (NPO), we provide assistance to the Spirulina Project, an AFF initiative that seeks to alleviate hunger and improve nutrition in the Republic of Zambia.

In June 2012, with the purpose of contributing to the well-being of the people of Zambia, we implemented a project, backed by the Zambian Ministry of Health, to assess the impact of Spirulina on the health of people in the rural village of Kanakantapa. The project, which focused on children with an average age of 1.5 years at the outset, verified noticeable increases in the height of children who regularly consumed Spirulina. Further analysis to determine the role of Spirulina in these increases is currently under way. The project also confirmed a reduced incidence of malaria among the children consuming Spirulina, further underscoring the algae's potential in reducing health threats in the country.

Practical Safety Training Program Launched

In the period under review, we launched a nationwide mobile practical safety training program featuring a 10-ton truck loaded with educational materials that travels around Japan. To date, a total of 3,700

employees have participated in the program. To ensure the ongoing success of this initiative, we are also fostering program instructors at each site to spearhead program implementation and currently have 134 accredited individuals across the country.

The program, which targets both DIC sites and Group companies and affiliates, uses actual equipment, to heighten participants' ability to recognize danger. Employing simulations of 21 occupational accidents apt to occur in the workplace—including the pinching or catching of hands in the rotors of coating equipment and other machinery, falls from high places and explosions involving solvents and/or particulate matter—the program has earned praise both inside and outside the Group. In the fiscal year ending December 31, 2013, we will expand implementation to overseas Group companies, beginning with those in the Asia–Pacific region.

Achievement Award Received from ChemBio Integrated Management Society

In September 2012, we received an achievement award from the ChemoBio Integrated Management Society (CBIMS)*, a Japanese NPO, in recognition of our system for the integrated management of chemical substances in both the raw materials the Group uses and the products it supplies.

We use CIRIUS, a comprehensive management system for information on chemical substances developed in-house that not only ensures an accurate, uniform grasp of information on chemical substances in raw materials and products but also automatically flags chemical substances covered by laws in Japan, thereby helping to facilitate the manufacture and supply of safe products and the provision of accurate chemical substance-related information to customers. In addition, we monitor the volume of chemical substance emissions from DIC Group production facilities into the atmosphere, bodies of water and soil and work continuously to reduce the use of substances that exert a negative impact on the environment.

** Established in 2004, CBIMS provides a forum for individuals and groups concerned with the assessment and management of risk associated with chemical (including technology-related) and biological substances and/or involved in actual assessment and management, or in related R&D, to exchange views on a wide range of issues.*

DIC Supports Career Education Initiatives for Children

Recent years have seen a significant increase in demand for corporate participation in career education support initiatives in schools. As a company, we offer internships at DIC plants for students of technical high schools and vocational institutes. Our Chiba, Hokuriku, Kashima, Komaki and Saitama plants also offer workplace experience to students from local schools. Our Tokyo Plant and headquarters provide science labs to students at public elementary schools in Tokyo's Itabashi Ward and the city of Matsudo, in Chiba Prefecture, while the Central Research Laboratories offers career guidance seminars for students of nearby high schools.

In another example of our broad support for career education, in the fiscal year ended March 31, 2013, we organized guest lectures at schools across Japan as part of a program organized by the *Keizai Doyukai* (Japan Association of Corporate Executives) to capitalize on the experience of past and present leading corporate executives. Through these and other activities, we seek to offer young people the opportunity to meet and talk with a wide range of adults and to learn about diverse lifestyles and values.

In line with its management vision, "Color and Comfort by Chemistry," DIC strives to leverage its core businesses to fulfill its responsibility as a corporate citizen, as well as to bolster the trust of stakeholders. Accordingly, DIC approaches enhancing corporate governance as a key management priority. To ensure transparent, sound management, DIC is striving to reinforce decision making, execution and oversight by refining its internal control systems.

Basic Policy

DIC identifies the purpose of corporate governance as being to ensure effective decision making pertaining to its management policy of achieving sustainable corporate growth and expansion through sound and efficient management, while at the same time guaranteeing the appropriate monitoring and assessment of and motivation for management's execution of business activities.

Overall Structure

To promote sound and efficient management, in July 2003 DIC introduced a risk management structure—a system of internal controls designed to enhance its compliance program and facilitate the integration of risk management and compliance functions.

With the aim of achieving a higher level of trust on the part of shareholders, customers and other stakeholders and enhancing corporate value, in April 2007 DIC established the Corporate Social Responsibility Committee, which is under the direct supervision of the president, thereby creating a structure to guide related activities.

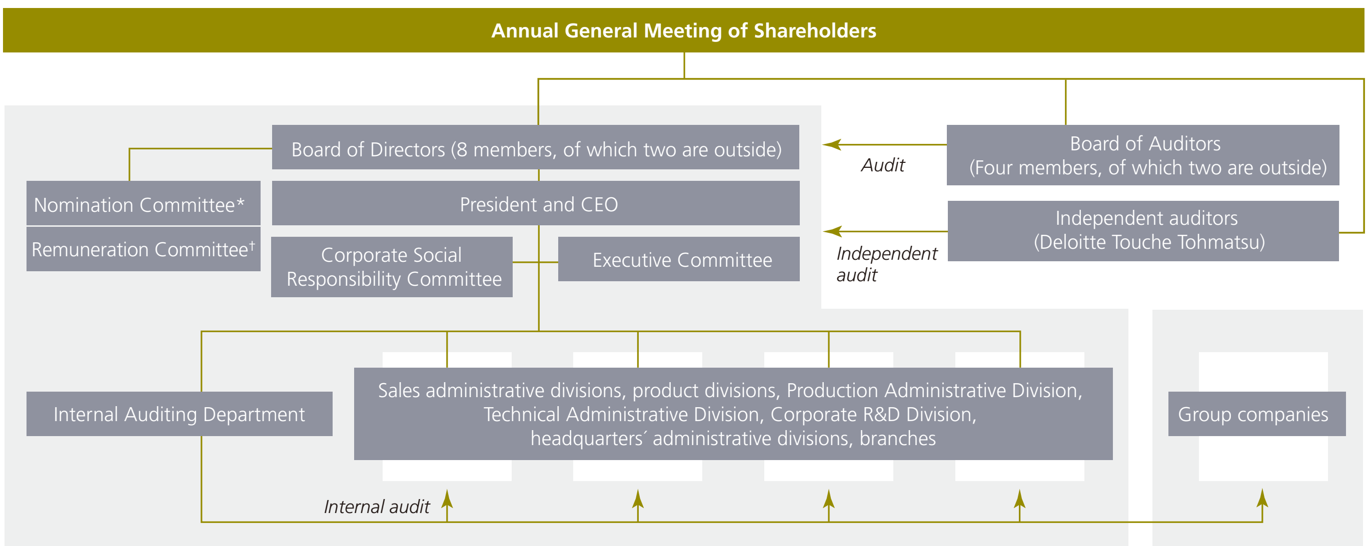
Having initially included two attorneys as outside auditors on its Board of Auditors, in June 2008 DIC sought to further strengthen its internal control system by appointing two outside directors to its Board of Directors, thereby ensuring the effectiveness of auditing functions and reinforcing confidence in its ability as a company with a Board of Auditors to respond to the expectations of shareholders.

In June 2009, DIC established the Nomination Committee and the Remuneration Committee as internal committees of the Board of Directors, with the aim of enhancing objectivity in the nomination and selection of, and determining remuneration for, directors and executive officers. Each of these committees comprises four directors, of which two are outside directors.

Other Important Corporate Governance-Related Matters

DIC has two publicly listed subsidiaries: SEIKO PMC CORPORATION in Japan, and DIC India Ltd. Management decisions for these companies are approved by their respective boards of directors and annual meetings of shareholders. As a shareholder, DIC exercises its voting rights at the annual meetings of shareholders of each of the companies. DIC also receives information on the internal controls of each of the

Corporate Governance Organization



* *The Nomination Committee is responsible for the nomination of directors, corporate auditors and executive officers.*
† *The Remuneration Committee is responsible for determining remuneration for directors and executive officers.*

companies, enabling it to make proper evaluations. Hiring procedures for the two companies are independent of DIC's and with the exception of certain directors there are no exchanges of personnel between the companies and DIC.

Corporate Governance Organization

Board of Directors

To accelerate decision making and reinforce corporate governance, the number of directors on the Board has been set at eight. Of the eight, two are outside directors.

The Board of Directors is responsible for making decisions on matters stipulated in Japan's Corporate Law, and in DIC's own regulations, as requiring Board-level approval, as well as for monitoring the execution of business activities as reported by the executive officers.

Executive Committee

The Executive Committee deliberates and resolves issues related to the execution of business activities. In principle, the Executive Committee meets twice monthly. These meetings are also attended by corporate auditors as part of their auditing process. Details of deliberations and resolutions are reported to the Board of Directors.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is under the direct supervision of the president and CEO and functions as an advisory body. As such, the committee meets an average of four times annually to formulate Group CSR targets and policies to guide the CSR activities of Group companies, as well as to evaluate and supervise specific initiatives. Committee members include directors designated by the Board of Directors. The Corporate Communications Department serves as the committee's secretariat. An internal organization has also been established to oversee CSR within individual divisions, departments, sites and Group companies.

Board of Auditors

The Board of Auditors comprises four members, including two outside auditors. In principle, the Board of Auditors meets once monthly. Audit activities consist of attending important meetings, including those of the Board of Directors and the Executive Committee, exchanging opinions with representative directors and collecting business reports from directors, executive officers and other pertinent individuals.

Board of Directors and Corporate Auditors

(As of June 20, 2013)

Chairman of the Board	Kazuo Sugie		
Representative Directors	Yoshiyuki Nakanishi	Masayuki Saito	
Directors	Yoshihisa Kawamura	Akira Konishi	Tetsuro Agawa
	Eiko Kono*	Takao Suzuki*	
Corporate Auditors	Jiro Mizutani	Yoshiyuki Mase	
	Junji Tomita*	Katsunori Takechi*	

* *Outside*

Internal Auditing Department

The Internal Auditing Department is charged with monitoring the effectiveness of internal control systems at DIC and domestic DIC Group companies. For DIC Group companies outside Japan, internal auditing—including monitoring—is the responsibility of internal auditing teams in regional holding companies. For the Sun Chemical Group, this responsibility is shouldered by internal auditing departments.

Independent Auditors

DIC has engaged Deloitte Touche Tohmatsu as its independent auditors. DIC strives to ensure an environment that facilitates the accurate disclosure of information and fair auditing. In the fiscal year ended March 31, 2013, DIC was audited by Yuji Itagaki, partner, and Takaya Otake, partner. Messrs Itagaki and Otake were assisted by approximately 30 qualified public accountants.

Basic Policy on Internal Control

To ensure the effectiveness and efficiency of the DIC Group's businesses, the reliability of its financial reporting, the strict observance of relevant laws and the preservation of its assets, and to conduct management in accordance with The DIC WAY Code of Business Conduct, DIC shall prepare and operate systems—referred to herein as "internal controls"—to ensure proper business activities, as set forth below, based upon the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan.

Systems for Ensuring that the Performance of Duties by Directors and Employees Complies with Laws and the Articles of Incorporation

- DIC shall prepare regulations of the Board of Directors and regulations for Ringi (Approval by Written Circular) and shall clarify decision-making authority.

- DIC shall appoint outside directors and shall work to bolster monitoring functions with regards to management.
- DIC shall work to set forth a Code of Business Conduct regarding compliance and disseminate the same.
- DIC shall establish an Internal Auditing Department and shall monitor the status of the preparation and operation of internal controls on a periodic basis. Important matters that are discovered through such monitoring or the status of improvements shall be reported to the representative directors on a periodic basis, and countermeasures may also be considered based upon necessity. Those matters of particular importance are reported to the Board of Directors.
- DIC shall establish an internal notification system for compliance matters and set up multiple notification channels independent from channels for communication of information used in the conduct of business, including outside legal counsel, and shall proceed with the preparation of a structure that can quickly respond to domestic and international notifications. In addition, a system shall be put into place so that any person making a notification will not suffer any detriment.
- DIC shall sever any and all connection with antisocial elements and shall collaborate with legal counsel and the police in making resolute responses in relation to unwarranted demands made by such antisocial elements.

Systems for Ensuring that the Duties of Directors are Performed Efficiently

- In order to ensure a system so that the duties of directors are performed properly and efficiently, DIC shall establish regulations regarding the organization and authority.
- In order to clarify the responsibilities and speed up the conduct of business, DIC shall introduce an executive officer system. As well as resolving important business affairs in accordance with the Articles of Incorporation and regulations of the Board of Directors, the Board of Directors shall also supervise the status of the conduct of business by the executive officers.
- Based upon management policies and management strategies, DIC shall formulate medium-term management plans and the fiscal budget, and through the dissemination of the same, share the common goals of the DIC Group. Reports are made to the Board of Directors outlining the status of the progress of the same.

Systems for the Preservation and Management of Information Pertaining to the Performance of Duties by Directors

- Information pertaining to the performance of duties by directors shall be held in safekeeping based upon the regulations for document management.
- DIC shall establish regulations for systems of information management and shall prepare a system to prevent the divulging of secrets.

Regulations and Other Systems Relating to the Management of Risk of Loss

- DIC shall identify and assess any risks that may have a significant impact on management and shall formulate a DIC Group CSR policy each fiscal year in the Corporate Social Responsibility Committee.
- DIC shall prepare a management system covering measures for business continuity and responses in the event of occurrences such as accidents and disasters, based upon the "Basic Policy for Business Continuity Management (BCM)."

Systems for Ensuring the Proper Operations of the Corporate Group Comprised of DIC and its Subsidiaries

- DIC shall determine a jurisdictional department for each subsidiary from the standpoints of the conduct of business and business management, and shall supervise business affairs by dispatching a director to each subsidiary.
- DIC shall clarify important matters pertaining to subsidiaries that are matters for approval or reporting to DIC, the parent company.
- The Internal Auditing Department shall conduct internal audits of the subsidiaries on a periodic basis.
- Internal notifications from subsidiaries may be made directly to persons such as the DIC President, officer in charge of legal affairs, corporate auditors or outside legal counsel.

Systems for Ensuring that Audits by the Corporate Auditors are Conducted Effectively

- As well as attending meetings of the Board of Directors and other important meetings, corporate auditors may inspect the contents of Ringi approvals at any time.
- Directors, executive officers and employees shall report facts that could cause substantial damage to the Company and matters designated by the Board of Auditors as "Matters to be Reported to the Corporate Auditors or the Board of Auditors" to the corporate auditors or the Board of Auditors.
- In addition to meeting with the representative directors on a periodic basis to exchange information and opinions, corporate auditors shall strive to foster close cooperation by holding liaison meetings on a periodic basis with each of the Internal Auditing Department, independent auditors and corporate auditors of the subsidiaries.
- DIC shall establish an Office of Corporate Auditors and shall assign dedicated personnel to assist the corporate auditors in their duties. Such personnel shall obey only the directions and orders of the corporate auditors, evaluations shall be conducted by the corporate auditors and matters such as personnel changes and disciplinary action will require the prior consent of the corporate auditors.

Financial Section

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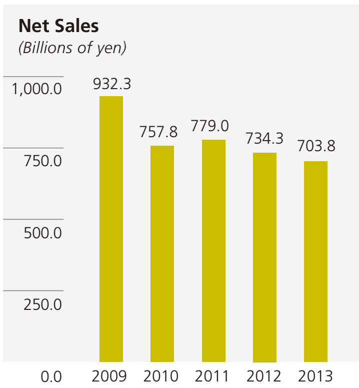
Consolidated Six-Year Summary

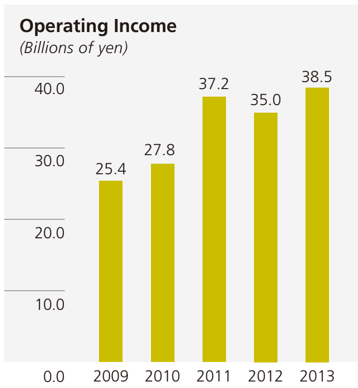
DIC Corporation and Consolidated Subsidiaries
Years ended March 31

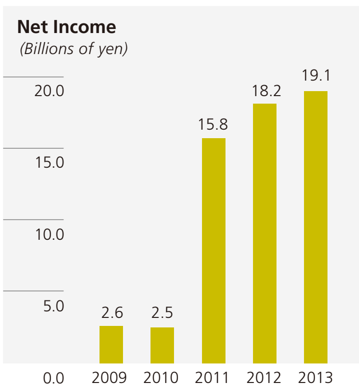
Millions of yen, except for per share information

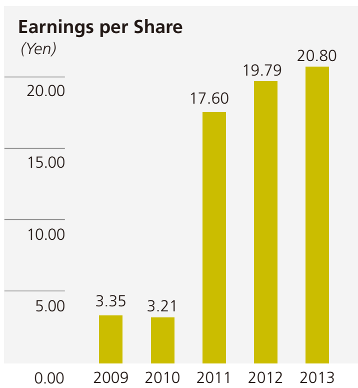
	2013	2012	2011	2010	2009	2008
Net sales	**¥703,781**	¥734,276	¥778,964	¥757,849	¥932,334	¥1,077,897
Percent increase (decrease)	**(4.2)%**	(5.7)%	2.8%	(18.7)%	(13.5)%	6.1%
Operating income	**38,484**	34,960	37,152	27,814	25,356	48,373
Net income	**19,064**	18,158	15,761	2,540	2,648	31,033
Equity (Note 3)	**136,921**	101,911	107,748	101,034	95,329	235,594
Total assets	**692,991**	675,067	703,760	749,866	738,460	978,299
Equity per share (Note 1)	**¥149.48**	¥111.08	¥117.44	¥127.72	¥120.50	¥297.75
Earnings per share (Basic) (Note 2)	**20.80**	19.79	17.60	3.21	3.35	39.20
Equity ratio to total assets	**19.8%**	15.1%	15.3%	13.5%	12.9%	24.1%
ROE (Return on equity)	**16.0%**	17.3%	15.1%	2.6%	1.6%	13.8%
Number of employees	**20,273**	20,455	21,572	22,583	23,613	25,164

Notes: 1. The computation of equity per share of common stock has been based on the number of shares issued and outstanding as of the balance sheet date.
2. The computation of earnings per share of common stock has been based on the weighted-average number of shares issued and outstanding during each fiscal year.
3. Equity comprises "Total shareholders' equity" and "Total accumulated other comprehensive income."









The fiscal years of DIC Corporation and its domestic subsidiaries, with the exception of one company, end on March 31, while those of its overseas subsidiaries end on December 31. Accordingly, this document presents the results for the fiscal year ended March 31, 2013, comprising the accounts for the fiscal year ended March 31, 2013, of DIC and its domestic subsidiaries and for the fiscal year ended December 31, 2012, of its overseas subsidiaries.

Operating Results

Despite the global economic slowdown, provoked by the European debt crisis, as well as flagging economic growth in Asia and other factors—all of which impeded domestic and overseas demand—signs of a gradual improvement in the economic environment were seen in the first quarter, notably in the electrical and electronics, automotive and other industries. Nonetheless, conditions from the second quarter forward were harsh as demand dipped, particularly in the electrical and electronics industries, a consequence of inventory adjustments, among others.

In this environment, consolidated net sales declined 4.2%, to ¥703.8 billion. Reasons behind this result included falling shipments in Japan and the appreciation of the yen, particularly to the euro.

Operating income, at ¥38.5 billion, was up 10.1%, bolstered by sales price revisions and rationalization measures, among others, which countered the impact of lower sales. Ordinary income rose 14.1%, to ¥35.1 billion. Net income increased 5.0%, to ¥19.1 billion.

	Billions of yen			
Years ended March 31	**2013**	2012	Change (%)	Change calculated in local currency (%)
Net sales	**¥703.8**	¥734.3	(4.2)%	(2.7)%
Operating income	**38.5**	35.0	10.1	14.9
Ordinary income	**35.1**	30.8	14.1	—
Net income	**19.1**	18.2	5.0	—

	Yen	
Years ended March 31	**2013**	2012
Average exchange rate (¥/US$)	**¥79.93**	¥79.77

Segment Results

In the following presentation, figures for the Printing Inks & Supplies segment include interregional transactions within the segment. Accordingly, the aggregates of regional net sales and operating income figures below differ from the figures for the Printing Inks & Supplies segment presented in the Notes to the Consolidated Financial Statements.

Printing Inks & Supplies

Japan

Although demand growth in the summer was lower than usual, sales of gravure inks were on a par with the previous fiscal year, as demand remained solid in subsequent months. Sales of offset inks declined, owing to such factors as an existing downward trend in demand and the loss of commercial rights for certain products in the wake of sales price revisions, which began in the second half of the previous fiscal year. Despite a steady softening of demand, sales of news inks remained level, bolstered by robust sales of new color inks and other factors. As a result, overall sales in Japan decreased, with the drop in sales of offset inks being a major factor.

Operating income advanced, despite the sales results cited above. Reasons for this included the integration of products, the rationalization of product lines and a certain degree of success in revising sales prices upward.

The Americas and Europe

Sales in North America and Europe were level, as falling sales of publishing inks and news inks, attributable to shrinking print runs for magazines and newspapers and other factors, countered solid sales of packaging inks. In Central and South America, sales were on a par with the fiscal year ended March 31, 2012, thanks to steady sales of mainstay packaging inks. Owing to these factors, overall sales in the Americas and Europe were level in local currency terms, but were down after translation as a result of the appreciation of the yen.

Operating income was up in local currency terms, reflecting such factors as an improved product mix and cost reductions achieved through rationalization, but declined as a result of the strong yen.

Asia and Oceania

Sales in the PRC decreased, despite brisk sales of gravure inks, as flagging economic growth and other factors pushed down sales of offset inks and news inks. Sales in Southeast Asia rose, shored up by healthy sales of gravure inks and other factors, although demand for offset inks fell. Sales in Oceania were also up, as the takeover of all businesses of Pacific Inks Limited and other factors contributed to a steep increase in sales of gravure inks, including flexo inks. Sales in India advanced, thanks to robust results in all product categories. While these results supported an increase in local currency terms, overall sales in Asia and Oceania were down after translation, owing to the impact of yen appreciation.

Despite the strong yen, operating income rose, owing to an improved product mix, among others.

		Billions of yen	Change (%)	Change calculated in local currency (%)
Japan	Net sales	¥ 87.7	(3.3)%	—
	Operating income	5.8	40.8	—
The Americas and Europe	Net sales	218.6	(4.0)	(0.4)%
	Operating income	4.0	(6.8)	28.7
Asia and Oceania	Net sales	60.1	(0.9)	2.3
	Operating income	5.2	9.9	13.2

Neo-Graphic Arts Materials

Sales of organic pigments increased, spurred by solid sales for use in color filters in Japan and in coatings and plastics in the Americas and Europe, despite sagging sales for use in inks in the latter two regions. An increase in market share was one of several factors that bolstered sales of jet inks in both the domestic and overseas markets. In contrast, sales of TFT LCs declined as shipments for use in LCD televisions decreased. As a consequence, overall segment sales edged up, as higher sales in overseas markets countered a decline in sales in Japan.

Operating income advanced, owing to the aforementioned sales results, among others.

	Billions of yen	Change (%)	Change calculated in local currency (%)
Net sales	¥128.6	0.8%	1.4%
Operating income	14.3	8.4	9.7

Synthetic Resins

In Japan, sales of resins for coatings and epoxy resins decreased. This was due to waning demand from the second quarter forward, primarily from the electrical and electronics industries. Sales of polystyrene—up in the previous fiscal year thanks to special procurement demand following the Great East Japan Earthquake—also declined. Sales were down overseas, owing primarily to a tighter market in the PRC, a result of slowing economic growth, among others.

Although segment sales were down, operating income rose. Factors contributing to this result included operating income increases at subsidiaries in Southeast Asia.

	Billions of yen	Change (%)	Change calculated in local currency (%)
Net sales	¥155.5	(3.9)%	(3.7)%
Operating income	11.6	13.7	13.1

Chemical Solution Materials

Sales of PPS compounds rose, sustained by strong demand for automotive applications, as did sales of industrial adhesive tapes, which benefited from expanded shipments for use in smartphones, among others. However, sales of high-performance optical materials slipped, owing to a decrease in demand from the electrical and electronics industries, as did sales of plastic pallets, reflecting the transfer of certain commercial rights and other factors. As a consequence, overall sales decreased.

Operating income declined, a consequence of the aforementioned sales results, among others.

	Billions of yen	Change (%)	Change calculated in local currency (%)
Net sales	¥102.9	(9.0)%	(8.9)%
Operating income	1.8	(18.8)	(18.7)

Analysis of Cash Flows

Cash and cash equivalents as of March 31, 2013, totaled ¥22.5 billion, a decrease of ¥7.1 billion from the previous fiscal year-end.

Operating Activities

Net cash provided by operating activities amounted to ¥41.4 billion, up from ¥31.2 billion provided by such activities in the fiscal year ended March 31, 2012. Income before income taxes and minority interests was ¥34.2 billion, while the adjustment for depreciation and amortization was ¥27.4 billion. Working capital declined ¥1.7 billion. Income taxes paid accounted for ¥8.4 billion of cash applied to such activities.

Investing Activities

Net cash used in investing activities came to ¥23.7 billion, up from ¥17.6 billion used in such activities in the previous fiscal year. Combined expenditures for the purchase of property, plant and equipment and the purchase of intangible assets totaled ¥26.6 billion. Expenditures related to the purchase of subsidiaries’ and affiliates’ securities totaled ¥1.8 billion. Payments for transfer of business used ¥1.0 billion. Proceeds from recollection of long-term notes receivable provided ¥3.2 billion.

Financing Activities

Net cash used in financing activities amounted to ¥26.6 billion, compared with ¥7.1 billion used in such activities in the previous fiscal year. The net total of funds applied to the repayment of interest-bearing debt was ¥20.7 billion. Cash dividends paid totaled ¥4.6 billion.

Consolidated Balance Sheet

DIC Corporation and Consolidated Subsidiaries
March 31

Assets

	Millions of yen 2013	2012
Current assets:		
Cash and deposits (Notes 4 and 17)	**¥ 22,654**	¥ 29,695
Notes and accounts receivable—trade (Notes 9, 17 and 18)	**183,221**	173,599
Merchandise and finished goods (Note 9)	**75,184**	71,295
Work in process (Note 9)	**8,045**	8,694
Raw materials and supplies (Note 9)	**45,950**	44,196
Deferred tax assets (Note 14)	**8,456**	8,353
Other (Note 17)	**17,258**	20,339
Allowance for doubtful accounts	**(8,911)**	(7,492)
Total current assets	**351,857**	348,679
Non-current assets:		
Property, plant and equipment (Notes 7, 8 and 9):		
Buildings and structures	**83,490**	80,971
Machinery, equipment and vehicles	**59,907**	57,921
Tools, furniture and fixtures	**7,561**	7,024
Land	**53,396**	51,734
Construction in progress	**9,689**	5,175
Total property, plant and equipment	**214,043**	202,825
Intangible assets (Note 8):		
Goodwill	**1,227**	611
Other	**13,572**	11,192
Total intangible assets	**14,799**	11,803
Investments and other assets:		
Investment securities (Notes 5, 6 and 17)	**36,663**	31,532
Long-term loans receivable (Notes 17 and 18)	**269**	540
Deferred tax assets (Note 14)	**34,931**	35,410
Other (Notes 5 and 17)	**44,678**	45,654
Allowance for doubtful accounts (Note 17)	**(4,249)**	(1,376)
Total investments and other assets	**112,292**	111,760
Total non-current assets	**341,134**	326,388
Total assets	**¥692,991**	¥675,067

See notes to the consolidated financial statements.

Liabilities and Net Assets

	Millions of yen 2013	2012
Current liabilities:		
Notes and accounts payable—trade (Note 17)	**¥ 109,058**	¥ 109,754
Short-term loans payable (Notes 9 and 17)	**42,392**	32,341
Current portion of long-term loans payable (Notes 9, 17 and 18)	**45,538**	36,426
Commercial papers (Notes 9 and 17)	**7,000**	11,000
Current portion of bonds (Notes 9, 17 and 18)	**3,000**	5,000
Lease obligations (Notes 9 and 17)	**685**	690
Accounts payable—other (Note 17)	**34,869**	38,358
Income taxes payable (Notes 14 and 17)	**5,770**	5,746
Deferred tax liabilities (Note 14)	**195**	334
Provision for bonuses	**2,955**	2,797
Provision for loss on disaster	**420**	2,250
Other (Note 17)	**19,812**	20,599
Total current liabilities	**271,694**	265,295
Non-current liabilities:		
Bonds payable (Notes 9, 17 and 18)	**33,000**	36,000
Long-term loans payable (Notes 9, 17 and 18)	**178,367**	201,001
Lease obligations (Notes 9 and 17)	**5,652**	6,022
Deferred tax liabilities (Note 14)	**1,781**	1,056
Provision for retirement benefits (Note 10)	**29,711**	29,948
Asset retirement obligations	**777**	933
Other (Note 17)	**11,278**	10,316
Total non-current liabilities	**260,566**	285,276
Total liabilities	**532,260**	550,571
Net assets:		
Shareholders' equity (Notes 11 and 21):		
Capital stock (Note 12)	**91,154**	91,154
Capital surplus	**88,758**	88,758
Retained earnings	**68,444**	53,963
Treasury stock (Note 13)	**(873)**	(660)
Total shareholders' equity	**247,483**	233,215
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**410**	(422)
Deferred gains or losses on hedges	**(837)**	(568)
Pension liabilities adjustments (Note 10)	**(27,888)**	(24,373)
Foreign currency translation adjustment	**(82,247)**	(105,941)
Total accumulated other comprehensive income	**(110,562)**	(131,304)
Minority interests	**23,810**	22,585
Total net assets	**160,731**	124,496
Total liabilities and net assets	**¥ 692,991**	¥ 675,067

Consolidated Statement of Income

DIC Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen	
	2013	2012
Net sales	**¥703,781**	¥734,276
Cost of sales	**560,504**	590,716
Gross profit	**143,277**	143,560
Selling, general and administrative expenses (Note 15)	**104,793**	108,600
Operating income	**38,484**	34,960
Non-operating income:		
Interest income	**1,511**	1,920
Dividends income	**272**	250
Equity in earnings of affiliates	**2,348**	2,504
Other	**3,186**	2,655
Total non-operating income	**7,317**	7,329
Non-operating expenses:		
Interest expenses	**7,093**	7,739
Foreign exchange losses	**614**	261
Other	**2,957**	3,487
Total non-operating expenses	**10,664**	11,487
Ordinary income	**35,137**	30,802
Extraordinary income:		
Gain on sales of non-current assets	**2,079**	876
Reversal of provision for loss on disaster	**1,308**	—
Gain on negative goodwill	**619**	—
Gain on sales of subsidiaries' and affiliates' stocks	**—**	2,984
Total extraordinary income	**4,006**	3,860
Extraordinary loss:		
Provision of allowance for doubtful accounts	**2,187**	1,031
Loss on disposal of non-current assets	**2,022**	3,087
Severance costs	**728**	2,634
Impairment loss (Note 8)	**—**	831
Total extraordinary losses	**4,937**	7,583
Income before income taxes and minority interests	**34,206**	27,079
Income taxes (Note 14):		
Income taxes—current	**8,873**	6,983
Income taxes—deferred	**4,116**	469
Total income taxes	**12,989**	7,452
Income before minority interests	**21,217**	19,627
Minority interests in income	**2,153**	1,469
Net income	**¥ 19,064**	¥ 18,158

	Yen	
Earnings per share (Note 2):		
Basic	**¥20.80**	¥19.79
Diluted	**—**	—
Cash dividends per share applicable to the period (Note 2)	**6.00**	4.00

See notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

DIC Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen	
	2013	2012
Income before minority interests	¥21,217	¥ 19,627
Other comprehensive income:		
Valuation difference on available-for-sale securities	842	(344)
Deferred gains or losses on hedges	(269)	(276)
Pension liabilities adjustments	(3,452)	(6,228)
Foreign currency translation adjustment	22,628	(12,666)
Share of other comprehensive income of associates accounted for using equity method	1,596	(1,141)
Total other comprehensive income (Note 20)	¥21,345	¥(20,655)
Comprehensive income	¥42,562	¥ (1,028)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	¥39,806	¥ (2,164)
Comprehensive income attributable to minority interests	2,756	1,136

See notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Assets

DIC Corporation and Consolidated Subsidiaries
Years ended March 31

Millions of yen

	Shareholders' equity					
	Issued number of common stock (thousands)	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	919,372	¥91,154	¥88,758	¥39,475	¥(657)	¥218,730
Dividends from surplus, ¥4.00 per share (Note 11)				(3,670)		(3,670)
Net income				18,158		18,158
Purchase of treasury stock—21,322 shares					(3)	(3)
Net changes of items other than shareholders' equity (Notes 6 and 11)						
Balance at March 31, 2012	919,372	91,154	88,758	53,963	(660)	233,215
Dividends from surplus, ¥5.00 per share (Note 11)				**(4,583)**		**(4,583)**
Net income				**19,064**		**19,064**
Purchase of treasury stock—1,475,326 shares					**(213)**	**(213)**
Net changes of items other than shareholders' equity (Notes 6 and 11)						
Balance at March 31, 2013	**919,372**	**¥91,154**	**¥88,758**	**¥68,444**	**¥(873)**	**¥247,483**

Millions of yen

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Pension liabilities adjustments	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2011	¥ (73)	¥(293)	¥(18,117)	¥ (92,499)	¥(110,982)	¥22,631	¥130,379
Dividends from surplus, ¥4.00 per share (Note 11)							(3,670)
Net income							18,158
Purchase of treasury stock—21,322 shares							(3)
Net changes of items other than shareholders' equity (Notes 6 and 11)	(349)	(275)	(6,256)	(13,442)	(20,322)	(46)	(20,368)
Balance at March 31, 2012	(422)	(568)	(24,373)	(105,941)	(131,304)	22,585	124,496
Dividends from surplus, ¥5.00 per share (Note 11)							**(4,583)**
Net income							**19,064**
Purchase of treasury stock—1,475,326 shares							**(213)**
Net changes of items other than shareholders' equity (Notes 6 and 11)	**832**	**(269)**	**(3,515)**	**23,694**	**20,742**	**1,225**	**21,967**
Balance at March 31, 2013	**¥ 410**	**¥(837)**	**¥(27,888)**	**¥ (82,247)**	**¥(110,562)**	**¥23,810**	**¥160,731**

See notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

DIC Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen	
	2013	2012
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥ 34,206	¥ 27,079
Adjustments for:		
Depreciation and amortization	27,408	29,724
Amortization of goodwill	180	389
Increase (decrease) in allowance for doubtful accounts	2,539	(560)
Increase (decrease) in provision for bonuses	201	11
Interest and dividends income	(1,783)	(2,170)
Equity in (earnings) losses of affiliates	(2,348)	(2,504)
Interest expenses	7,093	7,739
Loss (gain) on sales and retirement of non-current assets	(57)	2,211
Impairment loss	—	831
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	(2,984)
Decrease (increase) in notes and accounts receivable—trade	604	2,080
Decrease (increase) in inventories	5,464	(8,732)
Increase (decrease) in notes and accounts payable—trade	(7,753)	(9,290)
Other, net	(11,112)	(795)
Subtotal	54,642	43,029
Interest and dividends received	2,370	2,304
Interest expenses paid	(7,155)	(7,960)
Income taxes paid	(8,424)	(6,130)
Net cash provided by (used in) operating activities	41,433	31,243
Net cash provided by (used in) investing activities:		
Payments into time deposits	(107)	(436)
Proceeds from withdrawal of time deposits	106	399
Purchase of property, plant and equipment	(22,812)	(23,752)
Proceeds from sales of property, plant and equipment	2,903	1,523
Purchase of intangible assets	(3,793)	(3,321)
Proceeds from sales of intangible assets	7	20
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(945)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	109	5,082
Purchase of subsidiaries' and affiliates' securities	(848)	(370)
Proceeds from sales of subsidiaries' and affiliates' securities	—	76
Purchase of investment securities	(520)	(131)
Proceeds from sales and redemption of investment securities	38	102
Payments for transfer of business	(1,031)	(556)
Proceeds from recollection of long-term notes receivable	3,197	3,989
Other, net	(29)	(218)
Net cash provided by (used in) investing activities	(23,725)	(17,593)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	8,587	11,880
Increase (decrease) in commercial papers	(4,000)	11,000
Proceeds from long-term loans payable	33,939	35,618
Repayment of long-term loans payable	(54,177)	(60,636)
Proceeds from issuance of bonds	—	5,000
Redemption of bonds	(5,000)	(5,000)
Cash dividends paid	(4,583)	(3,670)
Cash dividends paid to minority shareholders	(851)	(804)
Net decrease (increase) in treasury stock	(213)	(3)
Other, net	(318)	(529)
Net cash provided by (used in) financing activities	(26,616)	(7,144)
Effect of exchange rate change on cash and cash equivalents	1,845	202
Net increase (decrease) in cash and cash equivalents	(7,063)	6,708
Cash and cash equivalents at beginning of period (Note 4)	29,592	22,884
Cash and cash equivalents at end of period (Note 4)	¥ 22,529	¥ 29,592

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

DIC Corporation and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

Note 1:

Basis of Presenting Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated financial statements are stated in Japanese yen, the currency of the country in which DIC Corporation (the "Company") is incorporated.

Note 2:

Summary of Significant Accounting Policies

Consolidated financial statements

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

The consolidated financial statements include the accounts of the Company and its significant subsidiaries: Sun Chemical Group Coöperatief U.A., DIC (China) Co., Ltd., DIC Asia Pacific Pte Ltd, SEIKO PMC CORPORATION, DIC Investments Japan, LLC., DIC Graphics Corporation and 146 other companies in 2013 (151 in 2012). Foreign consolidated subsidiaries are included on the basis of fiscal years ending on December 31. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Company and its consolidated subsidiaries is eliminated.

Investments in 31 affiliates in 2013 (29 in 2012) are accounted for by the equity method.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on hand, certificates of deposit and short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and have insignificant risk of changes in value.

Investment securities

Investment securities are classified and accounted for, depending on management's intent, into available-for-sale securities. Available-for-sale securities are carried at fair value as of the balance sheet date, with unrealized gain and loss, net of applicable taxes, reported in a separate component of net assets. Available-for-sale securities whose fair values are not readily available are carried at cost. The cost of securities sold is determined based on the moving-average method.

Allowance for doubtful accounts

Allowance for doubtful accounts of the Company and its domestic consolidated subsidiaries is provided based on historical experience for normal receivables and on an estimate of collectibility of receivables from companies in financial difficulty.

Allowance for doubtful accounts of foreign consolidated subsidiaries is provided based on an estimate of collectibility of receivables.

Inventories

Inventories of the Company and its domestic consolidated subsidiaries are principally stated at cost, cost being determined by the gross average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability.

Inventories of foreign consolidated subsidiaries are principally stated at the lower of cost or market, cost being determined by the first-in, first-out method.

Property, plant and equipment

Property, plant and equipment is carried at cost. Significant renewals and additions are capitalized; maintenance and repairs, and minor renewals and improvements, are charged to income as incurred.

Depreciation of buildings (other than fixtures) of the Company and its domestic consolidated subsidiaries is calculated principally by the straight-line method and other property, plant and equipment is calculated by the declining-balance method.

Depreciation of property, plant and equipment of foreign consolidated subsidiaries is calculated principally by the straight-line method. The range of useful lives is principally from 8 to 50 years for buildings and structures and from 3 to 11 years for machinery, equipment and vehicles.

(Accounting change)

Change in depreciation method

In accordance with the amendment of the Corporation Tax Law, effective from the current fiscal year, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property and equipment acquired on or after April 1, 2012.

The impact of this change on profit and loss for the current fiscal year is immaterial.

Intangible assets

Intangible assets are carried at cost less accumulated amortization, which are amortized by the straight-line method. Goodwill is amortized by the straight-line method over a reasonable period not exceeding 20 years.

Leased assets

Under accounting standards generally accepted in Japan, leased assets related to finance leases that do not transfer ownership of the leased property to the lessee are depreciated on a straight-line basis, with the lease periods used as their useful lives and no residual value. The accounting treatment for finance leases that do not transfer ownership of the leased property to the lessee which took place before March 31, 2008, continues to be accounted for in accordance with the method used for operating lease transactions.

Foreign consolidated subsidiaries account for lease transactions in accordance with either the accounting principles generally accepted in the United States (“U.S. GAAP”) or IFRS.

Provision for loss on disaster

Provision for loss on disaster is provided based on the estimated future restoration expenses resulting from the Great East Japan Earthquake which occurred on March 11, 2011.

Provision for retirement benefits

Provision for employees’ and executive officers’ retirement benefits of the Company and its domestic consolidated subsidiaries is provided based on the retirement benefit obligations and the fair value of pension plan assets as of the balance sheet date. Actuarial gain and loss is amortized in the succeeding year primarily by the straight-line method over stated years that do not exceed the average remaining service period of the eligible employees (14–16 years).

Provision for employees’ retirement benefits of foreign consolidated subsidiaries is accounted for in accordance with either U.S. GAAP or IFRS.

Asset retirement obligations

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period in which the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

Income taxes

The provision for income taxes is computed based on the pretax income (loss) included in the consolidated statement of income.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The Company and certain of its consolidated subsidiaries have applied the consolidated taxation system from the current fiscal year.

Research and development costs

Research and development costs are charged to income as incurred.

Basis of translation of financial statements of foreign consolidated subsidiaries

The financial statements of foreign consolidated subsidiaries included in the consolidated financial statements are translated into Japanese yen based on the following procedures:

(1) Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rates as of the balance sheet date.

(2) Income and expenses are translated into Japanese yen at the average rate during the year.

The differences of translation are included in foreign currency translation adjustment and minority interests, which are presented as separate components of net assets.

Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the balance sheet date and any difference arising from the translation is recognized in the consolidated statement of income if hedge accounting is not applied.

Derivatives and hedging activities

To hedge risks associated with the fluctuations of exchange rates, interest rates and commodity prices, the Company and its consolidated subsidiaries use foreign currency forward contracts, currency options and swaps, interest rate options and swaps, and commodity swaps. To hedge a part of the risks associated with the fluctuations of exchange rates for investments in foreign entities, the Company uses loans denominated in foreign currencies. The Company and its consolidated subsidiaries do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: 1) all derivatives are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized in the consolidated statement of income, and 2) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Receivables and payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting. Gains and losses related to qualifying hedges of firm commitments or anticipated transactions are deferred and recognized in income when the hedged transaction occurs. If interest rate swaps qualify for hedge accounting and meet certain specific matching criteria, they will not be measured at market value, rather the differential paid or received under the swap agreements will be recognized in interest expenses or interest income.

Per share information

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

Note 3:

New Accounting Pronouncement

Accounting Standard for Retirement Benefits

On May 17, 2012, the Accounting Standards Board of Japan ("ASBJ"), issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits."

(1) Overview

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within net assets, after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability or asset. Funded status is fully recognized as a liability or asset on the balance sheet. With respect to the amortization method of the expected benefit, the benefit formula basis is newly allowed as an option, in addition to the straight-line basis. In addition, the method for determining the discount rate is also amended.

(2) Date of adoption

The Company and its domestic consolidated subsidiaries will adopt the revised accounting standards from the end of the year ending December 31, 2013, except for the amortization method of the expected benefit, which the Company and its domestic consolidated subsidiaries will adopt from the beginning of the year ending December 31, 2015. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

(3) Impact of the adoption of the accounting standard

The Company is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

Note: The Company took the decision to change the fiscal year-end of the Company and its domestic consolidated subsidiaries from March 31 to December 31 at the ordinary general meeting of shareholders held on June 20, 2013. As a result, the upcoming fiscal year end will be December 31, 2013.

Note 4:

Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2013 and 2012 include the following:

	Millions of yen	
	2013	2012
Cash and deposits	¥22,654	¥29,695
Less: time deposits and short-term investments which mature over three months after the date of acquisition	(125)	(103)
Cash and cash equivalents	¥22,529	¥29,592

Note 5:

Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates as of March 31, 2013 and 2012 include the following:

	Millions of yen	
	2013	2012
Investments in stock of unconsolidated subsidiaries and affiliates	¥24,452	¥20,649
Investments in equity of unconsolidated subsidiaries and affiliates	1,033	869
Total	¥25,485	¥21,518

Note 6:

Investment Securities

The carrying amounts and aggregate fair values of available-for-sale securities at March 31, 2013 and 2012 are as follows:

	Millions of yen			
	2013			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	¥8,109	¥1,461	¥(798)	¥8,772
Total	¥8,109	¥1,461	¥(798)	¥8,772

	Millions of yen			
	2012			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	¥7,703	¥1,061	¥(1,630)	¥7,134
Total	¥7,703	¥1,061	¥(1,630)	¥7,134

Note 7:

Property, Plant and Equipment

Accumulated depreciation on property, plant and equipment as of March 31, 2013 and 2012 is ¥501,418 million and ¥474,580 million, respectively.

Note 8:

Impairment of Long-Lived Assets

Impairment losses on long-lived assets for the year ended March 31, 2012 for each asset group is as follows:

			Millions of yen
			2012
Used status	Category of assets	Location	Allocated impairment loss
Goodwill	Goodwill	Europe	¥493
Factory assets in use	Machinery, buildings and other	China	293
Others	Machinery and other	China and other	45
Total			¥831

All of the book value of goodwill has been recognized as impairment loss. The book values of factory assets in use and others have been lowered to the recoverable amount.

Note 9:

Short-Term Loans Payable and Long-Term Loans Payable

Information with respect to short-term loans payable at March 31, 2013 and 2012 is as follows:

The average interest rate for the years ended March 31, 2013 and 2012 is 1.36% and 1.40%, respectively, for short-term loans payable, and 0.11% and 0.11%, respectively, for commercial papers.

Bonds payable, long-term loans payable and lease obligations at March 31, 2013 and 2012 comprise the following:

	Millions of yen	
	2013	2012
1.08% Japanese yen notes due 2013	**¥ —**	¥ 5,000
1.019% Japanese yen notes due 2014	**3,000**	3,000
1.74% Japanese yen notes due 2015	**5,000**	5,000
1.079% Japanese yen notes due 2017	**3,000**	3,000
0.81% Japanese yen notes due 2017	**5,000**	5,000
3.373% Japanese yen notes due 2070	**20,000**	20,000
Loans due 2014–2025, with an average interest rate of 1.65%	**223,905**	—
Loans due 2013–2024, with an average interest rate of 1.72%	**—**	237,427
Lease obligations	**6,337**	6,712
Subtotal	**266,242**	285,139
Less: current portion of long-term loans payable	**(45,538)**	(36,426)
Less: current portion of bonds	**(3,000)**	(5,000)
Less: lease obligations—current	**(685)**	(690)
Total	**¥217,019**	¥243,023

The annual maturities of bonds payable, long-term loans payable and lease obligations for the years subsequent to March 31, 2013 are as follows:

	Millions of yen
2014	¥ 49,223
2015	40,601
2016	56,730
2017	60,714
2018	30,933
Thereafter	28,041
Total	¥266,242

The amounts of assets pledged as collateral and secured borrowings and loans at March 31, 2013 comprise the following:

	Millions of yen
Assets pledged as collateral:	
Notes and accounts receivable—trade	¥3,181
Inventories	1,835
Property, plant and equipment	944
Total	¥5,960
Secured borrowings and loans:	
Short-term loans payable	¥ 181
Current portion of long-term loans payable	205
Long-term loans payable	1,475
Total	¥1,861

Note 10: Provision for Retirement Benefits

The Company and a number of domestic consolidated subsidiaries have a cash balance-style pension plan and defined benefit pension and retirement plans. Some consolidated subsidiaries maintain defined benefit pension plans and defined contribution pension plans. The Company contributes certain available-for-sale securities to the employee retirement benefit trust.

The status of benefit obligation, plan assets, unrecognized obligations and the amounts recognized in the consolidated balance sheet as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	
	Domestic plans	Foreign plans
Projected benefit obligation	¥(101,290)	¥(108,838)
Fair value of plan assets	102,901	80,357
Unfunded pension obligation	1,611	(28,481)
Unrecognized actuarial loss (Note)	11,667	40,487
Unrecognized prior service cost (Note)	—	203
Additional minimum pension liabilities (Note)	—	(40,690)
Net accrued pension liabilities	13,278	(28,481)
Prepaid pension cost	14,475	33
Provision for retirement benefits	¥ (1,197)	¥ (28,514)

	Millions of yen	
	2012	
	Domestic plans	Foreign plans
Projected benefit obligation	¥(103,769)	¥(91,533)
Fair value of plan assets	90,762	62,936
Unfunded pension obligation	(13,007)	(28,597)
Unrecognized actuarial loss (Note)	26,535	36,217
Unrecognized prior service cost (Note)	—	232
Additional minimum pension liabilities (Note)	—	(36,449)
Net accrued pension liabilities	13,528	(28,597)
Prepaid pension cost	14,858	21
Provision for retirement benefits	¥ (1,330)	¥(28,618)

Note: Unrecognized actuarial loss and unrecognized prior service cost are principally recognized in net assets (accumulated other comprehensive income) with tax effect adjusted in accordance with U.S. GAAP.

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012 comprise the following:

	Millions of yen	
	2013	
	Domestic plans	Foreign plans
Service cost	**¥ 2,596**	**¥ 405**
Interest cost	**2,163**	**4,139**
Expected return on plan assets	**(2,589)**	**(4,487)**
Recognition of actuarial loss	**3,695**	**1,123**
Amortization of prior service cost	—	**65**
Net periodic benefit costs	**¥ 5,865**	**¥ 1,245**

	Millions of yen	
	2012	
	Domestic plans	Foreign plans
Service cost	¥ 2,735	¥ 526
Interest cost	2,341	4,413
Expected return on plan assets	(2,595)	(4,491)
Recognition of actuarial loss	3,712	771
Amortization of prior service cost	—	71
Net periodic benefit costs	¥ 6,193	¥ 1,290

Prior service cost, actuarial gain or loss, and transitional obligation are amortized or recognized over stated years that do not exceed the average remaining service period of active employees expected to receive benefits under the plan. Assumptions used for the years ended March 31, 2013 and 2012 are as follows:

	2013		2012	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate	**2.0%**	**2.9%–4.6%**	2.1%	4.0%–5.9%
Expected rate of return on plan assets	**3.0%**	**3.0%–8.3%**	3.0%	3.3%–8.5%
Amortization period of prior service cost	**1 year**	**12–20 years**	1 year	12–20 years
Recognition period of actuarial (gain) loss	**14–16 years**	**11–21 years**	14–16 years	11–21 years
Amortization period of transitional obligation	**1 year**	**12–20 years**	1 year	12–20 years

Note 11:

Net Assets

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Note 12:

Capital Stock

Total amount of capital stock authorized as of March 31, 2013 and 2012 is 1,500,000,000 shares.

Total amount of capital stock issued as of March 31, 2013 and 2012 is 919,372,048 shares.

Note 13:

Treasury Stock

Treasury stock as of March 31, 2013 and 2012 amounted to 3,359,492 shares and 1,884,166 shares, respectively.

Note 14: Income Taxes

The differences between the normal effective statutory tax rate in Japan and the actual effective tax rate for the years ended March 31, 2013 and 2012 are as follows:

	2013	2012
Normal effective statutory tax rate in Japan	38.0%	40.7%
Adjustments:		
Valuation allowance change	2.2%	7.0%
Tax rate differences	(5.1)%	(9.3)%
Equity in earnings of affiliates	(2.9)%	(4.0)%
Entertainment and other non-deductible expenses	1.4%	2.0%
Elimination of intercompany dividend income	14.7%	14.3%
Dividend income and other non-taxable income	(12.2)%	(12.5)%
State, provincial, municipal and local taxes	1.7%	1.1%
Tax credit for research and development and others	(2.0)%	(3.4)%
Adoption of FIN48	(0.6)%	(4.6)%
Other	2.8%	(3.8)%
Actual effective tax rate	38.0%	27.5%

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities, as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Deferred tax assets:		
Inventories	¥ 3,934	¥ 3,922
Property, plant and equipment	5,560	4,932
Allowance for doubtful accounts	2,445	1,137
Provision for retirement benefits	12,091	13,444
Restructuring and divestitures	1,742	1,671
Unrealized gain	1,363	1,244
Net operating loss carryforwards	28,182	26,144
Other	24,979	26,570
Subtotal	80,296	79,064
Less: valuation allowance	(20,774)	(20,152)
Total	59,522	58,912
Deferred tax liabilities:		
Deferred income taxes related to gains from property, plant and equipment	(4,234)	(4,437)
Property, plant and equipment	(8,554)	(7,817)
Contribution of securities to retirement benefit trust	(1,864)	(1,966)
Other	(3,459)	(2,319)
Total	(18,111)	(16,539)
Net deferred tax assets	¥ 41,411	¥ 42,373

Note 15: Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2013 and 2012 are ¥8,798 million and ¥9,100 million, respectively.

Note 16:

Leases

(1) Finance leases that do not transfer ownership of the leased property to the lessee

As described in Note 2, leased assets related to finance leases that do not transfer ownership of the leased property to the lessee are depreciated on a straight-line basis, with the lease periods used as their useful lives and no residual value. The accounting treatment for finance leases that do not transfer ownership of the leased property to the lessee which took place before March 31, 2008 continues to be accounted for as operating leases under the accounting standard in Japan. Lease payments under the above leases for the years ended March 31, 2013 and 2012 are ¥366 million and ¥612 million, respectively.

Pro forma information for such finance leases for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		
	2013		
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
Balances at year-end:			
Acquisition cost	¥ 1,408	¥ 46	¥ 1,454
Accumulated depreciation	(1,221)	(37)	(1,258)
Net leased property	¥ 187	¥ 9	¥ 196

Note: In addition, there is an accumulated impairment loss of ¥186 million related to "Machinery, equipment and vehicles."

	Millions of yen			
	2012			
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
Balances at year-end:				
Acquisition cost	¥ 2,317	¥ 490	¥ 53	¥ 2,860
Accumulated depreciation	(1,828)	(421)	(48)	(2,297)
Net leased property	¥ 489	¥ 69	¥ 5	¥ 563

Note: In addition, there is an accumulated impairment loss of ¥186 million related to "Machinery, equipment and vehicles."

	Millions of yen	
	2013	2012
Present value of future minimum lease payments:		
Due within one year	¥168	¥370
Due after one year	75	261
Total	¥243	¥631

	Millions of yen	
	2013	2012
Present balance of allowance for impairment loss on leased property	¥30	¥82

	Millions of yen	
	2013	2012
Depreciation expense	¥334	¥558
Interest expenses	12	27
Reversal of allowance for impairment loss on leased property	52	52

In estimating the above summarized pro forma lease information, depreciation is computed by the straight-line method over the lease term, and interest expense is computed by the interest method.

(2) Operating leases

Future minimum rental payments under non-cancellable operating leases at March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Due within one year	¥2,252	¥1,789
Due after one year	7,224	6,356
Total	¥9,476	¥8,145

Note 17: Financial Instruments

Group policy for financial instruments

The Company and its consolidated subsidiaries are managing funds with safe and secure financial assets. Means of financings include direct financing such as the issuance of bonds and commercial papers and liquidation of receivables, as well as indirect financing such as short- and long-term bank borrowings, the terms of which are determined based on financial market conditions and balance of account at the time.

Nature and extent of risks arising from financial instruments

Receivables such as notes and accounts receivable–trade are exposed to customer credit risk. In addition, some of such receivables are denominated in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates. Investment securities, mainly the stocks of customers and suppliers, are exposed to the risk of market price fluctuations. Long-term loans receivable, mainly the loans receivable from customers, are exposed to the credit risk arising from default of contract.

Payment terms of payables, such as notes and accounts payable–trade, are less than one year. In addition, some of such payables for the import of raw materials, etc., are denominated in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates.

Funds needed for operations are mainly procured as short-term loans payable and commercial papers, whereas funds needed for capital expenditure and investment are mainly procured as long-term loans payable, bonds payable and lease obligations with regard to finance lease transactions. A part of such bank loans, bonds and lease obligations are exposed to market risks from changes in variable interest rates. Trade accounts payable and loans payable of the Company are also exposed to liquidity risk that the Company cannot meet its contractual obligations in full on maturity dates.

Risk management for financial instruments

The Company manages its credit risk from trade notes and accounts receivable and long-term loans receivable on the basis of internal guidelines, which include the monitoring of payment terms and balances of customers by sales and business administration department to identify the default risk of customers at an early stage. As for the consolidated subsidiaries of the Company, they manage the exposure to credit risk on their own in accordance with their internal guidelines. Investment securities are managed by monitoring market values, the financial position of issuers and considering the relationship with customers and suppliers on a regular basis. The Company and its consolidated subsidiaries also try to mitigate liquidity risk by arranging lines of credit with financial institutions, along with adequate financial planning.

Fair value of financial instruments

The following tables present the carrying amounts and the fair value of financial instruments at March 31, 2013 and 2012. Financial instruments whose fair value is not reliably measured are excluded from the table below.

	Millions of yen		
	2013		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 22,654	¥ 22,654	¥ —
Notes and accounts receivable—trade	183,221	183,221	—
Investment securities			
Stocks of subsidiaries and affiliates	4,856	7,477	2,621
Other	8,772	8,772	—
Long-term loans receivable	269		
Allowance for doubtful accounts (Note 1)	(92)		
	177	177	—
Total	¥219,680	¥222,301	¥2,621
Liabilities:			
Notes and accounts payable—trade	¥109,058	¥109,058	¥ —
Short-term loans payable	42,392	42,392	—
Current portion of long-term loans payable	45,538	45,755	217
Commercial papers	7,000	7,000	—
Current portion of bonds	3,000	3,017	17
Lease obligations (current)	685	685	—
Accounts payable—other	34,869	34,869	—
Income taxes payable	5,770	5,770	—
Bonds payable	33,000	33,419	419
Long-term loans payable	178,367	180,643	2,276
Lease obligations (non-current)	5,652	5,921	269
Total	¥465,331	¥468,529	¥3,198
Derivative financial instruments: (Note 2)			
Hedge accounting—Not applied	¥ (222)	¥ (222)	¥—
Hedge accounting—Applied	(1,199)	(1,199)	—
Total	¥(1,421)	¥(1,421)	¥—

	Millions of yen		
	2012		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 29,695	¥ 29,695	¥ —
Notes and accounts receivable—trade	173,599	173,599	—
Investment securities			
Stocks of subsidiaries and affiliates	4,440	4,600	160
Other	7,134	7,134	—
Long-term loans receivable	540		
Allowance for doubtful accounts (Note 1)	(110)		
	430	431	1
Total	¥215,298	¥215,459	¥161

Liabilities:			
Notes and accounts payable—trade	¥109,754	¥109,754	¥ —
Short-term loans payable	32,341	32,341	—
Current portion of long-term loans payable	36,426	36,662	236
Commercial papers	11,000	11,000	—
Current portion of bonds	5,000	5,004	4
Lease obligations (current)	690	690	—
Accounts payable—other	38,358	38,358	—
Income taxes payable	5,746	5,746	—
Bonds payable	36,000	36,746	746
Long-term loans payable	201,001	203,742	2,741
Lease obligations (non-current)	6,022	6,081	59
Total	¥482,338	¥486,124	¥3,786

Derivative financial instruments: (Note 2)			
Hedge accounting—Not applied	¥ 594	¥ 594	¥—
Hedge accounting—Applied	(832)	(832)	—
Total	¥(238)	¥(238)	¥—

Notes: 1. Allowance for doubtful accounts taken for long-term loans receivable is subtracted.
2. Figures are net of debts and credits that arise from derivative financial instruments. Net debt amounts are indicated in parentheses.

The valuation techniques used to estimate the fair value of financial instruments, and information of the marketable securities and derivative financial instruments are as follows:

Assets

Cash and deposits, and notes and accounts receivable–trade

The fair value of cash and deposits and notes and accounts receivable–trade approximates their carrying amounts as these amounts are settled in a short period of time.

Investment securities

The fair value of investment securities is measured at the quoted market price on the stock exchange.

Long-term loans receivable

Long-term loans receivable mainly consists of the accounts receivable from customers. The fair value of long-term loans receivable is determined by discounting the cash flows related to the loans. The discount rate applied for the calculation above is estimated by adding a credit risk spread to the appropriate risk-free rate, such as the rate of return for government bonds.

Liabilities

Notes and accounts payable–trade, short-term loans payable, commercial papers, accounts payable–other and income taxes payable

The fair value of these accounts approximates their carrying amounts as these amounts are settled in a short period of time.

Current portion of long-term loans payable, and long-term loans payable

The fair value of long-term loans payable for which a floating interest rate is applied approximates its carrying amount, due to the fact that the market rate of interest is quickly factored in while the credit status of the Company remains unchanged. On the other hand, the fair value of long-term loans payable for which a fixed interest rate is applied is determined by discounting the cash flows related to the long-term loans payable. The discount rate applied for the calculation above is the interest rate that may be currently available to the Group for loans payable with similar terms and conditions.

Current portion of bonds, and bonds payable

As for bonds payable which has observable market prices, the fair value is measured using the quoted market prices. For those with no market prices, the fair value is determined by discounting the cash flows related to the bond or by using the quoted price obtained from the financial institutions. The discount rate applied for the calculation above is the interest rate that may be currently available to the Group for bonds payable with similar terms and conditions.

Lease obligations (current), and lease obligations (non-current)

The fair value of these accounts is determined by discounting the cash flows related to the lease obligations. The discount rate applied for the calculation above is the interest rate that may be currently available to the Group for lease obligations with similar terms and conditions.

Derivative financial instruments

Please see Note 18 "Derivative Financial Instruments" for more information.

Financial instruments whose fair value is not reliably measured

There are no market prices for non-listed stocks and others (carrying amount of ¥23,035 million) whose future cash flows cannot be estimated. The fair value of such non-listed stocks and others is not reliably determinable and thus is excluded from "Investment securities."

Redemption schedule for financial assets and securities

The redemption schedules for financial assets and securities with contractual maturities as of March 31, 2013 and 2012 are summarized as follows:

				Millions of yen
				2013
	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Notes and accounts receivable—trade	¥183,220	¥ 1	¥—	¥—
Long-term loans receivable	—	207	50	12
Total	¥183,220	¥208	¥50	¥12

				Millions of yen
				2012
	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Notes and accounts receivable—trade	¥173,599	¥ —	¥—	¥ —
Investment securities				
Investment securities with contractual maturities				
Bonds (government bonds and local securities, etc.)	2	—	—	—
Long-term loans receivable	—	419	15	106
Total	¥173,601	¥419	¥15	¥106

Repayment schedule for bonds payable, long-term loans payable and other interest-bearing debt

The repayment schedules for bonds payable, long-term loans payable and other interest-bearing debt with contractual maturities as of March 31, 2013 and 2012 are summarized as follows:

				Millions of yen
				2013
	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Short-term loans payable	¥42,392	¥ —	¥ —	¥ —
Current portion of long-term loans payable	45,538	—	—	—
Commercial papers	7,000	—	—	—
Current portion of bonds	3,000	—	—	—
Lease obligations (current)	685	—	—	—
Bonds payable	—	13,000	—	20,000
Long-term loans payable	—	173,989	4,355	23
Lease obligations (non-current)	—	1,989	1,816	1,847
Total	¥98,615	¥188,978	¥6,171	¥21,870

	Millions of yen			
	2012			
	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Short-term loans payable	¥32,341	¥ —	¥ —	¥ —
Current portion of long-term loans payable	36,426	—	—	—
Commercial papers	11,000	—	—	—
Current portion of bonds	5,000	—	—	—
Lease obligations (current)	690	—	—	—
Bonds payable	—	16,000	—	20,000
Long-term loans payable	—	179,885	21,114	2
Lease obligations (non-current)	—	2,076	1,830	2,116
Total	¥85,457	¥197,961	¥22,944	¥22,118

Note 18:

Derivative Financial Instruments

The Company and its consolidated subsidiaries have entered into various foreign currency forward contracts, currency option and swap agreements, interest rate option and swap agreements, and commodity swap agreements.

Foreign currency forward contracts and currency option and swap agreements are entered into to hedge the effects of exchange rate changes on receivables and payables or anticipated transactions denominated in foreign currencies. Interest rate option and swap agreements are entered into to hedge the effects of interest rate changes and to reduce financing cost. Commodity swap agreements are entered into to hedge the effects of commodity price changes of fuel. Loans denominated in foreign currencies are entered into to hedge a part of risks associated with the fluctuations of exchange rate for investments in foreign entities.

The Company and its consolidated subsidiaries do not use derivative instruments for trading or speculative purposes. Derivative transactions performed by the Company and its consolidated subsidiaries have risks due to fluctuations of exchange rates, interest rates and other factors.

Because these transactions are executed with creditworthy financial institutions, the Company and its consolidated subsidiaries do not anticipate the likelihood of any losses resulting from default by the counterparties to these agreements.

Internal regulation for managing derivative transactions has been established for the purpose of risk control in the Company, and all derivative transactions are performed under this regulation.

The execution of derivative transactions is carried out by the Company's Finance Department, and the management of risk is monitored by the Company's Accounting Department. Transactions are periodically reported to the Board of Directors by the Director who is in charge of the Company's Accounting Department.

Consolidated subsidiaries execute transactions in accordance with their regulations for derivative management and periodically report the results of those transactions to the Company.

Derivative transactions to which hedge accounting is not applied at March 31, 2013 and 2012.

(1) Currency-related

	Millions of yen			
	2013			
	Contract/Notional amount	Contract/Notional amount due after one year	Fair value	Unrealized gain/loss
Currency options: (Note 1)				
Selling				
Euro	¥ 6,222	¥—	¥(123)	¥113
GB Pound	1,879	—	(22)	20
Buying				
Euro	894	—	6	6
U.S.$	5,902	—	(36)	(33)
Foreign currency forward contracts: (Note 2)				
Selling				
Canadian $	1,871	—	15	(14)
Buying				
Euro	1,721	—	(16)	(16)
U.S.$	2,568	—	(39)	(36)
Other	10	—	(7)	(7)
Total	¥21,067	¥—	¥(222)	¥ 33

	Millions of yen			
	2012			
	Contract/Notional amount	Contract/Notional amount due after one year	Fair value	Unrealized gain/loss
Currency options: (Note 1)				
Selling				
Euro	¥ 3,396	¥—	¥202	¥(207)
GB Pound	452	—	19	(20)
Buying				
Euro	4,685	—	168	172
U.S.$	4,464	—	153	157
Foreign currency forward contracts: (Note 2)				
Selling				
Canadian $	1,867	—	(31)	32
Other	771	—	(5)	6
Buying				
Euro	2,947	—	220	226
U.S.$	685	—	22	22
Other	447	—	20	20
Total	¥19,714	¥—	¥768	¥ 408

Notes: 1. The fair value of currency options is measured using the quoted price obtained from the financial institutions. Currency options used are called collar options, which effectively limit the risk arising from the changes in exchange rate by the combination of buying call options and selling put options, or selling call options and buying put options.

2. The fair value of foreign currency forward contracts is measured using the forward quotation.

(2) Interest-related

	Contract/Notional amount	Contract/Notional amount due after one year	Fair value	Unrealized gain/loss
	Millions of yen			
	2013			
Interest rate options: (Notes 1 and 2)				
Buying	¥17,143	¥—	¥—	¥186
Total	¥17,143	¥—	¥—	¥186

	Contract/Notional amount	Contract/Notional amount due after one year	Fair value	Unrealized gain/loss
	Millions of yen			
	2012			
Interest rate options: (Notes 1 and 2)				
Buying	¥15,088	¥—	¥(181)	¥219
Total	¥15,088	¥—	¥(181)	¥219

Notes: 1. The fair value of interest rate options is measured using the quoted price obtained from the financial institutions.
2. Interest rate options used are called collar options, which effectively limit the risk arising from the changes in interest rates by the combination of buying call options and selling put options.

Derivative transactions to which hedge accounting is applied at March 31, 2013 and 2012.

(1) Currency-related

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
	Millions of yen			
		2013		
Currency swaps: (Note 1)				
(Payment in Australia $ and receipt in Singapore $)	Long-term loans payable	¥ 531	¥531	¥ 11
(Payment in New Zealand $ and receipt in Singapore $)		325	325	(1)
Foreign currency forward contracts: (Note 1)				
Selling				
U.S.$	Forecast transaction	4,113	—	(196)
Euro		113	—	3
Buying				
U.S.$	Accounts payable—trade	141	—	1
Foreign currency forward contracts: (Note 2)				
Selling				
U.S.$	Accounts receivable—trade	2,904	—	
Euro		338	—	
Total		¥8,465	¥856	¥(182)

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
				Millions of yen
				2012
Currency swaps: (Note 1)				
(Payment in Singapore $ and receipt in U.S.$)	Long-term loans payable	¥1,302	¥1,302	¥(23)
Foreign currency forward contracts: (Note 1)				
Selling				
U.S.$	Forecast transaction	4,018	—	60
Euro		133	—	6
Foreign currency forward contracts: (Note 2)				
Selling				
U.S.$	Accounts receivable—trade	2,932	—	
Euro		343	—	
Total		¥8,728	¥1,302	¥ 43

Notes: 1. The fair value of currency swaps and foreign currency forward contracts is measured using the quoted price obtained from the financial institutions.
2. Exchange contracts appropriated to specific debts and credits are settled together with either accounts receivable–trade or loans receivable subject to hedged transaction. Accordingly, the fair value of such exchange contracts is reflected in the accounts receivable–trade or loans receivable.

(2) Interest-related

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
				Millions of yen
				2013
Interest rate swaps: (Note 1) (Fixed rate payment, floating rate receipt)	Bonds payable, Long-term loans payable	**¥ 21,185**	**¥20,889**	**¥ (342)**
Interest rate options: (Note 2) Buying	Long-term loans payable	**14,382**	**14,382**	**(658)**
Interest rate swaps: (Note 3)	Bonds payable, Long-term loans payable			
(Fixed rate payment, floating rate receipt)		**84,910**	**59,910**	
(Floating rate payment, floating rate receipt)		**8,500**	**4,500**	
Total		**¥128,977**	**¥99,681**	**¥(1,000)**

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
				Millions of yen
				2012
Interest rate swaps: (Note 1) (Fixed rate payment, floating rate receipt)	Bonds payable	¥ 20,000	¥ 20,000	¥(353)
Interest rate options: (Note 2) Buying	Long-term loans payable	12,591	12,591	(377)
Interest rate swaps: (Note 3)	Bonds payable, Long-term loans payable			
(Fixed rate payment, floating rate receipt)		84,210	70,210	
(Floating rate payment, floating rate receipt)		8,500	8,500	
Total		¥125,301	¥111,301	¥(730)

Notes: 1. The fair value of interest rate swaps is measured using the quoted price obtained from the financial institutions.
2. Interest rate options used are called collar options, which effectively limit the risk arising from the changes in interest rates by the combination of buying call options and selling put options.
3. If interest rate swaps qualify for hedge accounting, and meet certain specific criteria, they are settled together with either bonds payable or long-term loans payable subject to hedged transaction. Accordingly, the fair value of such interest rate swaps is reflected in the account of bonds payable and long-term loans payable.

(3) Commodity-related

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
		Millions of yen 2013		
Commodity swaps: (Note) (Fixed price payment, floating price receipt)	Fuel	¥69	¥—	¥(17)
Total		¥69	¥—	¥(17)

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
		Millions of yen 2012		
Commodity swaps: (Note) (Fixed price payment, floating price receipt)	Fuel	¥161	¥42	¥(51)
Total		¥161	¥42	¥(51)

Note: The fair value of commodity swaps is measured using the quoted price obtained from the exchange.

Note 19: Commitments and Contingent Liabilities

Contingent liabilities at March 31, 2013 are as follows:

	Millions of yen 2013
Trade notes endorsed	¥ 78
Liabilities for guarantee	871
Agreements which require the Company to submit guarantees to bank facilities	19
Total	¥968

In the opinion of management, the eventual settlement of pending lawsuits in which the Company or any of its consolidated subsidiaries is the defendant will not have a material effect on the consolidated financial position or consolidated results of operations of the Company and its consolidated subsidiaries.

Note 20:

Other Comprehensive Income

Each component of other comprehensive income and related tax effects (including those on minority interests) for the years ended March 31, 2013 and 2012 comprises the following:

	Millions of yen	
	2013	2012
Valuation difference on available-for-sale securities:		
Gains (losses) arising during the year	¥ 1,274	¥ (474)
Reclassification adjustments to profit or loss	1	(38)
Amount before income tax effect	1,275	(512)
Income tax effect	(433)	168
Total	842	(344)
Deferred gains or losses on hedges:		
Gains (losses) arising during the year	(279)	(88)
Reclassification adjustments to profit or loss	(88)	(275)
Amount before income tax effect	(367)	(363)
Income tax effect	98	87
Total	(269)	(276)
Pension liabilities adjustments:		
Adjustments arising during the year	(5,424)	(10,371)
Reclassification adjustments to profit or loss	1,188	841
Amount before income tax effect	(4,236)	(9,530)
Income tax effect	784	3,302
Total	(3,452)	(6,228)
Foreign currency translation adjustment:		
Adjustments arising during the year	22,588	(12,685)
Reclassification adjustments to profit or loss	40	19
Amount before income tax effect	22,628	(12,666)
Total	22,628	(12,666)
Share of other comprehensive income of associates accounted for using equity method		
Gains (losses) arising during the year	1,596	(1,141)
Total other comprehensive income (loss)	¥21,345	¥(20,655)

Note 21:

Subsequent Events

(1) At the Company's annual meeting of shareholders held on June 20, 2013, the shareholders approved the following appropriations of retained earnings:

	Millions of yen
Cash dividends, ¥3.00 per share	¥2,748
Total	¥2,748

(2) There were no important events to be reported subsequent to the year ended March 31, 2013.

Note 22:

Segment Information

(1) Segment information

Description of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to evaluate their performance and determine the allocation of management resources.

The Group has seven product divisions, namely "Printing Inks," "Fine Chemicals," "General Polymers," "Specialty Polymers," "Liquid Compounds," "Solid Compounds" and "Processed Products" and each product division conducts its business.

The product divisions are aggregated into four reportable segments, namely "Printing Inks & Supplies," "Neo-Graphic Arts Materials," "Synthetic Resins" and "Chemical Solution Materials," based on the similarity of the products and services.

"Printing Inks & Supplies" mainly consists of gravure inks, offset inks and news inks. "Neo-Graphic Arts Materials" mainly consists of organic pigments and liquid crystal materials. "Synthetic Resins" mainly consists of synthetic resins, such as acrylic, polyurethane, epoxy and polystyrene resins. "Chemical Solution Materials" mainly consists of polyphenylene sulfide (PPS) compounds, plastic colorants and industrial adhesive tapes.

Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Segment profits are based on operating income.

Intersegment sales are mainly based on market price or cost of goods manufactured.

Information about sales, profit (loss), assets, liabilities and other items

Millions of yen

	2013						
	Reportable Segment						
	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Total	Others	Total
Sales:							
Sales to customers	¥356,044	¥ 95,331	¥148,229	¥102,888	¥702,492	¥ 1,289	¥703,781
Intersegment sales	—	33,314	7,297	2	40,613	—	40,613
Total sales	356,044	128,645	155,526	102,890	743,105	1,289	744,394
Segment profit	15,075	14,297	11,603	1,801	42,776	84	42,860
Segment assets	¥300,407	¥108,741	¥152,740	¥ 90,108	¥651,996	¥28,626	¥680,622
Others:							
Depreciation and amortization	10,869	4,429	6,470	4,781	26,549	250	26,799
Amortization of goodwill	46	25	78	13	162	18	180
Investments in affiliates	2,901	457	12,885	4,104	20,347	5,138	25,485
Increase in property, plant and equipment and intangibles	7,283	4,628	7,498	6,267	25,676	503	26,179

Millions of yen

	2012						
	Reportable Segment						
	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Total	Others	Total
Sales:							
Sales to customers	¥370,796	¥ 93,661	¥154,331	¥113,041	¥731,829	¥ 2,447	¥ 734,276
Intersegment sales	—	33,976	7,503	2	41,481	—	41,481
Total sales	370,796	127,637	161,834	113,043	773,310	2,447	775,757
Segment profit	13,069	13,195	10,204	2,217	38,685	274	38,959
Segment assets	¥286,909	¥ 96,201	¥145,821	¥ 92,052	¥620,983	¥28,498	¥649,481
Others:							
Depreciation and amortization	11,637	5,282	6,534	5,290	28,743	350	29,093
Amortization of goodwill	279	25	47	12	363	26	389
Investments in affiliates	1,985	431	10,307	4,069	16,792	4,726	21,518
Increase in property, plant and equipment and intangibles	8,438	5,319	7,264	5,281	26,302	373	26,675

Reconciliation between reportable segment total and amounts disclosed in consolidated financial statements

	Millions of yen 2013	2012
Sales:		
Reportable segment total	¥743,105	¥773,310
Sales in "Others"	1,289	2,447
Elimination of intersegment transaction	(40,613)	(41,481)
Sales in consolidated financial statements	¥703,781	¥ 734,276

	Millions of yen 2013	2012
Profit:		
Reportable segment total	¥42,776	¥38,685
Profit in "Others"	84	274
Corporate expenses	(4,376)	(3,999)
Operating income in consolidated financial statements	¥38,484	¥34,960

Note: Corporate expenses consist substantially of R&D expenses incurred by DIC Central Research Laboratories to develop new products.

	Millions of yen 2013	2012
Assets:		
Reportable segment total	¥651,996	¥620,983
Assets in "Others"	28,626	28,498
Elimination between segments	(31,204)	(27,299)
Corporate assets	43,573	52,885
Assets in consolidated financial statements	¥692,991	¥675,067

Note: Corporate assets consist of deferred tax assets and tangible assets of DIC Central Research Laboratories and Kawamura Memorial DIC Museum of Art.

Other items are as follows:

	2013				2012 (Millions of yen)			
	Reportable Segments	Others	Adjustments	Consolidated	Reportable Segments	Others	Adjustments	Consolidated
Depreciation and amortization	¥26,549	¥ 250	¥609	¥27,408	¥28,743	¥ 350	¥631	¥29,724
Amortization of goodwill	162	18	—	180	363	26	—	389
Investments in affiliates	20,347	5,138	—	25,485	16,792	4,726	—	21,518
Increase in property, plant and equipment and intangibles	25,676	503	426	26,605	26,302	373	398	27,073

Notes: 1. The adjustments for depreciation and amortization is mainly depreciation and amortization related to Central Research Laboratories that cannot be allocated to any reportable segment.
2. The adjustments for increases in property, plant and equipment and intangible assets is mainly capital investments of Central Research Laboratories that cannot be allocated to any reportable segment.

New corporate organization introduced

Effective April 1, 2012, we revamped our corporate organization. The new matrix-like organization positions product area-based divisions along the vertical axis and market-based sales administrative divisions, together with our existing Technical Administrative Division and Production Administrative Division, along the horizontal axis, a format we believe will help to enhance agility, improve the internal sharing of information and facilitate ongoing efforts to provide total solutions in our various businesses, in line with our basic policy of shifting from a product-specific to a market-focused management approach. Owing to changes in segmentation implemented in line with the organizational amendments, certain figures for the year ended March 31, 2012, have been restated.

(2) Related information

Information about geographical areas

	Japan	USA	Others	Total
	Millions of yen			
	2013			
Net sales (Note)	¥304,795	¥79,516	¥319,470	¥703,781
Property, plant and equipment	116,748	26,898	70,397	214,043

	Japan	USA	Others	Total
	Millions of yen			
	2012			
Net sales (Note)	¥306,860	¥77,414	¥350,002	¥734,276
Property, plant and equipment	118,879	25,554	58,392	202,825

Note: Net sales is based on a customer's location and classified by countries.

(3) Impairment loss of assets by reportable segment

There was no impairment loss of assets for the year ended March 31, 2013.

	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Others	Corporate and eliminations	Consolidated
	Millions of yen						
	2012						
Impairment loss	¥493	¥—	¥303	¥35	¥—	¥—	¥831

(4) Amortization and unamortized balances of goodwill by reportable segment

	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Others	Corporate and eliminations	Consolidated
	Millions of yen						
	2013						
Amortization	¥ 46	¥ 25	¥ 78	¥13	¥18	¥—	¥ 180
Unamortized balances	313	655	149	36	74	—	1,227

	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Others	Corporate and eliminations	Consolidated
	Millions of yen						
	2012						
Amortization	¥279	¥25	¥ 47	¥12	¥ 26	¥—	¥389
Unamortized balances	257	20	111	50	173	—	611

(5) Gain on negative goodwill by reportable segment

	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Others	Corporate and eliminations	Consolidated
	Millions of yen						
	2013						
Gain on negative goodwill	¥—	¥—	¥616	¥3	¥—	¥—	¥619

Note: Gains on negative goodwill come from restructuring capital structure of subsidiaries.

Note 23:

Related-Party Transactions

(1) Related-party transactions with directors, corporate auditors, major individual shareholders and others of the Company for the years ended March 31, 2013 and 2012 are as follows:

Millions of yen

2013

Sort of related party	Name	Location	Capital or invest-ment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of trans-action (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chuo-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Direct 5.81% Indirect 8.08%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	2,322	Security deposit	1,804
							Payment for insurance fee (Note 5)	36	Prepaid expenses for insurance fee	37
							Sales of real estates (Note 6)	1,730	—	—
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sales of metallic containers	Owned Direct 4.66%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 7)	688	Trade notes and accounts payable	300
							Lease payments (Note 8)	61	—	—
							Sales of merchandise and finished goods (Note 9)	56	Trade notes and accounts receivable	20
	Nissin Trading Co., Ltd.	Chuo-ku, Tokyo	20	Sales, import and export of petrochemical-related products	Owned Direct 3.42%	Purchase of raw materials and others	Purchase of raw materials and others (Note 10)	6,056	Trade notes and accounts payable	909
							Sales of merchandise and finished goods (Note 9)	3,158	Trade accounts receivable	946

Notes: 1. Excluding consumption taxes
2. Including consumption taxes
3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially own a majority of the voting rights. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.
4. Rent of buildings and others is determined based on an arms-length transaction in the neighboring area.
5. Insurance fee is determined based on an arms-length transaction upon consultation with an insurance company.
6. Buyer and sales price are determined based on a bidding which some traders participated in.
7. Purchase price of metallic containers and others is determined based on an arms-length transaction.
8. Amount of lease payments is determined through negotiations on an arms-length transaction.
9. Sales price of merchandise and finished goods is determined on an arms-length transaction.
10. Purchase price of raw materials and others is determined on an arms-length transaction.

Millions of yen

2012

Sort of related party	Name	Location	Capital or invest-ment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of trans-action (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chuo-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Direct 5.80% Indirect 8.07%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	2,304	Security deposit	1,877
							Payment for insurance fee (Note 5)	131	Prepaid expenses for insurance fee	195
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sales of metallic containers	Owned Direct 4.65%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 6)	675	Trade notes and accounts payable	294
							Lease payments (Note 7)	60	—	—
							Sales of merchandise and finished goods (Note 8)	100	Trade notes and accounts receivable	28
	Nissin Trading Co., Ltd.	Chuo-ku, Tokyo	20	Sales, import and export of petrochemical-related products	Owned Direct 3.42%	Purchase of raw materials and others	Purchase of raw materials and others (Note 9)	6,608	Trade notes and accounts payable	879
							Sales of merchandise and finished goods (Note 8)	3,512	Trade accounts receivable	1,106
							Transfer of business (Note 10)	70	—	—

Notes: 1. Excluding consumption taxes.
2. Including consumption taxes.
3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially own a majority of the voting rights. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.
4. Rent of buildings and others is determined based on an arms-length transaction in the neighboring area.
5. Insurance fee is determined based on an arms-length transaction upon consultation with an insurance company.
6. Purchase price of metallic containers and others is determined based on an arms-length transaction.
7. Amount of lease payments is determined through negotiations on an arms-length transaction.
8. Sales price of merchandise and finished goods is determined on an arms-length transaction.
9. Purchase price of raw materials and others is determined on an arms-length transaction.
10. Transfer price is determined based on the present value of the business through negotiations.

(2) Related-party transactions with the consolidated subsidiaries

Related-party transactions with directors, corporate auditors, major individual shareholders and others of the Company for the years ended March 31, 2013 and 2012 are as follows:

Millions of yen

2013

Sort of related party	Name	Location	Capital or invest-ment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of trans-action (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chuo-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Indirect 13.89%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	21	Security deposit	15
							Payment for insurance fee (Note 5)	11	Prepaid expenses for insurance fee	16
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sales of metallic containers	Owned Indirect 4.66%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 6)	886	Trade notes, accounts payable and other accounts payable	339
							Lease payments (Note 7)	85	—	—
							Sales of merchandise and finished goods, and offering the service (Note 8)	84	Trade notes and accounts receivable	25
	Nissin Trading Co., Ltd.	Chuo-ku, Tokyo	20	Sales, import and export of petrochemical-related products	Owned Indirect 3.42%	Purchase of raw materials and others	Purchase of raw materials and others (Note 9)	902	Trade accounts payable	246
							Sales of merchandise and finished goods, and offering the service (Note 8)	165	Trade and other accounts receivable	37

Notes: 1. Excluding consumption taxes
2. Including consumption taxes
3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially own a majority of the voting rights. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.
4. Rent of buildings and others is determined based on an arms-length transaction in the neighboring area.
5. Insurance fee is determined based on an arms-length transaction upon consultation with an insurance company.
6. Purchase price of metallic containers and others is determined based on an arms-length transaction.
7. Amount of lease payments is determined through negotiations on an arms-length transaction.
8. Sales price of merchandise, finished goods and offering the service is determined on an arms-length transaction.
9. Purchase price of raw materials and others is determined on an arms-length transaction.

Millions of yen

										2012
Sort of related party	Name	Location	Capital or invest-ment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of trans-action (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chuo-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Indirect 13.87%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	18	Security deposit	8
							Payment for insurance fee (Note 5)	24	Prepaid expenses for insurance fee	74
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sales of metallic containers	Owned Indirect 4.65%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 6)	907	Trade notes, accounts payable and other accounts payable	397
							Purchase of property, plant and equipment and others (Note 7)	34	Lease obligations	27
							Lease payments (Note 8)	167	—	—
							Sales of merchandise and finished goods, and offering the service (Note 9)	110	Trade notes and accounts receivable	26
	Nissin Trading Co., Ltd.	Chuo-ku, Tokyo	20	Sales, import and export of petrochemical-related products	Owned Indirect 3.42%	Purchase of raw materials and others	Purchase of raw materials and others (Note 10)	1,129	Trade accounts payable	330
							Sales of merchandise and finished goods, and offering the service (Note 9)	259	Trade and other accounts receivable	48

Notes: 1. Excluding consumption taxes.
2. Including consumption taxes.
3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially own a majority of the voting rights. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.
4. Rent of buildings and others is determined based on an arms-length transaction in the neighboring area.
5. Insurance fee is determined based on an arms-length transaction upon consultation with an insurance company.
6. Purchase price of metallic containers and others is determined based on an arms-length transaction.
7. Purchase price of property, plant and equipment and others is determined based on an arms-length transaction.
8. Amount of lease payments is determined through negotiations on an arms-length transaction.
9. Sales price of merchandise, finished goods and offering the service is determined on an arms-length transaction.
10. Purchase price of raw materials and others is determined on an arms-length transaction.

Management Report on Internal Control

1. Matters relating to the basic framework for internal control over financial reporting

Yoshiyuki Nakanishi, Representative Director, President and CEO, and Masayuki Saito, Representative Director, Senior Managing Executive Officer and CFO of DIC Corporation (the "Company"), are responsible for designing and operating effective internal controls over the Company's financial reporting and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)," issued by the Business Accounting Council.

The internal control is designed to provide reasonable assurance regarding the achievement of the Company's objectives through the effective function and combination of its basic elements. Due to their inherent limitations, there is a possibility that material misstatements may not be completely prevented or detected by internal controls over financial reporting.

2. Scope of assessment, the basis date of assessment and assessment procedures

The assessment of internal controls over financial reporting was performed as of March 31, 2013, which is the end of this fiscal year. The assessment was performed in accordance with relevant standards generally accepted in Japan.

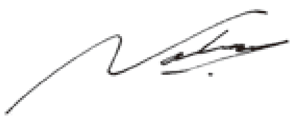
In conducting this assessment, we began by evaluating internal controls which may have a material effect on overall consolidated financial reporting ("company-level controls") and, based on the results of this assessment, selected business processes to be assessed. We then analyzed these selected business processes to identify key controls therein that may have a material impact on the reliability of the Company's financial reporting, after which we examined the design and operation of these controls. These procedures thus allowed us to accurately evaluate the effectiveness of the Company's internal controls.

We determined the required scope of assessment of internal controls over financial reporting for the Company and its consolidated subsidiaries and equity-method affiliated companies, from the perspective of materiality, or the degree to which it may affect the reliability of financial reporting. Materiality is determined based on potential quantitative and qualitative impact on financial reporting. In light of the results of assessment of company-level controls conducted for the Company and its consolidated subsidiaries, we reasonably determined the scope of assessment of internal controls over business processes. Consolidated subsidiaries and equity-method affiliated companies that do not have any material impact on the consolidated financial statements are not included in the scope for assessment of company-level controls.

Regarding significant locations and business units to be tested, selection was based on the change in the scope of consolidation during the year, as well as on net sales for the previous year, with locations and business units the combined sales volume of which reached approximately two-thirds of consolidated net sales being defined as "significant." The scope of assessment at these locations and business units encompassed business processes relevant to net sales, accounts receivable–trade, accounts payable–trade, inventories and manufacturing facilities included in property, plant and equipment as significant accounts that may have a material impact on the business objectives of the Company. In addition, business processes relating to (i) greater likelihood of material misstatements, and/or (ii) significant accounts involving estimates and management's judgment, were also identified as business processes having greater materiality, taking into account their impact on financial reporting, and were included in the scope.

3. Results of the assessment

Based on the results of its assessment, we concluded that as of the end of the fiscal year ended March 31, 2013, the internal controls of the Company over financial reporting of the consolidated financial statements were effectively maintained.



Yoshiyuki Nakanishi
Representative Director,
President and CEO
DIC Corporation

Deloitte Touche Tohmatsu LLC
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of DIC Corporation:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of DIC Corporation and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DIC Corporation and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Report on Internal Control

We have audited management's report on internal control over financial reporting of the consolidated financial statements of DIC Corporation as of March 31, 2013.

Management's Responsibility for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of DIC Corporation as of March 31, 2013 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Deloitte Touche Tohmatsu LLC

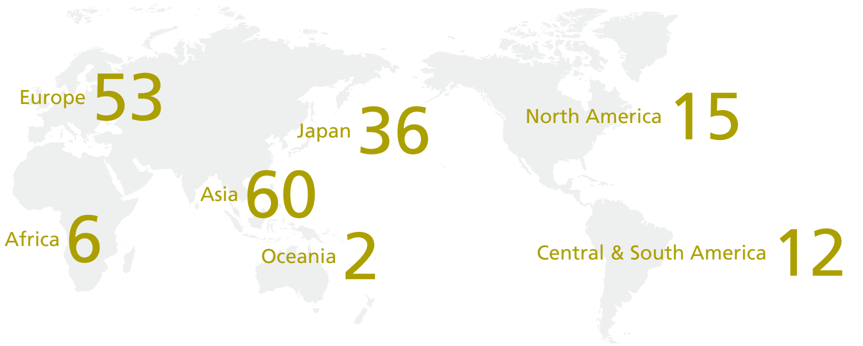
June 20, 2013

Major Subsidiaries and Affiliates

(As of March 31, 2013)

Global Network

The DIC Group comprises more than 180 companies in 62 countries and territories.



Printing Inks & Supplies

Domestic

Domestic	Percent of Ownership
DIC Color Coatings, Inc. *Manufacture and sales of coatings for plastics and specialty coatings (pattern coatings)*	100%
DIC Graphics Corporation *Manufacture and sale of printing inks*	66.6%
DIC Machinery & Printer's Supplies, Inc. *Sale of printing inks and supplies*	100%
Nihon Packaging Material Co., Ltd. *Gravure printing and processing of flexible packaging materials*	100%
Topic Co., Ltd. *Manufacture and sale of precise photomask products and PCB pattern design*	100%

Overseas

Overseas	Country/Region	Percent of Ownership
Deqing DIC Synthetic Resins, Ltd. *Manufacture and sale of hard resins*	PRC	100%
DIC Australia Pty Ltd. *Manufacture and sale of printing inks*	Australia	100%
DIC Fine Chemicals Private Limited *Manufacture of printing inks*	India	100%
DIC Graphics Chia Lung Corp. *Manufacture and sale of printing inks*	Taiwan	100%
DIC Graphics (Guangzhou) Ltd. *Manufacture and sale of printing inks*	PRC	100%
DIC Graphics (Hong Kong) Ltd. *Manufacture and sale of printing inks*	PRC	100%
DIC Graphics (Shenzhen) Co., Ltd. *Manufacture of printing inks*	PRC	100%
DIC Graphics Taiyuan Co., Ltd. *Manufacture and sale of printing inks*	PRC	51%
DIC Graphics (Thailand) Co., Ltd. *Manufacture and sale of printing inks*	Thailand	96.3%
DIC India Ltd. *Manufacture and sale of printing inks*	India	71.8%
DIC Lanka (Private) Ltd. *Manufacture and sale of printing inks*	Sri Lanka	100%
DIC (Malaysia) Sdn. Bhd. *Manufacture and sale of printing inks, sale of synthetic resins and chemicals*	Malaysia	93.5%
DIC New Zealand Ltd. *Manufacture and sale of printing inks*	New Zealand	100%
DIC Pakistan Ltd. *Manufacture and sale of printing inks*	Pakistan	45%
DIC Philippines, Inc. *Manufacture and sale of printing inks*	Philippines	98.7%
DIC (Vietnam) Co., Ltd. *Manufacture and sale of printing inks*	Vietnam	100%
Nantong DIC Color Co., Ltd. *Manufacture and sale of organic pigments, printing inks and ink intermediates*	PRC	100%
PT. DIC Graphics *Manufacture and sale of printing inks*	Indonesia	100%
Shanghai DIC Ink Co., Ltd. *Manufacture and sale of printing inks*	PRC	65%
Shenzhen DIC Chemicals Co., Ltd. *Manufacture and sale of printing inks*	PRC	51%
Shenzhen-DIC Co., Ltd. *Manufacture and sale of printing inks*	PRC	90%

Sun Chemical Group

Manufacture and sale of printing inks and supplies and pigments

	Country/Region	Percent of Ownership
Benda-Lutz Corporation	U.S.	100%
Benda-Lutz Skawina Sp. z.o.o.	Poland	100%
Benda-Lutz Volzhsky ooo	Russia	81%
Benda-Lutz Werke GmbH	Austria	100%
Coates Brothers (Caribbean) Ltd.	Trinidad and Tobago	100%
Coates Brothers (East Africa) Ltd.	Kenya	100%
Coates Brothers (South Africa) Pty. Ltd.	South Africa	100%
Coates Brothers (West Africa) Ltd.	Nigeria	59.9%
Coates Brothers (Zambia) Ltd.	Zambia	100%
Coates Screen Inks GmbH	Germany	100%
DIC (Nantong) Metallic Pigment Co., Ltd.	PRC	100%
Hartmann D.O.O.	Slovenia	100%
Hartmann Druckfarben GmbH	Germany	100%
Hartmann-Sun Chemical EOOD	Bulgaria	100%
Inmobiliaria Sunchem, S.A. de C.V.	Mexico	100%
Lorilleux Maroc S.A.	Morocco	50%
Parker Williams Design Ltd.	U.K.	80%
Sinclair de Centroamerica S.A.	Costa Rica	100%
Sinclair S.A.	Colombia	50%
Sun Branding Solutions Ltd.	U.K.	100%
Sun Chemical A/S	Norway	100%
Sun Chemical A/S	Denmark	100%
Sun Chemical AB	Sweden	100%
Sun Chemical AG	Austria	100%
Sun Chemical AG	Switzerland	100%
Sun Chemical Albania SHPK	Albania	100%
Sun Chemical B.V.	Netherlands	100%
Sun Chemical (Chile) S.A.	Chile	100%
Sun Chemical (Colores) S.A. de C.V.	Mexico	100%
Sun Chemical Corp.	U.S.	100%
Sun Chemical de Centro America, S.A. de C.V.	El Salvador	50%
Sun Chemical Delta B.V.	Netherlands	51.0%
Sun Chemical de Panama, S.A.	Panama	100%
Sun Chemical do Brasil Ltda.	Brazil	100%

Note: Percent of ownership indicates ownership by DIC Group companies.

Sun Chemical, d.o.o.e.l.	Macedonia	100%
Sun Chemical Group Coöperatief U.A.	Netherlands	100%
Sun Chemical Group S.p.A.	Italy	100%
Sun Chemical Holding (Hong Kong) Ltd.	PRC	100%
Sun Chemical Inks A/S	Denmark	100%
Sun Chemical Inks Ltd.	Ireland	100%
Sun Chemical Inks S.A.	Argentina	100%
Sun Chemical Lasfelde GmbH	Germany	100%
Sun Chemical Ltd.	Canada	100%
Sun Chemical Ltd.	U.K.	100%
Sun Chemical Matbaa Mürekkepleri Ve Gereçleri Sanayii Ve Ticaret A.Ş.	Turkey	100%
Sun Chemical N.V./S.A.	Belgium	100%
Sun Chemical Nyomdafestek Kereskedelmi es Gyarto KFT	Hungary	100%
Sun Chemical Osterode Druckfarben GmbH	Germany	100%
Sun Chemical Oy	Finland	100%
Sun Chemical Pigments S.L.	Spain	100%
Sun Chemical Portugal-Tintas Graficas Unipes-soal Ltda.	Portugal	100%
Sun Chemical Printing Ink d.o.o.	Serbia	100%
Sun Chemical S.A.	Spain	100%
Sun Chemical S.A.S.	France	100%
Sun Chemical Sp. z.o.o.	Poland	100%
Sun Chemical s.r.l.	Romania	100%
Sun Chemical, s.r.o.	Czech Republic	100%
Sun Chemical, s.r.o.	Slovakia	100%
Sun Chemical Ukraine Ltd.	Ukraine	100%
Sun Chemical ZAO	Russia	100%
Tintas S.A.	Colombia	50%

Neo-Graphic Arts Materials

Domestic	Percent of Ownership
Japan Fine Coatings, Inc. *Manufacture and sale of coil coatings for metal*	40%
Japan Formalin Company, Inc. *Manufacture and sale of formalin*	50%

Overseas	Country/Region	Percent of Ownership
DIC Alkylphenol Singapore Pte., Ltd. *Manufacture of alkylphenols*	Singapore	100%
DIC korea liquid crystal Co., Ltd.	Republic of Korea	55.0%
Lianyungang DIC Color Co., Ltd. *Manufacture and sale of organic pigments*	PRC	60%
Qingdao DIC Liquid Crystal Co., Ltd. *Manufacture of base components for liquid crystal materials*	PRC	100%
Suzhou Lintong Chemical Science Corporation *Manufacture and sale of intermediates for pigments and dyestuffs*	PRC	22.9%
Zhongshan DIC Colour Co., Ltd. *Manufacture and sale of colorants for plastics, textiles and leather*	PRC	100%

Synthetic Resins

Domestic	Percent of Ownership
DH Material Inc. *Manufacture and sale of unsaturated polyester resin*	50%
DIC Bayer Polymer Ltd. *Sales, marketing and manufacturing of thermoplastic polyurethane (TPU)*	50%
DIC Kitanihon Polymer Co., Ltd. *Manufacture of synthetic resins*	100%
DIC Kyushu Polymer Co., Ltd. *Manufacture of synthetic resins*	100%
Nippon Epoxy Resin Manufacturing Co., Ltd. *Manufacture of liquid-based basic epoxy resins*	40%
Oxirane Chemical Corp. *Manufacture and sale of plasticizers*	33.3%
SEIKO PMC CORPORATION *Manufacture and sale of papermaking chemicals and resins for printing inks and reprographic products*	55.1%
SUNDIC Inc. *Manufacture and sale of biaxially oriented polystyrene sheet*	50%

Overseas	Country/Region	Percent of Ownership
Aekyung Chemical Co., Ltd. *Manufacture and sale of synthetic reins*	Republic of Korea	50%
Bridgestone REI Komposit Sdn. Bhd. *Manufacture and sale of SMC for paneled water tanks*	Malaysia	21%
Changzhou Huari New Material Co., Ltd. *Manufacture and sale of synthetic reins*	PRC	100%
DIC Epoxy (Malaysia) Sdn. Bhd. *Manufacture and sale of epoxy resins*	Malaysia	100%
DIC Performance Resins GmbH *Manufacture and sale of synthetic resins*	Austria	100%
DIC Synthetic Resins (Zhongshan) Co., Ltd. *Manufacture and sale of synthetic resins and metal carboxylates*	PRC	100%
DIC Zhangjiagang Chemicals Co., Ltd. *Manufacture of synthetic resins, plastic compounds, fiber and textile colorants*	PRC	100%
Kang Nam Chemical Co., Ltd. *Manufacture and sale of synthetic resins*	Republic of Korea	50%
Lidye Chemical Co., Ltd. *Manufacture and sale of synthetic resins*	Taiwan	50%
P.T. Pardic Jaya Chemicals *Manufacture and sale of synthetic resins*	Indonesia	96.4%
Shanghai Showa Highpolymer Co., Ltd. *Manufacture and sale of bulk molding compounds (BMCs) and vinyl ester resins*	PRC	20%
Siam Chemical Industry Co., Ltd. *Manufacture and sale of synthetic resins*	Thailand	77.2%
TOA-DIC Zhangjiagang Chemical Co., Ltd. *Manufacture and sale of UV-curable monomers and related products*	PRC	40%

Chemical Solution Materials

Domestic

Company	Percent of Ownership
DIC Color Design, Inc. *Color consulting, color marketing, sales of color guide, product design, graphic design and packaging design*	100%
DIC Comfort Materials, Inc. *Manufacture and sale of decorative boards*	100%
DIC Decor, Inc. *Printing and sale of decorative sheets and plastic films*	100%
DIC EP Corp. *Manufacture of PPS neat polymers*	100%
DIC Filtec, Inc. *Manufacture and sale of plastic films*	100%
DIC Interior Co., Ltd. *Manufacture of storage furniture and other interior housing materials*	100%
DIC Kako, Inc. *Manufacture and sale of fiber-reinforced plastic (FRP) molding compounds and molded products*	100%
DIC Lifetec Co., Ltd. *Manufacture and sale of Spirulina-related dietary supplements*	100%
DIC Molding, Inc. *Manufacture and sale of plastic helmets*	100%
DIC Plastics, Inc. *Manufacture and sale of plastic molded products*	100%
Fuji Label Co., Ltd. *Manufacture and sale of labels and automatic labelers*	100%
Techno Science, Inc. *Manufacture of plastic precision filters and applied products, and physicochemical testing devices and related equipment*	50%
YD Plastics Co., Ltd. *Manufacture and sale of PET bottles*	50%

Overseas

Company	Country/Region	Percent of Ownership
DIC Colorants Taiwan Co., Ltd. *Manufacture and sale of plastic colorants and compounds*	Taiwan	100%
DIC Compounds (Malaysia) Sdn. Bhd. *Manufacture and sale of plastic colorants and compounds*	Malaysia	100%
DIC Imaging Products USA, LLC *Manufacture and sale of toner and UV-curable coatings*	U.S.	100%
Earthrise Nutritionals, LLC. *Manufacture and sale of edible algae Spirulina*	U.S.	100%
Hainan DIC Microalgae Co., Ltd. *Manufacture and sale of edible algae Spirulina and blue colorants*	PRC	100%
PT DIC ASTRA Chemicals *Manufacture and sale of plastic compounds and plastics, fiber and textile colorants*	Indonesia	75%
Samling Housing Products Sdn. Bhd. *Manufacture of decorative boards and interior housing products*	Malaysia	29%
Shanghai DIC Pressure-Sensitive Adhesive Materials Co., Ltd. *Import, processing and sale of adhesive materials*	PRC	100%

Others

Domestic

Company	Percent of Ownership
DIC Capital Corp. *Financing for domestic DIC Group companies*	100%
DIC Estate Co., Ltd. *Brokerage of real estate and provision of plant security, headquarters receptionist and postal services*	100%
Renaissance, Inc. *Planning and operation of sports clubs and schools*	47.7%

Overseas

Company	Country/Region	Percent of Ownership
DIC Asia Pacific Pte Ltd *Investment in related subsidiaries in Asia and Oceania, and manufacture and sale of DIC products*	Singapore	100%
DIC (China) Co., Ltd. *Administration of, investment in and provision of various management support services to subsidiaries in the PRC*	PRC	100%
DIC Europe GmbH *Sale of DIC products*	Germany	100%
DIC (Guangzhou) Co., Ltd. *Sale of DIC products*	PRC	100%
DIC International (USA), LLC. *Sale of DIC products*	U.S.	100%
DIC KOREA Corp. *Sale of DIC products*	Republic of Korea	79%
DIC (Shanghai) Co., Ltd. *Sale of DIC products*	PRC	100%
DIC (Taiwan) Ltd. *Sale of DIC products*	Taiwan	100%
DIC Trading (HK) Ltd. *Sale of DIC products*	PRC	100%
Qingdao DIC Finechemicals Co., Ltd. *Technical development in the field of specialty chemicals*	PRC	100%
Tien Lee Hong Co., Ltd. *Sale of synthetic resins, printing inks and supplies, and chemicals*	PRC	100%

Investor Information and Corporate Data

(As of March 31, 2013)

Investor Information

Common Stock

DIC common stock is listed and traded on the Tokyo stock exchanges. There were 46,638 shareholders of record on March 31, 2013. On the Tokyo Stock Exchange, the high and low prices for each quarter of the fiscal years ended March 31, 2013 and 2012, were as follows:

	2013		2012	
	High	Low	High	Low
First quarter	¥170	¥131	¥210	¥167
Second quarter	158	126	194	134
Third quarter	164	125	155	117
Fourth quarter	219	155	178	136

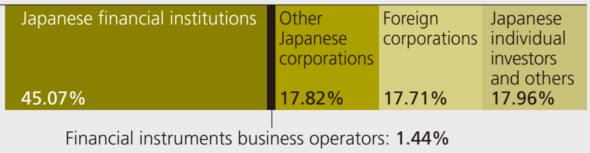
Total Number of Shares Authorized 1,500,000,000 shares

Number of Unit Shares 1,000 shares

Paid-in Capital ¥91,154,452,787 (919,372,048 shares)

Independent Public Accountants Deloitte Touche Tohmatsu

Distribution of Shareholders



Major Shareholders

	Number of Shares Owned (Thousands)	Percentage of Total
Japan Trustee Services Bank, Ltd. (Trust Account)	77,263	8.40%
The Master Trust Bank of Japan, Ltd. (Trust Account)	66,649	7.24
Japan Trustee Services Bank, Ltd. (Trust Account 9)	53,357	5.80
Nissei Real-Estate Co., Ltd.	53,104	5.77
Dainichi Can Co., Ltd.	42,561	4.62
Dai-ichi Mutual Life Insurance Company	35,000	3.80
Nissin Trading Co., Ltd.	31,277	3.40
Aioi Nissay Dowa Insurance Co., Ltd.	25,907	2.81
Nippon Life Insurance Company	19,000	2.06
Japan Trustee Services Bank, Ltd. (Trust Account 4)	18,973	2.06
	423,094	46.01%

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
10-11, Higashisuna 7-chome, Koto-ku, Tokyo
137-8081, Japan

Annual Meeting of Shareholders

Our annual meeting of shareholders is held in March at the Corporate Headquarters.

For Further Information, Contact:

Corporate Communications Dept.
DIC Corporation
WATERRAS TOWER, 101, Kanda Awajicho 2-chome,
Chiyoda-ku, Tokyo 101-0063, Japan
Tel.: (03) 6733-3000
E-mail: prir@ma.dic.co.jp

Corporate Data

Registered Address

35-58, Sakashita 3-chome, Itabashi-ku,
Tokyo 174-8520, Japan

Corporate Headquarters

WATERRAS TOWER, 101,
Kanda Awajicho 2-chome,
Chiyoda-ku, Tokyo 101-0063, Japan
Tel.: (03) 6733-3000
http://www.dic-global.com/

Principal Domestic Offices, Plants and Laboratories (Nonconsolidated)

Number of Branch Offices: 2
Number of Sales Offices: 8
Number of Plants: 10
Number of Laboratories: 1

Number of Employees

20,273

Date of Foundation

February 15, 1908

Date of Incorporation

March 15, 1937

Printed on recycled paper using Naturalith 100, *DIC's 100% vegetable oil-based ink*

Color & Comfort by Chemistry

DIC Corporation

WATERRAS TOWER, 101, Kanda Awajicho 2-chome,
Chiyoda-ku, Tokyo 101-0063, Japan
http://www.dic-global.com/

Printed in Japan