Color & Comfort by Chemistry

DIC
Annual Report 2011

Year ended March 31, 2011

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 64 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.

Contents

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 materially 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		
	2011	2010	2009
Net sales	**¥778,964**	¥757,849	¥932,334
Operating income	**37,152**	27,814	25,356
Income before income taxes and minority interests	**26,303**	8,044	6,945
Net income	**15,761**	2,540	2,648
Total property, plant and equipment	**220,631**	252,397	264,450
Total net assets	**130,379**	122,829	108,915
Total assets	**703,760**	749,866	738,460

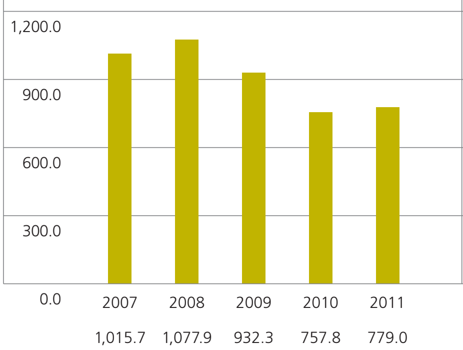
	Yen		
Earnings per share (Note 2):			
Basic	**¥17.60**	¥3.21	¥3.35
Diluted	**—**	—	—
Cash dividends per share applicable to the period (Note 3)	**4.00**	4.00	6.00

	Thousands of U.S. dollars (Note 1)		
	2011	2010	2009
Net sales	**$9,385,108**	$9,130,711	$11,232,940
Operating income	**447,614**	335,108	305,494
Income before income taxes and minority interests	**316,904**	96,916	83,675
Net income	**189,892**	30,602	31,904
Total property, plant and equipment	**2,658,205**	3,040,928	3,186,145
Total net assets	**1,570,831**	1,479,867	1,312,229
Total assets	**8,479,036**	9,034,530	8,897,108

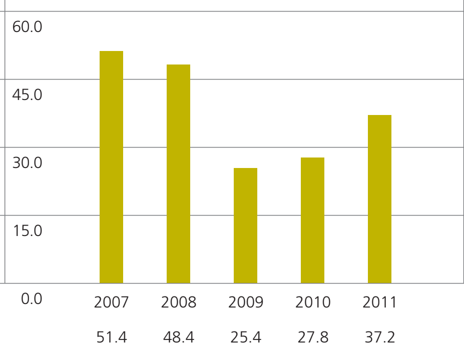
	U.S. dollars (Note 1)		
Earnings per share (Note 2):			
Basic	**$0.212**	$0.039	$0.040
Diluted	**—**	—	—
Cash dividends per share applicable to the period (Note 3)	**0.048**	0.048	0.072

Notes: 1. Yen amounts have been translated, for readers' convenience only, at the rate of ¥83 to US$1, the approximate rate of exchange at March 31, 2011.
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.

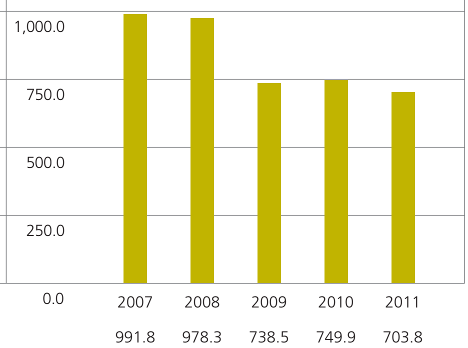
Net Sales
(Billions of yen)



Operating Income
(Billions of yen)



Total Assets
(Billions of yen)



2 To Our Shareholders

It is impossible to say anything about the fiscal year ended March 31, 2011, without first acknowledging the tragedy that struck Japan in the final month of the period. All of us at DIC extend our heartfelt sympathies to everyone who has been affected by the Great East Japan Earthquake. Our thoughts are with you as you work to recover and rebuild.

The disaster caused extensive damage to our plant in Kashima, Ibaraki, and to several other production facilities. Thanks to the unwavering dedication of our employees, however, repairs have been completed and all facilities have resumed operations, enabling us to turn our attention back to the tasks at hand. We are grateful for the support and understanding of all stakeholders over the past few months.

The period under review was the first under our current medium-term management plan, "DIC 102," formulated to reflect our basic management policy, which is to shift from a product-specific to a market-focused management approach. DIC 102 outlines concrete measures to be implemented with the aim of realizing our Color and Comfort by Chemistry management vision and to restoring the Company to a financial position that inspires investor confidence.

Results for the Period

In the period under review, economic conditions continued to improve gradually in Japan, notwithstanding the impact of the Great East Japan Earthquake from mid-March forward, and in overseas markets. In this environment, we reported consolidated net sales of ¥779.0 billion, an increase of 2.8%. This was attributable mainly to booming demand in Asia, particularly in the People's Republic of China (PRC), which countered falling demand for printing inks in developed countries and the appreciation of the yen. Operating income advanced 33.6%, to ¥37.2 billion, reflecting the increase in net sales, an improved product mix and rationalization measures, among others. Ordinary income increased 66.1%, to ¥31.7 billion, owing to a decrease in interest expenses and other factors. Net income climbed 6.2 times, to ¥15.8 billion, despite the incurrence of an extraordinary loss due to the earthquake.

Looking Ahead

Although economic conditions worldwide are expected to continue improving, especially in the United States, the outlook for the DIC Group's operating environment remains uncertain, owing to the impact of the earthquake on the domestic economy, as well as to such factors as rising raw materials prices and trends in foreign exchange markets. Guided by DIC 102, we will press ahead with measures aimed at maximizing the Group's collective capabilities. At the same time, we will work to further expand sales of high-value-added products and achieve greater cost reductions. As of the date of this publication, we expect to report increases in both consolidated net sales and operating income excluding the impact of foreign currency fluctuations.

On behalf of the management and employees at DIC, I thank our shareholders for their support to date. I look forward to your continued input as we redouble our efforts to ensure a sustainable, profitable future.

Kazuo Sugie

Kazuo Sugie
Representative Director, President and CEO
DIC Corporation

Operating income exceeded the target we had set for the first year of DIC 102. Our results in the second year will attest to the true value of our achievements.

Q: Operating income in the fiscal year ended March 31, 2011, was well above the target you had set under your current medium-term management plan, DIC 102. What were the principal factors behind this result?

A: Operating income was ¥37.2 billion, so yes we exceeded our ¥30.0 billion target by a considerable margin. The driving forces behind growth in operating income were higher sales of synthetic resins for use in information equipment and of products for digital applications, including green pigments for color filters. Thanks to structural reforms implemented to increase the weighting of high-value-added products, the operating margin of our synthetic resins business rose to 9.4%—meaning a 10% margin is now well within our reach.

Q: What changes did you see in your income structure?

A: Our dependence on our printing inks business—including that of the Sun Chemical Group—further weakened.

Q: One of your goals for the first year of DIC 102 was to reduce interest-bearing debt. What measures did you implement to this end?

A: We continued to pursue a policy of selectivity, enabling us to concentrate on core businesses. Having divested our stake in Japan Vilene Co., Ltd. in January 2010, we proceeded during the period under review to transfer ownership of our overseas can coatings business, our Group logistics and golf club management businesses and a portion of our plastic pallets business.

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Medium- to Long-Term Management Policy and Targets
Basic Policy Shifting from a product-specific to a market-focused management approach
Targets • Realize our management vision, Color and Comfort by Chemistry—Firmly establish the DIC corporate brand in society • Restore DIC to a reliable financial position—Achieve a debt-to-capital ratio of 50% by increasing operating cash flows

Quantitative Targets of DIC 102	2013 (Target)
Net sales	¥870.0 billion
Operating income	¥ 55.0 billion
Operating margin	6.3 %
Ordinary income	¥ 45.0 billion
Net income	¥ 24.0 billion
Cash flows from operating activities	¥ 62.0 billion
Interest-bearing debt	¥330.0 billion
Total net assets	¥155.0 billion
Debt-to-capital ratio	68 %

Q: Everything appears to be going largely according to plan. Are there any causes for apprehension?

A: Our offset inks business. We continue to see firm results for printing inks for packaging applications, but demand for inks for publishing and news inks continues to fall in developed countries. This is attributable to a number of factors, including shrinking print runs for newspapers and books, a consequence of the shift toward digital media, and falling birth rates. As a result, operating income in the Printing Inks & Supplies segment remains on a downtrend. Immediate, decisive structural reforms are needed.

Q: During the period, you implemented a capital increase. What will the proceeds be used for?

A: Our objective in implementing a capital increase was to raise funds for strategic investments to promote medium-term growth in what we call our "color and comfort" businesses. We have already broken ground on two new packaging inks plants, one in Chile and the other in Russia. We will continue to make forward-looking investments in high-growth emerging economies with a focus on establishing an effective production configuration for promising businesses such as these.

See pages 8 and 9

Q: The Great East Japan Earthquake happened just as you were gearing up to enter the second year of DIC 102. What impact did the disaster have on your operations?

A: Before I answer, I would first like to say again that all of us at DIC extend our heartfelt sympathies to those affected by the Great East Japan Earthquake.

Several of our production facilities were damaged, but the worst affected was our Kashima Plant. We undertook repairs with the aim of resuming operations as swiftly as possible and succeeded in restoring our production capacity to the pre-quake level by the end of May. Although we recognized an extraordinary loss of ¥2.4 billion due to the disaster, the impact of this on operating income was minimal. Power shortages continue to cause problems, but we have responded by, among others, increasing production as necessary at facilities overseas and in western Japan, as well as by shifting production to weekends, when power supplies are comparatively consistent and reliable. As a consequence, I am confident we will be able to respond to calls for corporate users in eastern Japan to cut our overall power consumption by 15% during the peak summer period. Going forward, we will continue to promote the centralization of production with the aim of reducing costs, while at the same time we will step up efforts to ensure our production framework is sufficient from the perspective of business continuity.

Q: What are your business strategies for the second year of the plan?

A: At present, it is difficult to predict the full economic impact of the earthquake or to gauge the direction of domestic demand. The instability of raw materials prices and foreign exchange rates is another cause for concern. We will press forward with measures designed to maximize the Group's collective capabilities.

At the same time, we will work to further boost sales of high-value-added products and to achieve even greater cost reductions. Specifically, we aim to increase sales in our "color" businesses, which include thin-film transistor liquid crystal (TFT LC) materials and green pigments for color filters, and to expand our "comfort" businesses by, for example, developing new synthetic resins products and using such products as the basis for innovative chemical solutions, i.e., composite products.

See pages 6 and 7

Q: Given the challenges you will likely face in the coming year, one might question the intrinsic value of reforms. Can you share your thoughts with us?

A: Originally, I thought I would be able to report that we were moving the targets of DIC 102 up a year. However, given the current situation and the uncertainty clouding the outlook for demand in key industries, notably automobiles and information equipment, we are now expecting operating income to be in line with our original target of ¥43.0 billion. We will continue striving to reduce our excessive dependence on our printing inks business by bolstering operating income in the Neo-Graphic Arts Materials segment. Otherwise, as I have already said, the biggest challenge we face is implementing immediate, decisive structural reforms in our offset inks business.

Topics

DIC's President and CEO Appears on Japanese Television Program

On November 21, 2010, Kazuo Sugie appeared on *Turning Point*, a popular Japanese television program featuring in-studio interviews on the essence of business today with newsworthy CEOs and other notable individuals from the business world. The interview, which showcased the multifaceted DIC Group and its growth to date, can be seen on our website with either English or Mandarin subtitles (http://www.dic-global.com/en/).

New *DIC Digital Color Guide* Received Well Worldwide

First published in 1968, the *DIC Color Guide* has become an essential tool for color planning and boasts a 90% domestic market share. In December 2010, we began offering the *DIC Digital Color Guide*, a downloadable digital software application available in Japanese, Mandarin and English. As of June 12, 2011, downloads surpassed 230,000, with users in more than 74 countries.

Museum Changes Name to Kawamura Memorial DIC Museum of Art

On April 1, 2011, Kawamura Memorial Museum of Art changed its name to Kawamura Memorial DIC Museum of Art. The inclusion of "DIC" in the museum's name underscores our belief that as a company that strives to bring color and comfort to people's lives our mission encompasses sharing our rich collection of artwork with the public.

Growth Products

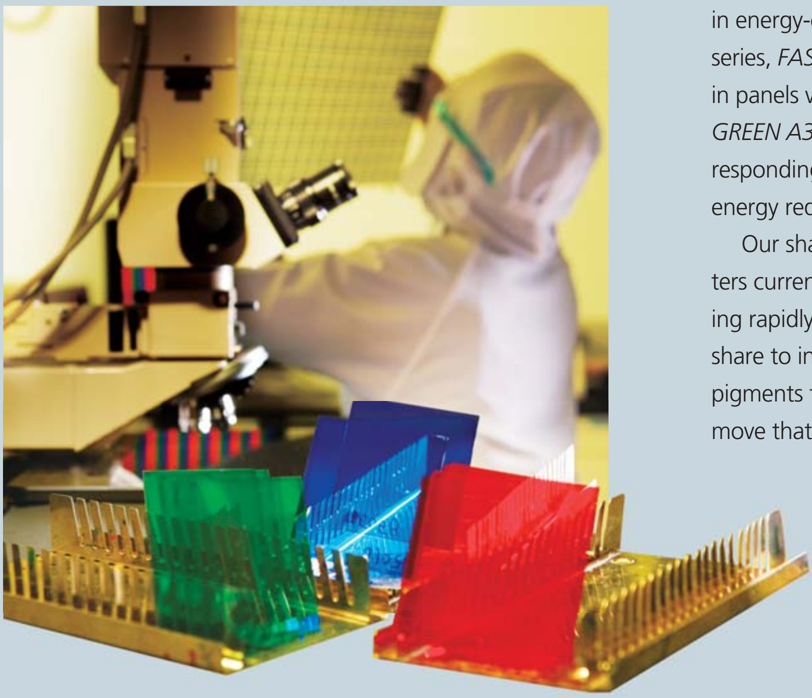
Organic pigments for color filters

DIC solidifies leading global market share with series of unique green pigments for color filters

We have developed a series of unique green pigments for color filters used in liquid crystal display (LCD) panels that has solidified our leading share of the global market for green pigments for LCD panel color filters. With the *C.I. Pigment Green 58* series, we defied conventional wisdom by using zinc, rather than copper, as the central metal in the chemical composition, substantially reducing the size of the particles, which facilitated 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, these pigments are currently favored for use in energy-efficient televisions. The highest-grade pigment in the series, *FASTOGEN GREEN A310*, was developed specifically for use in panels with light-emitting diode (LED) backlights. *FASTOGEN GREEN A310* delivers exceptional brightness and contrast, responding to demand for LED-backlit televisions with lower energy requirements and slimmer profiles.

Our share of the global market for green pigments for color filters currently exceeds 60%. With energy-efficient televisions gaining rapidly in popularity, we expect both sales and our market share to increase in the years ahead. We are also developing blue pigments that facilitate outstanding brightness and contrast, a move that has attracted considerable attention in the market.

Testing the performance of green pigments for LCD color filters



Supply chain

Organic pigments → Dispersions → Resists → Color filters → LCD panels

Growth Products
TFT LCs

Sales of TFT LCs rise sharply for LCD television models launched in spring 2011

In the fiscal year ended March 31, 2011, we succeeded in developing new TFT LCs that achieve performance improvements by, among others, changing the principal raw material used, enabling us to respond to customer expectations for faster response times and improved long-term reliability. These products were swiftly adopted for use by several leading manufacturers of LCD televisions for use in new models launched in spring 2011, resulting in a sharp increase in shipments from December 2010 forward. As a consequence, sales of TFT LCs in the fourth quarter of the fiscal year ended March 31, 2011, amounted to ¥5.2 billion, compared with total sales for the preceding fiscal year of close to ¥5.0 billion. With sales expected to continue expanding favorably in the fiscal year ending March 31, 2012, we recognize the need to further reinforce our production capabilities and have thus resolved to complete the expansion of TFT LC production facilities at our plant in Saitama, Japan, during the period.

Production of TFT LCs demands sophisticated technologies, including technologies for LC molecular design, synthesis, mixing and the removal of minute impurities. At present, only two other companies besides DIC have manufacturing capabilities for TFT LCs. This is a particularly promising business for DIC. We currently predict that the global market for TFT LCs will grow by an average of between 7% and 9% annually between now and 2015. We also see our share of the market rising to between 10% and 12% in the fiscal year ending March 31, 2013, from 4% in the fiscal year ended March 31, 2011.

A researcher conducts a performance test on TFT LCs

Strategic Investments

Forward-looking investments in emerging economies aimed at growing our promising packaging inks business

In 2010, we broke ground on two advanced printing inks plants for Sun Chemical Group companies. One facility is in Petrovskoye, near Moscow, while the other is in San Bernardo, just outside the Chilean capital of Santiago. Both plants will focus mainly on liquid inks for packaging applications, including for food and beverage products. Recent years have seen a gradual tapering off of demand for inks for publishing in developed countries, owing to such factors as shrinking print runs for newspapers and books, a consequence of the shift toward digital media, and of falling birth rates. In contrast, demand for inks for packaging applications is climbing in emerging economies, particularly in such countries as Russia and Chile, which are experiencing rapid economic growth. Our new plants will position us well to respond to this demand. Looking ahead, we will continue to make forward-looking investments in emerging economies with a focus on establishing effective production configurations for promising businesses.

New Chile Plant

In 1997, acting through the Sun Chemical Group, we established Sun Chemical (Chile) S.A., a printing inks production base, in the city of Santiago. Chile's leading manufacturer of printing inks, Sun Chemical (Chile) today enjoys an overall market share of approximately 50%. The company is particularly strong in packaging inks, enjoying a market share in the area of 75%. However, with the area around the plant rapidly being converted into housing lots and the plant's buildings and equipment aging, we took the decision to build a new plant with a substantially larger capacity in San Bernardo, just outside Santiago, to which we will shift production. Chile is regarded as the most politically and economically stable of South America's fast-growing economies. San Bernardo, while a suburban location, will ensure Sun Chemical (Chile) continues to enjoy outstanding access to its principal domestic customers, as well as enable it to deliver products efficiently to customers in other key regional demand centers, including Brazil and Argentina.

Outline of new plant	
Plant operator	Sun Chemical (Chile) S.A.
Location	San Bernardo (outskirts of Santiago), Republic of Chile
Total investment	Approximately $9.1 million
Principal products	Printing inks for packaging applications
Start of operations	September 2011 (Estimate)
Annual capacity	10,500 tons (Estimate for 2017)

Conceptual illustration of the completed new plant in Chile

New Moscow Plant

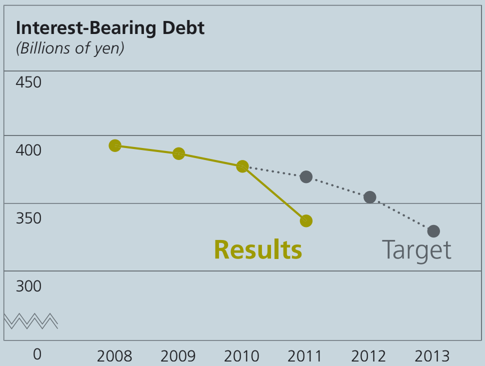
Again acting through the Sun Chemical Group, in 1993 we established Sun Chemical ZAO, a printing inks production base, in the city of Moscow, making us one of the first overseas printing inks manufacturers to establish production capabilities in Russia. Our sales of liquid inks in Russia have increased by an average of 9% annually for the past five years, and we are currently the leading manufacturer in terms of market share. With Sun Chemical ZAO operating at full capacity, we came to the conclusion that we needed to build a second plant with a significantly greater production capacity if we were to respond effectively to soaring local demand. The location of our new Moscow Plant, in Petrovskoye, offers direct access to both Moscow and Saint Petersburg, which account for 50% and 30%, respectively, of the Russian economy. Thanks to Petrovskoye's excellent transport links to Europe, the plant is well positioned to supply customers both in Russia and in the demand centers further west in Europe.

Outline of new plant	
Plant operator	Sun Chemical ZAO
Location	Petrovskoye (outskirts of Moscow), Russian Federation
Total investment	Approximately €25.1 million
Principal products	Printing inks for packaging applications
Start of operations	Early 2012 (Estimate)
Annual capacity	15,000 tons (Estimate for 2013)

Sound Financial Position

Measures contributing to a rapid improvement in financial balance

Restoring DIC to a financial position that inspires investor confidence is another key theme under our DIC 102 medium-term management plan. To this end, we are promoting decisive efforts to pull out of businesses that offer little scope for us to maximize our core technologies. Since announcing the plan, we have divested a subsidiary and sold several businesses. The steady progress of these efforts and operating income in excess of the targets of DIC 102 have brought us considerably closer to achieving our operating income target under DIC 102 and has enabled us to reduce interest-bearing debt to ¥337.6 billion as of the end of the fiscal year ended March 31, 2011—below our target of ¥370.0 billion—evidence of a significant improvement in our financial position. Looking ahead, we will continue to reassess the performance of Group companies and businesses once every six months, in line with our ongoing commitment to selectivity and concentration, having set a highly practical criterion for selection, namely, the perceived ability of a business to achieve an operating margin of at least 10%.



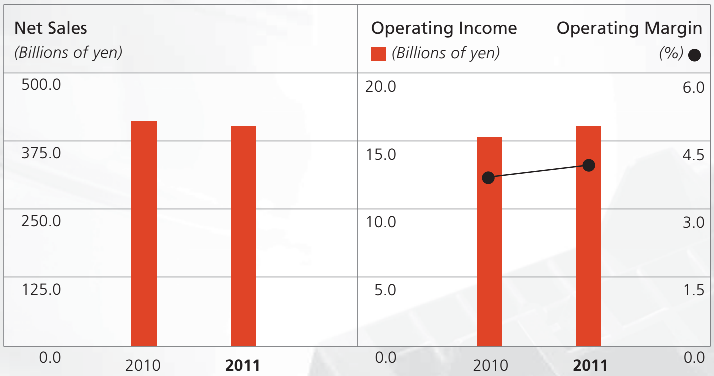
Recent Divestitures	
Company/Business name	*Date divested*
Japan Vilene Co., Ltd.	January 2010
Overseas can coatings business	March 2010
Group logistics business	January 2011
Golf club management business	February 2011
Portion of plastic pallets business	April 2011

Printing Inks & Supplies

Principal Products

Printing Inks
Offset inks
Gravure inks
Flexo inks
Can coatings
News inks
Packaging adhesives

Printing Supplies
Presensitized (PS) plates
Printing supplies
Printing-related equipment



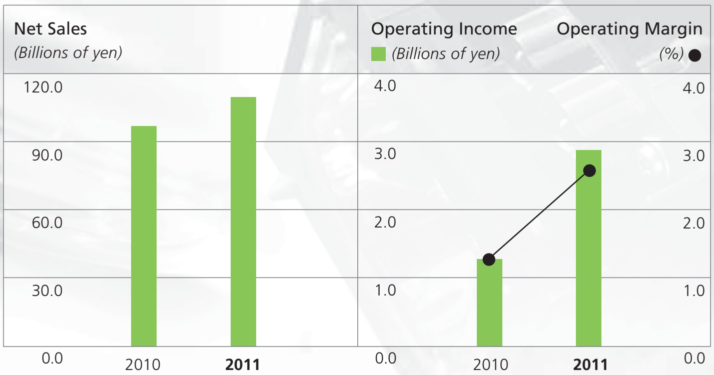
Neo-Graphic Arts Materials

Principal Products

Organic Pigments
Organic pigments for printing inks
Organic pigments for coatings and plastics
High-performance organic pigments

Imaging and Reprographic Products
Ultraviolet (UV)-curable coatings and bonding adhesives for optical discs
Specialty magnetic foils
Toners
Jet inks

Liquid Crystal Materials
Thin-film transistor liquid crystals (TFT LCs)
Supertwisted nematic liquid crystals (STN LCs)

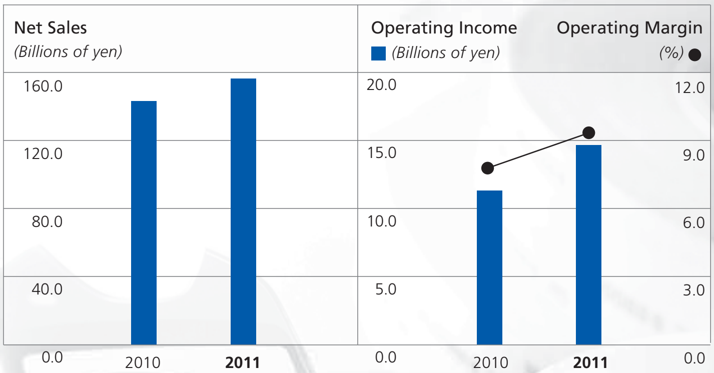


Synthetic Resins

Principal Products

Synthetic Resins
Resins for coatings
Polyurethane resins
Epoxy resins
Phenolic resins
Unsaturated polyester resins

Additives and Chemicals
Fluorochemicals
Metal carboxylates
Sulphur chemicals (lubricant additives)
Plasticizers
Alkyl phenols



Chemical Solution Materials

Principal Products

Special Compounds and Colorants
High-performance optical materials
High-performance compounds
Plastic colorants
Fiber and textile colorants

Pressure-Sensitive Adhesive Materials
Industrial adhesive tapes
Labels
Stickers
Label stock for printing

Building Materials
Decorative boards
Interior housing products

Packaging Materials
Polystyrene
Coextruded multilayer films

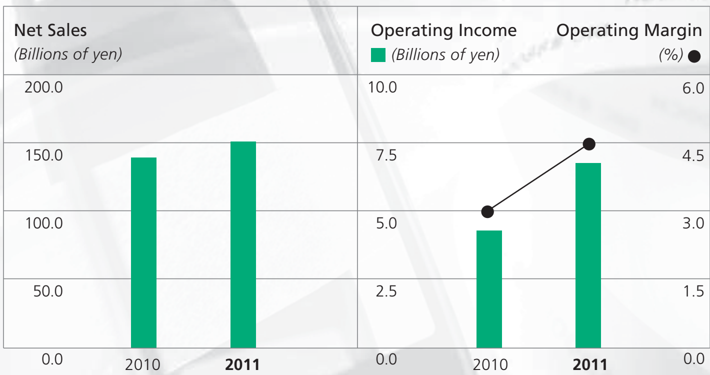
Plastic Molded Products
Plastic pallets
Containers
Helmets

Engineering Plastics
Polyphenylene sulfide (PPS) compounds

Hollow-Fiber Membranes
Hollow-fiber membranes
Modules

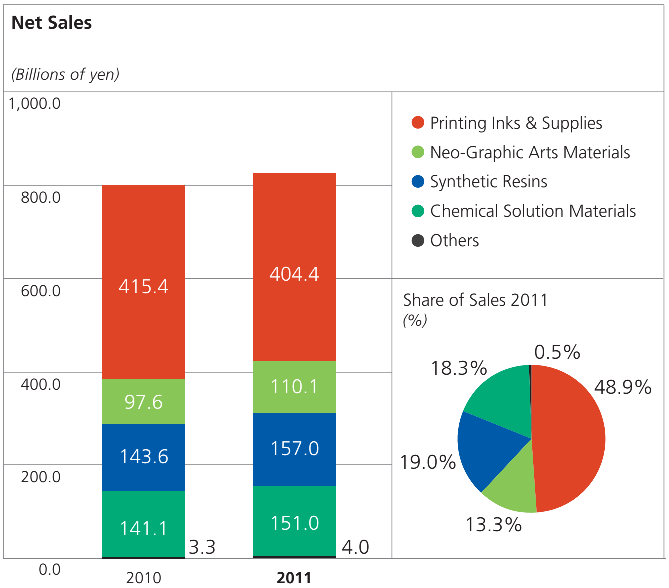
Color and Comfort
Bathtubs and bath units
Synthetic marble
Sheet molding compounds (SMCs)

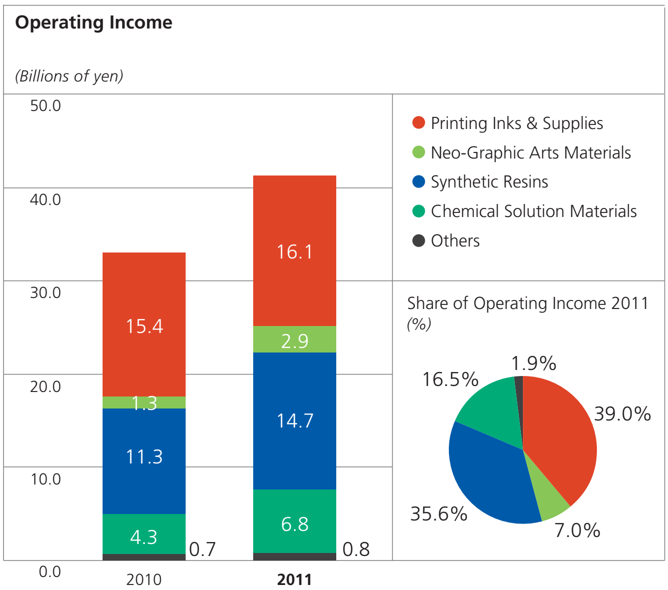
Health Foods
Dietary supplements
Food additives



Note: Net sales include intersegment sales and foreign exchange fluctuations.

In the period under review, we reported consolidated net sales of ¥779.0 billion, an increase of 2.8%. This was attributable mainly to booming demand in Asia, particularly in the PRC, which countered falling demand for printing inks in developed countries and the appreciation of the yen. Operating income advanced 33.6%, to ¥37.2 billion, reflecting the increase in net sales, an improved product mix and rationalization measures, among others.





Note: 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.

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.

For the fiscal year ended March 31, 2011		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥404.4 billion	–2.6%	2.6%
Operating income	¥ 16.1 billion	4.2%	10.0%

Japan

Demand for gravure inks remained level for use on beverage containers and in food packaging, while offset inks and news inks struggled, owing to falling demand for use in publishing and advertising leaflets and declining print runs, as well as in page counts for newspapers. Nonetheless, segment sales in Japan rose, bolstered by the assumption of commercial rights for the domestic printing inks business of The Inctec Inc. in the third quarter of the previous fiscal year. Despite the sales increase, segment operating income in Japan was down, owing to the aforementioned sales results, as well as to rising raw materials prices, among others.

The Americas and Europe

Segment sales in the Americas and Europe were essentially level in local currency terms, but down after translation into yen as a result of the appreciation of the Japanese currency. Sales in North America and Europe rose, as firm sales of inks for use in advertising

leaflets and catalogs, and of packaging inks, countered falling sales of publishing and news inks, a consequence of shrinking print runs for newspapers and magazines, among others. Central and South America also saw an increase in sales, thanks to elevated demand for all products, notably mainstay packaging inks. Despite increasing in local currency terms, bolstered by cost reductions achieved through rationalization efforts and other factors, segment operating income in the Americas and Europe declined, owing to the strength of the yen.

Asia and Oceania

Both segment sales and operating income were up in Asia and Oceania. These results were attributable largely to higher sales in the PRC, bolstered by brisk sales of gravure inks and offset inks to export markets, and in Southeast Asia, reflecting firm sales of gravure inks. Sales in Oceania declined, despite brisk sales of gravure inks, as offset inks struggled, while sales in India rose, buoyed by a major upsurge in sales of news inks and robust sales of offset inks and gravure inks.

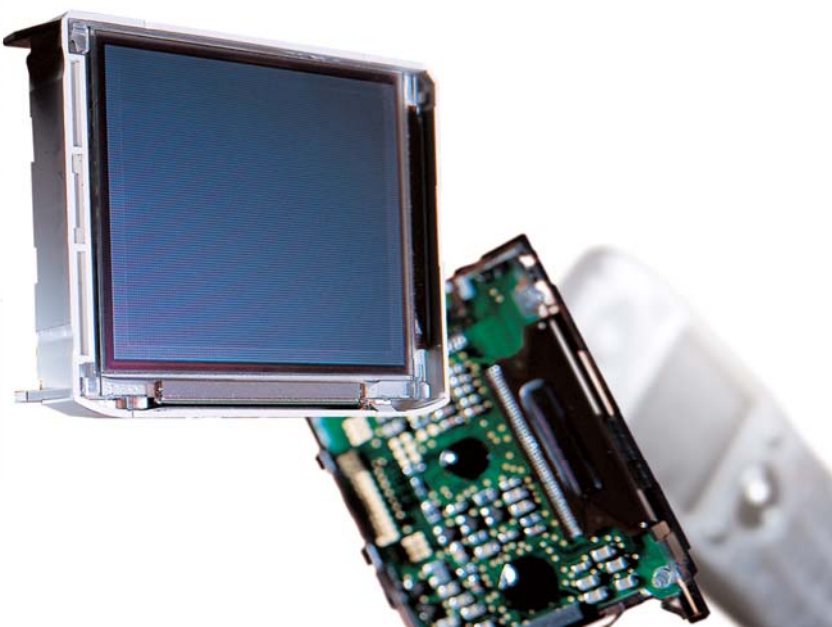
Neo-Graphic Arts Materials

Products in the Neo-Graphic Arts Materials segment include organic pigments, which are used to create colors; LC materials, used in digital equipment to display colors; and jet inks. The segment also includes coating materials and adhesives for optical discs and other products that augur the future of printing inks.

For the fiscal year ended March 31, 2011		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥110.1 billion	12.8%	18.1%
Operating income	¥ 2.9 billion	2.3 times	2.1 times

The segment reported higher sales and operating income. Sales of organic pigments rose worldwide, reflecting robust sales for use in color filters and plastics, as well as for other applications. Global sales of jet inks also increased sharply. Sales of TFT LCs were up substantially as shipments to major customers for use in LCD televisions expanded rapidly from late in the third quarter. The increase in operating income occurred despite an inventory valuation loss on LC materials, owing to the aforementioned sales increase, as well as to such factors as an improved product mix.

	Index: 2010 = 100	2011	2010
Index of Sales of Principal Products	Organic pigments	117	100
	LC materials	135	100
	Jet inks	131	100
	UV-curable coatings and bonding adhesives for optical discs	72	100
	Specialty magnetic foils	101	100



Synthetic Resins

The Synthetic Resins segment encompasses a wide selection of synthetic resins, resin-related products, functional polymers and additives. 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, 2011		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥157.0 billion	9.3%	10.2%
Operating income	¥ 14.7 billion	30.1%	30.1%

Segment sales and operating income increased, on the strength of higher demand for applications in the electrical and electronics industries in Asia, especially in the PRC, which bolstered sales of such products as waterborne polyurethane resins, alkyl phenols and plasticizers. Sales of epoxy resins also advanced, despite flagging demand for use in copper-clad laminates and encapsulators in the second half. Operating income reflected an improved product mix and increased sales, among others.

	Index: 2010 = 100	2011	2010
Index of Sales of Principal Products	Resins for coatings	101	100
	Polyurethane resins	112	100
	Epoxy resins	104	100
	Plasticizers	120	100
	Unsaturated polyester resins	114	100

Chemical Solution Materials

The Chemical Solution Materials segment includes a variety of composite products and solutions that integrate DIC Group's core materials—notably synthetic resins and organic pigments—and related technologies. These products are provided to customers in the electrical and electronics, automobile manufacturing, housing, construction and civil engineering, and other industries, contributing to peace of mind, safety and pleasant lifestyles.

For the fiscal year ended March 31, 2011		Percentage change	Percentage change excluding the impact of foreign currency fluctuations
Net sales	¥151.0 billion	7.0%	7.3%
Operating income	¥ 6.8 billion	59.9%	59.5%

Both segment sales and operating income rose. Factors behind these results include expanded demand from export markets for use in automotive components, and from the housing and construction industries, which supported higher sales of PPS compounds, while rising demand in Asia, particularly in the PRC, bolstered sales of high-performance optical materials and industrial adhesive tapes. The segment also saw higher sales of plastic colorants—driven by robust demand from the housing and construction industries—and of polystyrene, reflecting a sharp increase in demand, primarily for use in lightweight containers. The increase in operating income was supported by firm sales, together with an improved product mix, among others.

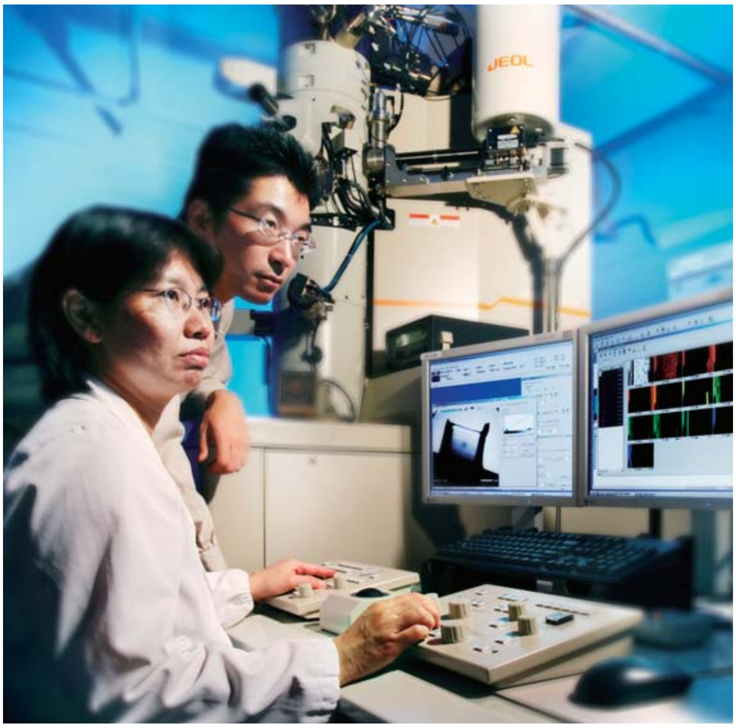
	Index: 2010 = 100	2011	2010
Index of Sales of Principal Products	Polystyrene	128	100
	PPS compounds and polymers	118	100
	Plastic colorants	127	100
	Plastic pallets, Containers	100	100
	High-performance optical materials	114	100
	Industrial adhesive tapes	114	100
	Coextruded multilayer films	106	100
	Decorative boards	108	100

Our R&D structure centers on the Technical Administrative Division, the Corporate R&D Department and R&D teams and facilities belonging to other domestic and overseas Group companies. These various bodies work together to capitalize on our core materials, namely, synthetic resins and organic pigments, by fortifying and integrating our myriad essential technologies and developing exciting new technologies and products with the aim of realizing our Color and Comfort by Chemistry management vision.

In line with the basic policy of our current medium-term management plan, DIC 102, which is to shift from a product-specific to a market-focused management approach, in the fiscal year ended March 31, 2011, we repositioned technical departments, which were formerly attached to each respective business operation, under the direction of the Technical Administrative Division. The aim of this move was to maintain the existing cooperative relationship encompassing production, sales and technological development while at the same time facilitating common access to information and personnel exchanges among technical departments, thereby creating powerful Group technical resources.

The Corporate R&D Department emphasizes the development of next-generation products and technologies that will support DIC's future growth. In recent years, the department has spearheaded efforts that focus on themes of interest to the Group as a whole, an approach that has greatly enhanced efforts to swiftly transform technologies into viable commercial products. The department also collaborates with other companies, government bodies and academic institutions in investigative basic research aimed at discovering the seeds of new businesses and technologies for the future. In addition, the Corporate R&D Department works with DIC Graphics Corporation and other domestic Group companies, as well as 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.

In the fiscal year ended March 31, 2011, consolidated R&D costs amounted to ¥11.0 billion. A further ¥15.3 billion was allocated to efforts aimed at improving or customizing existing products manufactured by DIC and DIC Graphics.



Recent Achievements

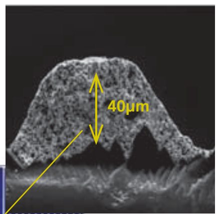
Nanosilver Dispersion

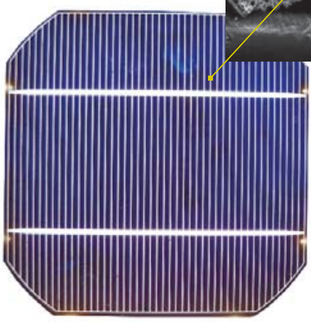
We recently developed a nanosilver dispersion capable of printing patterns as fine as 5.2µm on printed circuit boards. Made possible by the evolution of a proprietary fabrication technique, the dispersion is produced by infusing silver sulfate with a special polymer and controlling the Ph level. The natural action of the polymer results in the formation of minute silver particles. Nanosilver dispersions enable a lower sintering temperature, making it possible to print patterns on plastic and other substrate materials with limited thermal resistance. At the same time, we also developed an electroconductive nanosilver ink for use in printed electronics, where circuit patterns are printed directly onto substrates. The new ink allows the printing of fine patterns in the order of 5µm, approximately 1/20 the width of patterns formed using conventional techniques. With circuitry becoming increasingly complex, this is a particularly welcome development. We thus anticipate demand for such applications as electrodes and circuitry for organic TFTs and integrated circuit (IC) tags, among others.

Electrode Materials for Solar Cells

In cooperation with Sun Chemical in the United States, we developed three groundbreaking new electrode materials for crystalline silicon solar cells that contributed to enhanced conversion efficiency and lower production costs,

Cross-section of a fine line with a high (40µm) aspect ratio





Fine lines printed on a solar cell

positioning us for entry into the market for core solar cell electrode materials. One of the products, a silver paste for metalizing the front surface of crystalline silicon solar cells, facilitates the printing of fine lines (less than 100μm) with a high aspect ratio, thereby increasing the front surface size and achieving low contact resistance and, as a result, enhancing the solar cell's conversion efficiency. Another product, an aluminum paste for use as the back electrode on solar cells, forms a layer that is approximately 20% thinner than can be obtained with conventional aluminum pastes, but delivers equivalent electrical properties, thus contributing significantly to the reduction of solar cell production costs.

UV-Reactive Fluorine Surface Modifier

Another recent addition to our product portfolio is a UV-reactive fluorine surface modifier that, when added in only a very small quantity to UV-curable coatings, imparts water- and oil-repellant properties to LCD surfaces. The new product thus prevents the adherence of fingerprints and epidermal oils to surfaces and makes it easy to wipe away dirt and stains, thereby enhancing protection against damage. Moreover, because the additive is UV-reactive, these properties are considerably more durable than with conventional modifiers. With touch screens increasingly favored for mobile electronics devices, the need for LCDs that repel fingerprints and epidermal oils is rising. Accordingly, our new product is attracting considerable attention from potential customers.

Our new UV-reactive fluorine surface modifier is also attracting attention for use in the production of color filters, where its superior ability to repel industrial chemicals makes it ideal for preventing surface damage to color resists during photolithographic processes.

LGF-Reinforced PPS Compound

We recently succeeded in developing a new PPS compound reinforced with long glass fibers (LGFs). PPS compounds are in high demand as an alternative to metal in the production of hybrid vehicles. The addition of LGFs dramatically improves resistance to impact and fatigue and long-term heat resistance. Demand for PPS compounds is increasing for use in the engines, particularly in the drive systems, of next-generation environment-friendly vehicles, particularly hybrid and electric vehicles. This new compound positions us well to respond to evolving needs in this field.

PPS compound reinforced with LGFs

Promoting Responsible Procurement Across the Global Supply Chain

The companies of the DIC Group worldwide have established procurement systems and conduct procurement in compliance with the DIC Group CSR Procurement Guidelines and the DIC Group Green Procurement Guidelines. To ensure the understanding of suppliers in Japan and overseas—as well as to fulfill our responsibility as a corporate citizen throughout our global supply chain—we have prepared and distributed the DIC Group Supply Chain CSR Deployment Guidebook in Japanese, as well as in English and Mandarin. The Guidebook contains 38 guidelines, with check sheets for suppliers to complete and submit to us after testing their own compliance. Based on these check sheets, we evaluate supplier compliance and provide feedback, including requests and instructions for necessary improvements. In 2010, 170 companies completed and submitted check sheets, and in 2011 we expect 200 companies to do so. This practice is effective in enhancing mutual understanding.

Energy Conservation through Production Process Improvements at the Hokuriku Plant

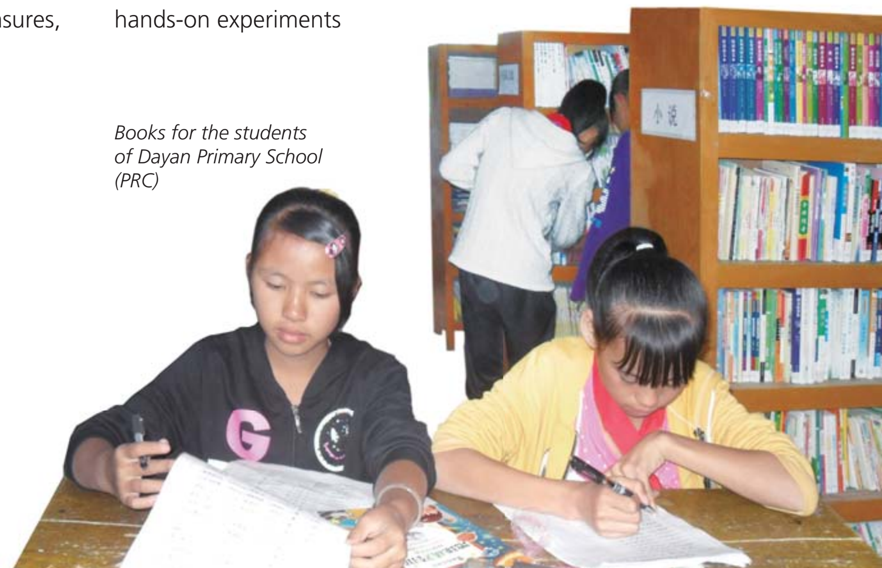
Our Hokuriku Plant, in Ishikawa, Japan, is pursuing a number of initiatives with the aim of measuring energy consumed for each of the various products in its mix and, based on this, implementing energy conservation-oriented production process improvements. To date, accurately determining what products and processes accounted for what portion of energy used was a difficult task. However, the Hokuriku Plant succeeded in developing an energy monitoring system called Visualization of Energy based on Theory and Actual usage (VETA), which makes it possible to visually confirm energy consumption per product and per process. Analysis of the data from the system revealed that a considerable amount of energy—close to 50% of the total amount of energy used by the plant in production—was used in raw materials melting processes. In response, the plant introduced stringent management of temperature, running time and fan operation for heating chambers used to melt raw materials and improved chamber insulation. Thanks to such measures, the Hokuriku Plant succeeded in reducing energy used in the melting of raw materials by 30%. The plant also took steps to minimize washing processes, optimized production schedules and switched to consecutive reactions for identical products, enabling it to reduce emissions of CO_2 from polyurethane production by 10%.

Support for Underprivileged School in Quinyuan, Guangdong Province

Located in Quinyuan, in the northern part of the PRC's Guangdong Province, Dayan Primary School is hampered by its remote location, as well as by limits on government support and, as a consequence, has no facilities other than classrooms and a basketball court. With the aim of helping to give students access to new knowledge, DIC Graphics (Guangzhou) Ltd. donated books collected from employees and purchased anew and established a library. To enhance the school's physical education program, the company also donated equipment for a variety of ball games and racquet sports.

Participation in METI Mentor Education Support Project

As a participant in an experimental mentor education support project sponsored by the Ministry of Economy, Trade and Industry (METI), DIC organized classes on the theme of "Chemistry's Ability to Bring Color to Life" for fourth-, fifth- and sixth-year students at public primary schools in Chiba. The classes earned rave reviews from participants at every school. The classes, which were taught by selected DIC employees, featured a carefully prepared curriculum—including hands-on experiments



Books for the students of Dayan Primary School (PRC)

Holding classes for primary school students (Japan)

involving sheetfed printing, creating simple synthetic pigments—that focused on the diverse roles and functions of colors in everyday life and sought to help students better understand the close relationship between science and the way we live. This key initiative was one of our 11 CSR themes for the fiscal year ended March 31, 2011—"harmony with the community and contribution to society." Looking ahead, we intend to continue promoting unique initiatives such as this that allow us to leverage our distinctive capabilities.

DIC Joins the United Nations Global Compact

On December 17, 2010, we became a participant in the United Nations Global Compact (UNGC), a framework for businesses that are committed to adopting socially responsible policies in the areas of human rights, labor, the environment and anti-corruption. We have thus committed to aligning our operations with the 10 principles of the UNGC, underscoring our commitment as a global company to conducting our business in a manner that respects the global environment and human rights and to pressing ahead as one with initiatives aimed at contributing to sustainable growth on a global scale.

The 10 Principles of the UNGC

Human Rights

Principle 1
Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2
make sure that they are not complicit in human rights abuses.

Labour

Principle 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4
the elimination of all forms of forced and compulsory labour;

Principle 5
the effective abolition of child labour; and

Principle 6
the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7
Businesses should support a precautionary approach to environmental challenges;

Principle 8
undertake initiatives to promote greater environmental responsibility; and

Principle 9
encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10
Businesses should work against corruption in all its forms, including extortion and bribery.

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.

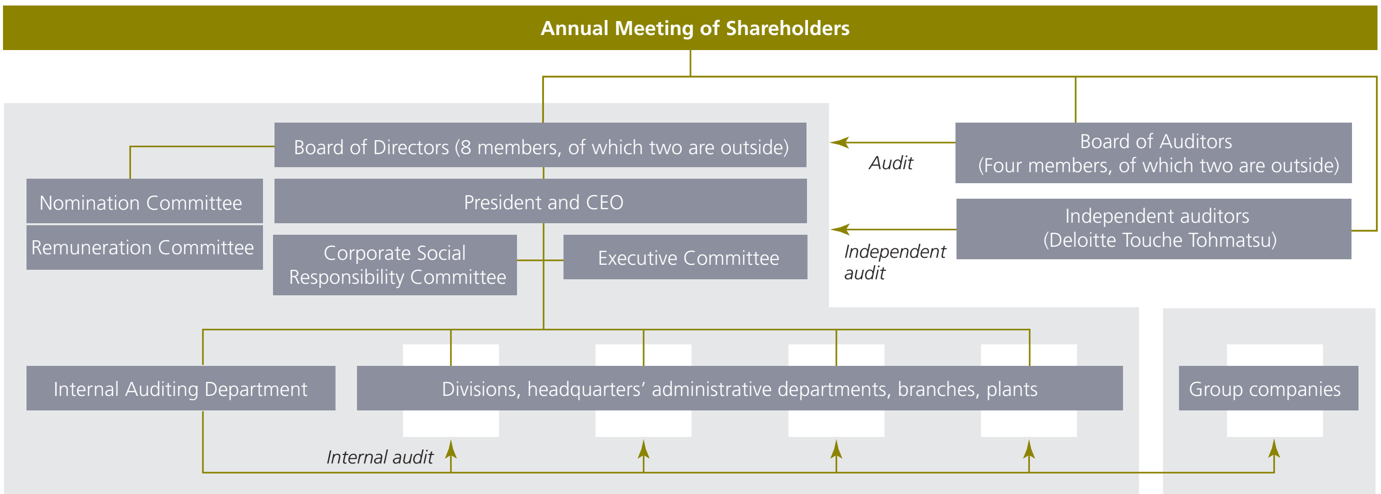
Having initially included two attorneys as outside auditors on its Board of Auditors, in June 2008 DIC sought to further strengthen its internal control system by appointing two outside directors to its Board of Directors, thereby ensuring the effectiveness of auditing functions and reinforcing confidence 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 corporate 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 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 and Corporate Auditors

(As of June 23, 2011)

Chairman of the Board	Koji Oe			
Representative Directors	Kazuo Sugie	Kaiji Yamaki		
Directors	Yoshihisa Kawamura	Kazuya Shimoizumi	Masayuki Saito	Yoshiyuki Nakanishi
	Mineo Ono*	Eiko Kono*		
Corporate Auditors	Yasuyoshi Ikezoe	Yuji Kunitake		
	Kenichi Nakano*	Junji Tomita*		

**Outside*

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 nine. Of the nine, 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.

Internal Auditing Department

The Internal Auditing Department is charged with monitoring the effectiveness of internal controls 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, 2011, DIC was audited by Yuji Itagaki, partner, and Takaya Otake, partner. Messrs Itagaki and Otake were assisted by approximately 30 qualified public accountants.

Internal Control Systems

In line with Japan's Corporate Law, which calls for the establishment of effective internal control systems, in July 2003 DIC established a risk management structure designed to ensure the appropriate management of risks—including those related to compliance—encountered in the course of its operations. This structure was further refined in April 2007 with the establishment of the Corporate Social Responsibility Committee, which replaced the Risk Management Committee and is charged with overseeing CSR, including internal controls. With the aim of reinforcing its internal control systems, in June 2008 DIC appointed two outside directors.

At present, DIC's internal control systems encompass:

Systems to ensure the execution of duties by directors and employees complies with laws, regulations and DIC's Articles of Incorporation

- To raise directors', executive officers' and employees' awareness of compliance, DIC has established, and shall disseminate and observe The DIC WAY Code of Business Conduct.
- DIC shall monitor the status of preparation and improvement of its system of internal controls and report its findings to the president.

- DIC shall establish an internal reporting system for compliance-related issues with a reporting channel that is independent of channels for communicating information on the execution of business.

Systems to preserve and manage information pertaining to the execution of duties by directors

- DIC shall establish and observe regulations for document management to preserve and manage information pertaining to directors' execution of their duties. Information on matters that require the approval of directors, in accordance with regulations governing matters for approval, shall be recorded and stored on electromagnetic media.
- In accordance with its Basic Policy on Information Security, DIC shall establish an information security management system.

Regulations and other systems related to risk management

- To facilitate risk management, the Corporate Social Responsibility Committee shall identify and evaluate risks that may have a significant adverse impact on DIC's management. As well, each December the Corporate Social Responsibility Committee shall formulate Companywide risk management policies for the subsequent year, based upon which the president determines his management policies and issues instructions.
- DIC shall set forth a management system that includes contingency measures for ensuring the continuance of operations in the event of an accident, natural disaster or other occurrence.
- The Internal Auditing Department and the CSR Department shall monitor the status of risk management.

Systems to ensure the efficient execution of duties by directors

- DIC formulates organization-, division of duties-, authority-, accounting- and approval-related regulations to ensure the appropriate and efficient execution of duties by directors.
- DIC formulates management plans in line with its basic management polices and management strategies. Based on these medium-term management plans, DIC shall set fiscal year budgets for each business and clarify practical measures for implementation. Reports shall be made to the Board of Directors on the status of budgets and progress in achieving targets.

Systems to ensure the propriety of operations conducted by the corporate group comprising DIC and its subsidiaries

- DIC and its subsidiaries shall establish a common Code of Business Conduct. Directors, executive officers and employees of DIC and its subsidiaries shall work together to raises awareness of compliance.
- DIC shall dispatch directors and auditors to serve concurrently on the Boards of DIC Group companies to oversee and monitor operations-level decision making at such companies. Certain important matters pertaining to Group companies have been designated as requiring the approval of DIC as a shareholder or warranting reporting.
- Directors, executive officers and employees of DIC and its subsidiaries shall use the internal reporting system to report compliance-related matters to the president, the director in charge of CSR, auditors and/or legal advisors.

Matters related to auditors in cases where corporate auditors request the assignment of employees to assist with his/her duties

DIC has established an office of corporate auditors. In addition to assisting corporate auditors with their duties, the office shall assign dedicated personnel to support the work of the Board of Auditors.

Matters related to the independence of employees from directors in the preceding item

The staff of the office of corporate auditors is obliged only to obey the orders of the corporate auditors. Personnel changes, evaluations and disciplinary actions shall require the prior consent of the Board of Auditors.

Systems for directors and employees to report to corporate auditors and other systems related to reporting to corporate auditors

- Corporate auditors shall attend meetings of the Board of Directors. As well, an auditor appointed by the Board of Auditors shall attend other important meetings, including those of the Executive Committee and the Corporate Social Responsibility Committee.
- The Company's directors shall report to the Board of Auditors on the following matters:
  – Facts that are likely to cause significant damage to the Company
  – Matters that the Board of Auditors have discussed and determined warrant reporting
- Corporate auditors shall have access to the electronic approval system and be able to peruse information on matters submitted for approval at any time.

Other systems to ensure effective audits by corporate auditors

DIC's representative directors and corporate auditors shall meet in principle once every three months to exchange information and opinions.

Basic policy toward eliminating demands by antisocial elements

The Company's basic policy, as outlined in The DIC WAY Code of Business Conduct, is to stand firmly against antisocial elements and in no way to acquiesce to demands presented by such elements.

The General Affairs Department is responsible for coordinating efforts to respond to extortion or other demands presented by antisocial elements, while individuals have been put in charge of efforts at each site and within each Group company. These individuals work in close collaboration with lawyers and the police to ensure the Company's responses are resolute. They have also prepared and distributed a manual on appropriate responses to such demands, with the aim of raising awareness among employees.

Financial Section

Contents

Consolidated Six-Year Summary

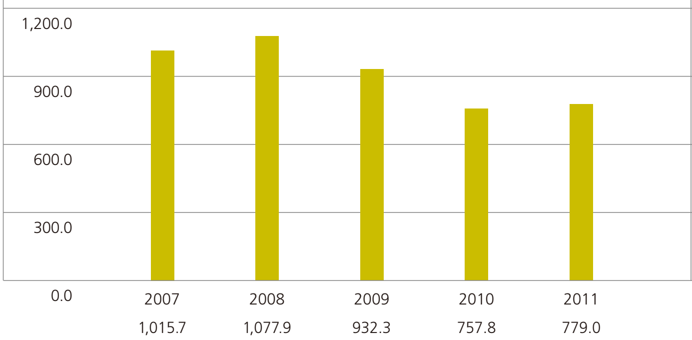
DIC Corporation and Consolidated Subsidiaries
Years ended March 31

Millions of yen,
except for per share information

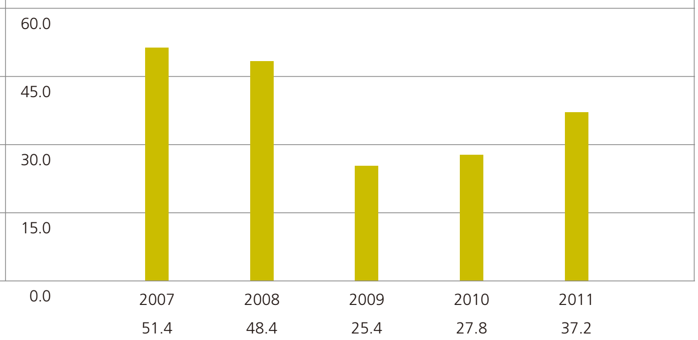
	2011	2010	2009	2008	2007	2006
Net sales	**¥778,964**	¥757,849	¥932,334	¥1,077,897	¥1,015,664	¥1,004,840
Percent increase (decrease)	**2.8%**	(18.7)%	(13.5)%	6.1%	1.1%	0.2%
Operating income	**37,152**	27,814	25,356	48,373	51,390	49,487
Net income	**15,761**	2,540	2,648	31,033	22,467	5,288
Equity (Note 3)	**107,748**	101,034	95,329	235,594	213,076	188,172
Total assets	**703,760**	749,866	738,460	978,299	991,780	969,469
Equity per share (Note 1)	**¥117.44**	¥127.72	¥120.50	¥297.75	¥269.09	¥237.33
Earnings per share (Basic) (Note 2)	**17.60**	3.21	3.35	39.20	28.37	6.45
Equity ratio to total assets	**15.3%**	13.5%	12.9%	24.1%	21.5%	19.4%
ROE (Return on equity)	**15.1%**	2.6%	1.6%	13.8%	11.2%	3.2%
Number of employees	**21,572**	22,583	23,613	25,164	25,413	25,634

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."

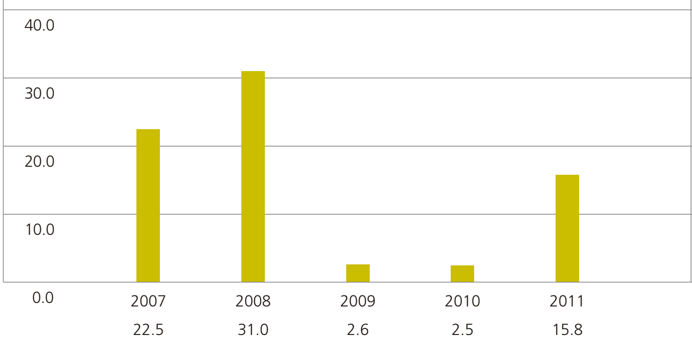
Net Sales
(Billions of yen)



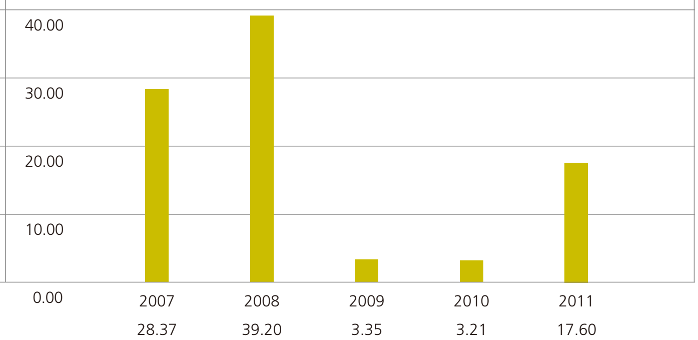
Operating Income
(Billions of yen)



Net Income
(Billions of yen)



Earnings per Share
(Yen)



The fiscal years of DIC Corporation and its domestic subsidiaries, with the exception of one company, end on March 31, while the fiscal years of its overseas subsidiaries end on December 31. Accordingly, this document presents the accounts for the fiscal year ended March 31, 2011, of DIC Corporation and its domestic subsidiaries and for the fiscal year ended December 31, 2010, of its overseas subsidiaries.

Operating Results

In the fiscal year ended March 31, 2011, economic conditions continued to improve gradually in Japan, notwithstanding the impact of the Great East Japan Earthquake from mid-March forward, and in overseas markets. In this environment, net sales rose 2.8%, to ¥779.0 billion. This was attributable mainly to booming demand in Asia, particularly in the PRC, which countered falling demand for printing inks in developed countries and the appreciation of the yen. Operating income advanced 33.6%, to ¥37.2 billion, reflecting the increase in net sales, an improved product mix and rationalization measures, among others. Ordinary income increased 66.1%, to ¥31.7 billion, owing to such factors as a decrease in interest expenses. Net income climbed 6.2 times, to ¥15.8 billion, despite the incurrence of a loss on disaster—an extraordinary loss—in connection with the Great East Japan Earthquake.

	Billions of yen			Growth rate change calculated in local
Years ended March 31	2011	2010	Change (%)	currency (%)
Net sales	¥779.0	¥757.8	2.8%	6.3%
Operating income	37.2	27.8	33.6	36.9
Ordinary income	31.7	19.1	66.1	—
Net income	15.8	2.5	6.2 times	—

	Yen	
Years ended March 31	2011	2010
Average exchange rate (¥/US$)	¥87.69	¥93.51

Segment Results

Effective April 1, 2010, DIC revised its business segments with the aim of building on its basic materials and core technologies to grow its businesses in a manner that responds to changing social imperatives. Figures herein for the fiscal year ended March 31, 2010, have been restated to reflect this change.

Interregional transactions within the Printing Inks & Supplies segment are included. Accordingly, the aggregation of regional net sales and operating income figures below differs from the figures presented in the Notes to the Consolidated Financial Statements.

Printing Inks & Supplies

Japan

Although demand for gravure inks remained level for use on beverage containers and in food packaging, offset inks and news inks struggled, a consequence of such factors as falling demand for use in publishing and advertising leaflets and declining print runs and page counts for newspapers. Nonetheless, overall sales of printing inks in Japan rose, bolstered by the assumption of commercial rights for the domestic printing inks business of The Inctec Inc., effective from the third quarter of the previous fiscal year.

The segment reported a decline in operating income in the period under review, owing to the aforementioned sales results, as well as to rising raw materials prices, among others.

The Americas and Europe

Sales in North America and Europe advanced, owing to firm sales of inks for use in advertising leaflets and catalogs, and of packaging inks, which countered falling sales of publishing and news inks, a consequence of shrinking print runs for newspapers and magazines, among others. Central and South America also saw an increase in sales, thanks to elevated demand for all products, notably mainstay packaging inks. As a result, sales in the Americas and Europe were essentially level in local currency terms, but down after translation into yen as a result of the appreciation of the Japanese currency.

Operating income rose in local currency terms, bolstered by cost reductions achieved through rationalization efforts and other factors, but declined after translation owing to the strength of the yen.

Asia and Oceania

Sales were up in both the PRC and Southeast Asia, the former bolstered by brisk sales of gravure inks and offset inks to export markets and the latter by firm sales of gravure inks. In Oceania, sales declined, despite brisk sales of gravure inks, as offset inks struggled. In India, sales rose, buoyed by a major upsurge in sales of news inks, together with robust sales of offset inks and gravure inks. As a consequence, overall sales in Asia and Oceania advanced.

Segment operating income increased, supported primarily by the aforementioned sales results.

		Billions of yen	Growth rate (%)	Growth rate calculated in local currency (%)
Japan	Net sales	¥97.5	5.0%	—
	Operating income	3.2	(13.5)	—
The Americas and Europe	Net sales	256.6	(6.9)	0.9%
	Operating income	7.6	(3.4)	7.4
Asia and Oceania	Net sales	61.0	13.8	14.1
	Operating income	5.6	28.9	30.6

Neo-Graphic Arts Materials

Sales of organic pigments rose both in Japan and overseas, reflecting robust sales for use in color filters, as well as for use in plastics, among others. Sales of jet inks also increased sharply both in Japan and overseas. Sales of TFT LCs, which had struggled, were up substantially as shipments to major customers for use in LCD televisions expanded rapidly from late in the third quarter.

The segment reported higher operating income, despite an inventory valuation loss on LC materials, owing to the aforementioned sales increase, as well as to such factors as an improved product mix.

	Billions of yen	Growth rate (%)	Growth rate calculated in local currency (%)
Net sales	¥110.1	12.8%	18.1%
Operating income	2.9	2.3 times	2.1 times

Synthetic Resins

Factors such as higher demand for applications in the electrical and electronics industries in Asia, especially in the PRC, contributed to higher sales of such products as waterborne polyurethane resins, alkyl phenols and plasticizers. Sales of epoxy resins also advanced, despite flagging demand for use in copper-clad laminates and encapsulators in the second half.

Operating income rose, reflecting an improved product mix and increased sales, as outlined above, among others.

	Billions of yen	Growth rate (%)	Growth rate calculated in local currency (%)
Net sales	¥157.0	9.3%	10.2%
Operating income	14.7	30.1	30.1

Chemical Solution Materials

Factors including expanded demand from export markets for use in automotive components, and from the housing and construction industries, supported higher sales of PPS compounds, while rising demand in Asia, particularly in the PRC, bolstered sales of high-performance optical materials and industrial adhesive tapes. The segment also saw higher sales of plastic colorants—driven by robust demand from the housing and construction industries—and of polystyrene, reflecting a sharp increase in demand, primarily for use in lightweight containers.

Operating income rose, bolstered by the aforementioned sales results, as well as by an improved product mix, among others.

	Billions of yen	Growth rate (%)	Growth rate calculated in local currency (%)
Net sales	¥151.0	7.0%	7.3%
Operating income	6.8	59.9	59.5

Analysis of Cash Flows

Cash and cash equivalents as of March 31, 2011, totaled ¥22.9 billion, a decrease of ¥6.7 billion from the previous fiscal year-end.

Operating Activities

Net cash provided by operating activities amounted to ¥30.9 billion, down from ¥39.5 billion provided by operating activities in the fiscal year ended March 31, 2010. Income before income taxes and minority interests was ¥26.3 billion, while the adjustment for depreciation and amortization was ¥33.0 billion. An increase in working capital added ¥15.2 billion to cash provided by operating activities. Income taxes paid accounted for ¥9.3 billion of cash applied to such activities.

Investing Activities

Net cash used in investing activities came to ¥12.3 billion, compared with ¥12.5 billion in the previous fiscal year. Combined expenditures for the purchase of property, plant and equipment and the purchase of intangible assets amounted to ¥20.8 billion. Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation and proceeds from transfer of business together provided ¥5.5 billion. Proceeds from recollection of long-term notes receivable totaled ¥4.4 billion.

Financing Activities

Net cash used in financing activities amounted to ¥26.3 billion, up from ¥16.0 billion in the previous fiscal year. Factors behind this result included proceeds from issuance of common stock, which totaled ¥17.5 billion. The net total of funds applied to the repayment of loans was ¥40.0 billion. Cash dividends paid amounted to ¥3.4 billion.

Consolidated Balance Sheets

DIC Corporation and Consolidated Subsidiaries
March 31

Assets

	Millions of yen	
	2011	2010
Current assets:		
Cash and deposits (Note 5)	¥ 22,957	¥ 29,549
Notes and accounts receivable—trade (Note 10)	185,391	182,053
Merchandise and finished goods (Note 10)	66,305	71,631
Work in process (Note 10)	8,708	9,225
Raw materials and supplies (Note 10)	47,238	43,063
Deferred tax assets (Note 15)	9,796	7,303
Other	22,699	27,602
Allowance for doubtful accounts	(8,296)	(8,668)
Total current assets	354,798	361,758
Non-current assets:		
Property, plant and equipment (Notes 8, 9 and 10)		
Buildings and structures	87,466	97,874
Machinery, equipment and vehicles	65,540	78,593
Tools, furniture and fixtures	7,744	9,254
Land	54,728	59,828
Construction in progress	5,153	6,848
Total property, plant and equipment	220,631	252,397
Intangible assets:		
Goodwill	1,808	1,704
Other	10,509	12,177
Total intangible assets	12,317	13,881
Investments and other assets:		
Investment securities (Notes 6, 7 and 10)	30,873	30,404
Long-term loans receivable	571	796
Deferred tax assets (Note 15)	38,611	42,349
Other (Note 6)	46,458	48,933
Allowance for doubtful accounts	(499)	(652)
Total investments and other assets	116,014	121,830
Total non-current assets	348,962	388,108
Total assets	¥703,760	¥749,866

See notes to the consolidated financial statements.

Liabilities and Net Assets

	Millions of yen	
	2011	2010
Current liabilities:		
Notes and accounts payable—trade	¥121,224	¥121,661
Short-term loans payable (Note 10)	23,951	16,477
Current portion of long-term loans payable (Note 10)	42,506	35,116
Commercial papers (Note 10)	—	200
Current portion of bonds (Note 10)	5,000	25,000
Lease obligations (Note 10)	751	263
Income taxes payable (Note 15)	3,539	4,267
Deferred tax liabilities (Note 15)	832	633
Provision for bonuses	2,815	2,911
Provision for loss on disaster	2,250	—
Other	61,511	64,453
Total current liabilities	264,379	270,981
Non-current liabilities:		
Bonds payable (Note 10)	36,000	41,000
Long-term loans payable (Note 10)	222,962	258,889
Lease obligations (Note 10)	6,476	725
Deferred tax liabilities (Note 15)	6,930	3,077
Provision for retirement benefits (Note 11)	22,135	29,391
Provision for product defect compensation	—	1,000
Asset retirement obligations (Note 2)	1,019	—
Other (Note 2)	13,480	21,974
Total non-current liabilities	309,002	356,056
Total liabilities	573,381	627,037
Net assets:		
Shareholders' equity (Notes 12 and 22):		
Capital stock (Note 13)	91,154	82,423
Capital surplus	88,758	80,027
Retained earnings	39,475	27,131
Treasury stock (Note 14)	(657)	(648)
Total shareholders' equity	218,730	188,933
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(73)	278
Deferred gains or losses on hedges	(293)	(217)
Pension liabilities adjustments (Note 11)	(18,117)	(22,036)
Foreign currency translation adjustment	(92,499)	(65,924)
Total accumulated other comprehensive income	(110,982)	(87,899)
Minority interests	22,631	21,795
Total net assets	130,379	122,829
Total liabilities and net assets	¥703,760	¥749,866

Consolidated Statements of Income

DIC Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen	
	2011	2010
Net sales	¥778,964	¥757,849
Cost of sales	619,632	604,808
Gross profit	159,332	153,041
Selling, general and administrative expenses (Note 16)	122,180	125,227
Operating income	37,152	27,814
Non-operating income:		
Interest income	1,153	1,486
Dividends income	245	205
Foreign exchange gains	278	—
Equity in earnings of affiliates	1,999	2,165
Other	2,255	2,561
Total non-operating income	5,930	6,417
Non-operating expenses:		
Interest expenses	7,077	7,459
Foreign exchange losses	—	1,147
Other	4,304	6,544
Total non-operating expenses	11,381	15,150
Ordinary income	31,701	19,081
Extraordinary income:		
Gain on sales of subsidiaries and affiliates' stocks	2,570	—
Gain on transfer of business	1,459	736
Insurance income	990	—
Gain on sales of non-current assets	161	707
Reversal of allowance for doubtful accounts	—	478
Total extraordinary income	5,180	1,921
Extraordinary loss:		
Loss on disposal of non-current assets	5,400	3,005
Provision for loss on disaster	2,250	—
Severance costs	1,267	3,115
Impairment loss (Note 9)	832	5,987
Loss on adjustment for changes of accounting standard for asset retirement obligations	692	—
Loss on disaster	137	—
Loss on business withdrawal	—	611
Loss on liquidation of subsidiaries and affiliates	—	240
Total extraordinary losses	10,578	12,958
Income before income taxes and minority interests	26,303	8,044
Income taxes (Note 15):		
Income taxes—current	8,194	5,877
Income taxes—deferred	196	(1,633)
Total income taxes	8,390	4,244
Income before minority interests (Note 1)	17,913	—
Minority interests in income	2,152	1,260
Net income	¥ 15,761	¥ 2,540

	Yen	
Earnings per share (Note 2):		
Basic	¥17.60	¥3.21
Diluted	—	—
Cash dividends per share applicable to the period (Note 2)	4.00	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 2011
Income before minority interests	¥ 17,913
Other comprehensive income:	
Valuation difference on available-for-sale securities	(379)
Deferred gains or losses on hedges	(75)
Pension liabilities adjustments	3,919
Foreign currency translation adjustment	(26,583)
Share of other comprehensive income of associates accounted for using equity method	(399)
Total other comprehensive income (Note 21)	¥(23,517)
Comprehensive income (Note 21)	¥ (5,604)
Comprehensive income attributable to:	
Comprehensive income attributable to owners of the parent	¥ (7,322)
Comprehensive income attributable to minority interests	1,718

See notes to the consolidated financial statements.

Consolidated Statements 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 March 31, 2009	792,872	¥82,423	¥80,027	¥28,546	¥(642)	¥190,354
Dividends from surplus, ¥5.00 per share (Note 12)				(3,955)		(3,955)
Net income				2,540		2,540
Purchase of treasury stock—44,153 shares					(6)	(6)
Net changes of items other than shareholders' equity (Notes 7 and 12)						
Balance at March 31, 2010	792,872	82,423	80,027	27,131	(648)	188,933
Issuance of new shares	**126,500**	**8,731**	**8,731**			**17,462**
Dividends from surplus, ¥4.00 per share (Note 12)				**(3,417)**		**(3,417)**
Net income				**15,761**		**15,761**
Purchase of treasury stock—48,522 shares					**(9)**	**(9)**
Net changes of items other than shareholders' equity (Notes 7 and 12)						
Balance at March 31, 2011	**919,372**	**¥91,154**	**¥88,758**	**¥39,475**	**¥(657)**	**¥218,730**

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 March 31, 2009	¥(506)	¥(113)	¥(20,529)	¥(73,877)	¥ (95,025)	¥13,586	¥ 108,915
Dividends from surplus, ¥5.00 per share (Note 12)							(3,955)
Net income							2,540
Purchase of treasury stock—44,153 shares							(6)
Net changes of items other than shareholders' equity (Notes 7 and 12)	784	(104)	(1,507)	7,953	7,126	8,209	15,335
Balance at March 31, 2010	278	(217)	(22,036)	(65,924)	(87,899)	21,795	122,829
Issuance of new shares							**17,462**
Dividends from surplus, ¥4.00 per share (Note 12)							**(3,417)**
Net income							**15,761**
Purchase of treasury stock—48,522 shares							**(9)**
Net changes of items other than shareholders' equity (Notes 7 and 12)	**(351)**	**(76)**	**3,919**	**(26,575)**	**(23,083)**	**836**	**(22,247)**
Balance at March 31, 2011	**¥ (73)**	**¥(293)**	**¥(18,117)**	**¥(92,499)**	**¥(110,982)**	**¥22,631**	**¥ 130,379**

See notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

DIC Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen	
	2011	2010
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥ 26,303	¥ 8,044
Adjustments for:		
Depreciation and amortization	32,954	35,370
Amortization of goodwill	662	689
Increase (decrease) in allowance for doubtful accounts	435	(432)
Increase (decrease) in provision for bonuses	(33)	1,816
Interest and dividends income	(1,398)	(1,691)
Equity in (earnings) losses of affiliates	(1,999)	(2,165)
Interest expenses	7,077	7,459
Loss (gain) on sales and retirement of non-current assets	5,239	2,298
Impairment loss	832	5,987
Loss (gain) on sales of stocks of subsidiaries and affiliates	(2,570)	—
Loss on withdrawal from business	—	611
Loss on liquidation of subsidiaries and affiliates	—	240
Loss on adjustment for changes of accounting standard for asset retirement obligations	692	—
Loss (gain) on transfer of business	(1,459)	(736)
Decrease (increase) in notes and accounts receivable—trade	(13,408)	(29,454)
Decrease (increase) in inventories	(8,133)	20,819
Increase (decrease) in notes and accounts payable—trade	6,377	12,971
Other, net	(5,358)	(8,251)
Subtotal	46,213	53,575
Interest and dividends received	1,203	1,759
Interest expenses paid	(7,250)	(7,621)
Income taxes paid	(9,256)	(8,257)
Net cash provided by (used in) operating activities	30,910	39,456
Net cash provided by (used in) investing activities:		
Payments into time deposits	(77)	—
Proceeds from withdrawal of time deposits	—	141
Purchase of property, plant and equipment	(19,935)	(22,269)
Proceeds from sales of property, plant and equipment	931	2,241
Purchase of intangible assets	(868)	(1,303)
Proceeds from sales of intangible assets	41	7
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,107	—
Purchase of subsidiaries and affiliates securities	(255)	(84)
Proceeds from sale of subsidiaries and affiliates securities	110	6,526
Purchase of investment securities	(1,280)	(2,015)
Proceeds from sales and redemption of investment securities	113	313
Proceeds from transfer of business	2,400	450
Payments for transfer of business	(1,218)	(1,396)
Proceeds from recollection of long-term notes receivable	4,385	4,676
Other, net	206	236
Net cash provided by (used in) investing activities	(12,340)	(12,477)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	9,117	(60,346)
Increase (decrease) in commercial papers	(200)	(10,196)
Proceeds from long-term loans payable	12,793	105,087
Repayment of long-term loans payable	(36,677)	(38,116)
Proceeds from issuance of bonds	—	23,000
Redemption of bonds	(25,000)	(31,000)
Proceeds from issuance of common stock	17,462	—
Cash dividends paid	(3,417)	(3,955)
Cash dividends paid to minority shareholders	(556)	(281)
Net decrease (increase) in treasury stock	(9)	(6)
Other, net	188	(172)
Net cash provided by (used in) financing activities	(26,299)	(15,985)
Effect of exchange rate change on cash and cash equivalents	1,064	(1,539)
Net increase (decrease) in cash and cash equivalents	(6,665)	9,455
Cash and cash equivalents at beginning of period (Note 5)	29,549	20,094
Cash and cash equivalents at end of period (Note 5)	¥ 22,884	¥ 29,549

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

DIC Corporation and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

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 conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheets and the consolidated statements of changes in net assets. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 21. In addition, "income before minority interests" is disclosed in the consolidated statements of income from the year ended March 31, 2011.

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 153 other companies in 2011 (165 in 2010). 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 30 affiliates in 2011 (32 in 2010) 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 is 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 value is 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.

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 within a 20-year period.

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 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 in accordance with the method used for operating lease transactions.

Foreign consolidated subsidiaries account for lease transactions in accordance with either the generally accepted accounting principles in the United States or the International Financial Reporting Standards.

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 corporate 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 the number of 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 the generally accepted accounting principles in the United States or the International Financial Reporting Standards.

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 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.

(Accounting change)

Effective April 1, 2010, the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21) have been applied for the Company and its domestic consolidated subsidiaries.

Consequently, operating income and ordinary income for the period decreased for ¥13 million, and income before income taxes and minority interests decreased for ¥705 million.

The asset retirement obligation recognized by the foreign consolidated subsidiaries in the prior period is ¥305 million, and is included in "Other" under non-current liabilities in the consolidated balance sheet as of March 31, 2010.

Income taxes:

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

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 statements 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. For commodities, commodity swaps are used. 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 statements 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 statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

Note 3:

Accounting Changes

Business combinations and related matters:

Effective April 1, 2010, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), the "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23), the "Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7 (Revised 2008)), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 (Revised 2008)) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 (Revised 2008)) have been applied.

Note 4:

New Accounting Pronouncements

Accounting changes and error corrections:

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Note 5:

Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2011 and 2010 include the following:

	Millions of yen	
	2011	2010
Cash and deposits	¥22,957	¥29,549
Less: time deposits and short-term investments which mature over three months after the date of acquisition	(73)	—
Cash and cash equivalents	¥22,884	¥29,549

Note 6:

Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates as of March 31, 2011 and 2010 include the following:

	Millions of yen	
	2011	2010
Investments in stock of unconsolidated subsidiaries and affiliates	¥19,417	¥19,571
Investments in equity of unconsolidated subsidiaries and affiliates	862	865
Total	¥20,279	¥20,436

Note 7:

Investment Securities

The carrying amounts and aggregate fair values of available-for-sale securities at March 31, 2011 and 2010 are as follows:

	Millions of yen			
	2011			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	**¥7,358**	**¥1,533**	**¥(1,590)**	**¥7,301**
Total	**¥7,358**	**¥1,533**	**¥(1,590)**	**¥7,301**

	Millions of yen			
	2010			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	¥5,125	¥1,431	¥(865)	¥5,691
Total	¥5,125	¥1,431	¥(865)	¥5,691

Note 8:

Property, Plant and Equipment

Accumulated depreciation on property, plant and equipment as of March 31, 2011 and 2010 is ¥496,923 million and ¥510,788 million, respectively.

Note 9:

Impairment of Long-Lived Assets

Impairment losses on long-lived assets for the years ended March 31, 2011 and 2010 for each asset group is as follows:

			Millions of yen
			2011
Used status	Category of assets	Location	Allocated impairment loss
Factory assets in use	Machineries, buildings and other	China	**¥658**
Idle assets	Buildings, Machineries and other	Saitama, Japan	**174**
Total			**¥832**

			Millions of yen
			2010
Used status	Category of assets	Location	Allocated impairment loss
Factory assets in use	Machineries, buildings and other	Austria	¥2,248
Factory assets in use	Buildings, Machineries and other	Aichi, Japan	1,378
Factory assets in use	Buildings, Machineries and other	Shiga, Japan	937
Factory assets in use	Buildings, Machineries and other	China and others	1,424
Total			¥5,987

The book values of factory assets in use, idle assets and others have been lowered to the recoverable amount.

Note 10:

Short-Term Loans Payable and Long-Term Loans Payable

Information with respect to short-term loans payable at March 31, 2011 and 2010 is as follows:

The average interest rate for the years ended March 31, 2011 and 2010 is 1.48% and 1.39%, respectively, for short-term loans payable, and 0.13% and 1.46%, respectively, for commercial papers.

Bonds payable, long-term loans payable and lease obligations at March 31, 2011 and 2010 comprise of the following:

	Millions of yen	
	2011	2010
0.77% Japanese yen notes due 2011	¥ —	¥ 10,000
0.96% Japanese yen notes due 2011	—	10,000
1.24% Japanese yen notes due 2011	—	5,000
1.14% Japanese yen notes due 2012	5,000	5,000
1.08% Japanese yen notes due 2013	5,000	5,000
1.019% Japanese yen notes due 2014	3,000	3,000
1.74% Japanese yen notes due 2015	5,000	5,000
1.15% Japanese yen notes due 2017	3,000	3,000
3.49% Japanese yen notes due 2070	20,000	20,000
Loans due 2011–2026, with an average interest rate of 1.76%	—	294,005
Loans due 2012–2025, with an average interest rate of 1.61%	265,468	—
Lease obligations	7,227	988
Subtotal	313,695	360,993
Less: current portion of long-term loans payable	(42,506)	(35,116)
Less: current portion of bonds	(5,000)	(25,000)
Less: lease obligations—current	(751)	(263)
Total	¥265,438	¥300,614

The annual maturities of long-term loans payable, bonds payable and lease obligations for the years subsequent to March 31, 2011 are as follows:

	Millions of yen
2012	¥ 48,257
2013	42,545
2014	49,745
2015	39,334
2016	55,763
Thereafter	78,051
Total	¥313,695

The amounts of assets pledged as collateral and secured borrowings and loans at March 31, 2011 comprise of the following:

	Millions of yen
Assets pledged as collateral:	
Notes and accounts receivable—trade	¥2,722
Inventories	1,587
Property, plant and equipment	1,351
Investment securities	175
Total	¥5,835
Secured borrowings and loans:	
Short-term loans payable	¥ 514
Current portion of long-term loans payable	168
Long-term loans payable	1,628
Total	¥2,310

Note 11:

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 sheets as of March 31, 2011 and 2010 are as follows:

	Millions of yen	
	2011	
	Domestic plans	Foreign plans
Projected benefit obligation	¥(107,733)	¥(84,447)
Fair value of plan assets	90,939	64,115
Unfunded pension obligation	(16,794)	(20,332)
Unrecognized actuarial loss	30,475	26,576
Unrecognized prior service cost	—	343
Additional minimum pension liabilities (Note)	—	(26,919)
Net accrued pension liabilities	13,681	(20,332)
Prepaid pension cost	15,460	24
Provision for retirement benefits	¥ (1,779)	¥(20,356)

	Millions of yen	
	2010	
	Domestic plans	Foreign plans
Projected benefit obligation	¥(113,676)	¥(92,803)
Fair value of plan assets	96,058	65,650
Unfunded pension obligation	(17,618)	(27,153)
Unrecognized transitional obligation	—	511
Unrecognized actuarial loss	31,340	31,615
Unrecognized prior service cost	—	466
Additional minimum pension liabilities (Note)	—	(32,592)
Net accrued pension liabilities	13,722	(27,153)
Prepaid pension cost	15,945	15
Provision for retirement benefits	¥ (2,223)	¥(27,168)

Note: Effective December 31, 2006, foreign consolidated subsidiaries accounted for in accordance with U.S. GAAP adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans."

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 comprise of the following:

	Millions of yen	
	2011	
	Domestic plans	Foreign plans
Service cost	¥ 2,894	¥ 615
Interest cost	2,465	4,799
Expected return on plan assets	(2,654)	(4,514)
Amortization of transitional obligation	—	33
Recognition of actuarial loss	3,524	888
Amortization of prior service cost	—	79
Net periodic benefit costs	¥ 6,229	¥ 1,900

	Millions of yen	
	2010	
	Domestic plans	Foreign plans
Service cost	¥ 2,868	¥ 892
Interest cost	2,487	4,902
Expected return on plan assets	(2,430)	(3,978)
Amortization of transitional obligation	—	32
Recognition of actuarial loss	4,654	1,005
Amortization of prior service cost	—	76
Net periodic benefit costs	¥ 7,579	¥ 2,929

Prior service cost, actuarial gain or loss, and transitional obligation are amortized or recognized over the number of 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, 2011 and 2010 are as follows:

	2011		2010	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate	**2.2%**	**4.3%–6.0%**	2.2%	4.5%–6.0%
Expected rate of return on plan assets	**3.0%**	**3.5%–8.5%**	3.0%	3.5%–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**	13–16 years	11–21 years
Amortization period of transitional obligation	**1 year**	**12–20 years**	1 year	12–20 years

Note 12: 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 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 13:
Capital Stock

Total amount of capital stock authorized as of March 31, 2011 and 2010 is 1,500,000,000 shares. The Company issued 113,795,000 shares on June 1, 2010 by way of public offering, and 12,705,000 shares on June 22, 2010 by way of third-party allotment. Consequently, the total amount of capital stock issued as of March 31, 2011 and 2010 is 919,372,048 shares and 792,872,048 shares, respectively.

Note 14:
Treasury Stock

Treasury stock as of March 31, 2011 and 2010 amounted to 1,862,844 shares and 1,814,322 shares, respectively.

Note 15:
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, 2011 and 2010 are as follows:

	2011	2010
Normal effective statutory tax rate in Japan	40.7%	40.7%
Adjustments:		
Valuation allowance change	(2.4)%	9.4%
Tax rate differences	(9.6)%	(34.6)%
Equity in earnings of affiliates	(3.3)%	(11.2)%
Tax on non-deductible expenses such as meals and entertainment	2.8%	9.4%
Elimination of intercompany dividend income	15.7%	48.4%
Non-taxable dividends from domestic companies	(13.0)%	(20.0)%
State, provincial, municipal and local taxes	0.3%	5.4%
Adoption of FIN48	0.9%	(9.2)%
Exclusion of subsidiaries and affiliates from consolidation	1.8%	19.1%
Other	(2.0)%	(4.6)%
Actual effective tax rate	31.9%	52.8%

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities, as of March 31, 2011 and 2010 are as follows:

	Millions of yen	
	2011	2010
Deferred tax assets:		
Inventories	¥ 4,855	¥ 3,830
Property, plant and equipment	3,199	9,978
Allowance for doubtful accounts	1,105	1,613
Provision for retirement benefits	11,343	13,438
Restructuring and divestitures	2,298	2,684
Unrealized gain	902	1,125
Net operating loss carryforwards	26,885	26,305
Other	25,414	25,815
Subtotal	76,001	84,788
Less: valuation allowance	(18,113)	(20,027)
Total	57,888	64,761
Deferred tax liabilities:		
Deferred income taxes related to gains from property, plant and equipment	(5,323)	(5,599)
Property, plant and equipment	(7,803)	(8,321)
Contribution of securities to retirement benefit trust	(2,248)	(2,248)
Other	(1,869)	(2,651)
Total	(17,243)	(18,819)
Net deferred tax assets	¥ 40,645	¥ 45,942

Note 16: Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2011 and 2010 are ¥11,023 million and ¥12,351 million, respectively.

Note 17: 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, 2011 and 2010 are ¥1,061 million and ¥1,630 million, respectively.

Pro forma information for such finance leases for the years ended March 31, 2011 and 2010 is as follows:

	Millions of yen			
	2011			
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
Balances at year-end:				
Acquisition cost	¥ 3,876	¥1,102	¥ 148	¥ 5,126
Accumulated depreciation	(2,729)	(858)	(129)	(3,716)
Net leased property	¥ 1,147	¥ 244	¥ 19	¥ 1,410

Note: In addition, there is an accumulated impairment loss of ¥134 million related to "Machinery, equipment and vehicles."

	Millions of yen			
	2010			
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
Balances at year-end:				
Acquisition cost	¥ 4,654	¥ 2,314	¥ 201	¥ 7,169
Accumulated depreciation	(2,975)	(1,787)	(148)	(4,910)
Net leased property	¥ 1,679	¥ 527	¥ 53	¥ 2,259

	Millions of yen	
	2011	2010
Present value of future minimum lease payments:		
Due within one year	¥ 647	¥1,008
Due after one year	727	1,363
Total	¥1,374	¥2,371

	Millions of yen	
	2011	2010
Present balance of allowance for impairment loss on leased property	¥134	¥186

	Millions of yen	
	2011	2010
Depreciation expense	¥974	¥1,512
Interest expense	56	87
Reversal of allowance for impairment loss on leased property	52	—
Impairment loss	—	186

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, 2011 and 2010 are as follows:

	Millions of yen	
	2011	2010
Due within one year	¥2,031	¥ 2,562
Due after one year	6,980	16,139
Total	¥9,011	¥18,701

Note 18: 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-term 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, 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 in 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. 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, 2011 and 2010. Financial instruments whose fair value is not reliably measured are excluded from the table below.

			Millions of yen
			2011
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 22,957	¥ 22,957	¥ —
Notes and accounts receivable—trade	185,391	185,391	—
Investment securities			
Stocks of subsidiaries and affiliates	4,185	2,958	(1,227)
Other	7,301	7,301	—
Long-term loans receivable	571		
Allowance for doubtful accounts (Note 1)	(122)		
	449	448	(1)
Total	¥220,283	¥219,055	¥(1,228)
Liabilities:			
Notes and accounts payable—trade	¥121,224	¥121,224	¥ —
Short-term loans payable	23,951	23,951	—
Current portion of long-term loans payable	42,506	42,605	99
Current portion of bonds	5,000	5,031	31
Income taxes payable	3,539	3,539	—
Lease obligations (current)	751	751	—
Bonds payable	36,000	36,959	959
Long-term loans payable	222,962	225,883	2,921
Lease obligations (non-current)	6,476	6,476	—
Total	¥462,409	¥466,419	¥4,010
Derivative financial instruments: (Note 2)			
Hedge accounting—Not applied	¥ (87)	¥ (87)	¥—
Hedge accounting—Applied	(469)	(469)	—
Total	¥(556)	¥(556)	¥—

	Millions of yen		
	2010		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 29,549	¥ 29,549	¥ —
Notes and accounts receivable—trade	182,053	182,053	—
Investment securities			
Stocks of subsidiaries and affiliates	4,078	3,264	(814)
Other	5,691	5,691	—
Long-term loans receivable	796		
Allowance for doubtful accounts (Note 1)	(153)		
	643	670	27
Total	¥222,014	¥221,227	¥(787)
Liabilities:			
Notes and accounts payable—trade	¥121,661	¥121,661	¥ —
Short-term loans payable	16,477	16,477	—
Current portion of long-term loans payable	35,116	35,166	50
Commercial papers	200	200	—
Current portion of bonds	25,000	25,085	85
Income taxes payable	4,267	4,267	—
Bonds payable	41,000	41,171	171
Long-term loans payable	258,889	261,692	2,803
Total	¥502,610	¥505,719	¥3,109
Derivative financial instruments: (Note 2)			
Hedge accounting—Not applied	¥(529)	¥(529)	¥—
Hedge accounting—Applied	(353)	(353)	—
Total	¥(882)	¥(882)	¥—

Notes: 1. Allowance for doubtful accounts taken for long-term loans receivable is subtracted.
2. Figures are net of debts and credits arisen 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 approximate their carrying amounts as these amounts are settled in a short period of time.

Investment securities

The fair value of investment securities are measured at the quoted market price of 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, 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 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 the bond with similar terms and conditions.

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.

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 the lease obligations with similar terms and conditions.

Derivative financial instruments

Please see Note 19 "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 ¥19,387 million) whose future cash flows cannot be estimated. The fair value of such non-listed stocks and others is not reliably determined and thus 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, 2011 and 2010 are summarized as follows:

				Millions of yen
				2011
	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	**¥185,390**	**¥ 1**	**¥—**	**¥—**
Investment securities				
Investment securities with contractual maturities				
Bonds (government bonds and local securities, etc.)	**2**	**2**	**—**	**—**
Long-term loans receivable	**—**	**461**	**72**	**38**
Total	**¥185,392**	**¥464**	**¥72**	**¥38**

				Millions of yen
				2010
	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	¥182,053	¥ —	¥ —	¥ —
Investment securities				
Investment securities with contractual maturities				
Bonds (government bonds and local securities, etc.)	3	4	—	—
Long-term loans receivable	—	607	136	53
Total	¥182,056	¥611	¥136	¥53

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, 2011 and 2010 are summarized as follows:

	Millions of yen			
	2011			
	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	¥23,951	¥ —	¥ —	¥ —
Current portion of long-term loans payable	42,506	—	—	—
Current portion of bonds	5,000	—	—	—
Lease obligations (current)	751	—	—	—
Long-term loans payable	—	172,132	50,712	118
Bonds payable	—	13,000	3,000	20,000
Lease obligations (non-current)	—	2,255	1,847	2,374
Total	¥72,208	¥187,387	¥55,559	¥22,492

	Millions of yen			
	2010			
	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	¥16,477	¥ —	¥ —	¥ —
Current portion of long-term loans payable	35,116	—	—	—
Commercial papers	200	—	—	—
Current portion of bonds	25,000	—	—	—
Long-term loans payable	—	169,222	89,663	4
Bonds payable	—	18,000	3,000	20,000
Total	¥76,793	¥187,222	¥92,663	¥20,004

Note 19:

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.

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, 2011 and 2010.

(1) Currency-related

	Millions of yen			
	2011			
	Contract/Notional amount	Contract/Notional amount due after one year	Fair value	Unrealized gain/loss
Currency options: (Note 1)				
Selling				
Euro	¥10,723	¥—	¥221	¥(238)
GB Pound	1,327	—	(32)	34
Buying				
Euro	7,080	—	192	206
U.S.$	4,208	—	(2)	(3)
Foreign currency forward contracts: (Note 2)				
Selling				
Canadian $	2,183	—	(26)	28
Buying				
Euro	832	—	(58)	(62)
U.S.$	1,468	—	(24)	(24)
Other	492	—	55	60
Total	¥28,313	¥—	¥326	¥ 1

	Millions of yen			
	2010			
	Contract/Notional amount	Contract/Notional amount due after one year	Fair value	Unrealized gain/loss
Currency options: (Note 1)				
Selling				
Euro	¥ 5,361	¥ —	¥64	¥ (65)
GB Pound	2,146	—	28	(28)
Buying				
Euro	4,121	—	(15)	(15)
U.S.$	3,826	—	(68)	(69)
Foreign currency forward contracts: (Note 2)				
Selling				
Canadian $	2,617	—	(36)	36
Other	291	—	(4)	4
Buying				
Euro	628	—	(21)	(22)
U.S.$	568	72	(5)	(6)
Other	1,126	475	43	44
Total	¥20,684	¥547	¥(14)	¥(121)

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 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			
	2011			
Interest rate options: (Notes 1 and 2)				
Buying	¥16,346	¥16,346	¥(413)	¥46
Total	¥16,346	¥16,346	¥(413)	¥46

	Contract/Notional amount	Contract/Notional amount due after one year	Fair value	Unrealized gain/loss
	Millions of yen			
	2010			
Interest rate options: (Notes 1 and 2)				
Buying	¥26,377	¥19,783	¥(515)	¥(528)
Total	¥26,377	¥19,783	¥(515)	¥(528)

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, 2011 and 2010.

(1) Currency-related

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
		Millions of yen		
		2011		
Currency swaps: (Note 1)				
(Payment in Singapore $ and receipt in U.S.$)	Long-term loans payable	¥1,394	¥1,394	¥ 1
Foreign currency forward contracts: (Note 1)				
Selling				
U.S.$	Forecast transaction	3,208	—	35
Euro		135	—	(3)
Buying				
U.S.$		79	—	4
Foreign currency forward contracts: (Note 2)				
Selling				
U.S.$	Accounts receivable–trade, loans receivable	4,454	—	
Euro		376	—	
Total		¥9,646	¥1,394	¥ 37

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
		Millions of yen 2010		
Currency swaps: (Note 1)				
(Payment in Singapore $ and receipt in U.S.$)	Long-term loans payable	¥ 82	¥ —	¥(17)
Foreign currency forward contracts: (Note 1)				
Selling				
U.S.$	Forecast transaction	5,190	—	(49)
Euro		124	—	(1)
Foreign currency forward contract: (Note 2)				
Selling				
U.S.$	Accounts receivable–trade	2,400	—	
Euro		550	—	
Buying				
Euro	Accounts payable	214	—	
Total		¥8,560	¥ —	¥(67)

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, loans receivable or accounts payable subject to hedged transaction. Accordingly, the fair value of such exchange contracts is reflected in the accounts receivable–trade or accounts payable.

(2) Interest-related

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
		Millions of yen **2011**		
Interest rate swaps: (Note 1) (Fixed rate payment, floating rate receipt)	Bonds payable	**¥ 20,000**	**¥ 20,000**	**¥(345)**
Interest rate options: (Note 2) Buying	Long-term loans payable	**8,118**	**8,118**	**(115)**
Interest rate swaps: (Note 3)	Bonds payable, Long-term loans payable			
(Fixed rate payment, floating rate receipt)		**108,900**	**80,100**	
(Floating rate payment, floating rate receipt)		**8,500**	**8,500**	
Total		**¥145,518**	**¥116,718**	**¥(460)**

	Hedged item	Contract/Notional amount	Contract/Notional amount due after one year	Fair value
		Millions of yen 2010		
Interest rate swaps: (Note 1) (Fixed rate payment, floating rate receipt)	Bonds payable	¥ 20,000	¥20,000	¥(212)
Interest rate swaps: (Note 3) (Fixed rate payment, floating rate receipt)	Bonds payable, Long-term loans payable	121,400	117,400	
Total		¥141,400	¥137,400	¥(212)

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 (Millions of yen, 2011)	Contract/Notional amount due after one year (Millions of yen, 2011)	Fair value (Millions of yen, 2011)
Commodity swaps: (Fixed price payment, floating price receipt)	Fuel	**¥254**	**¥83**	**¥(46)**
Total		**¥254**	**¥83**	**¥(46)**

	Hedged item	Contract/Notional amount (Millions of yen, 2010)	Contract/Notional amount due after one year (Millions of yen, 2010)	Fair value (Millions of yen, 2010)
Commodity swaps: (Fixed price payment, floating price receipt)	Fuel	¥259	¥—	¥(74)
Total		¥259	¥—	¥(74)

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

Note 20: Commitments and Contingent Liabilities

Contingent liabilities at March 31, 2011 are as follows:

	Millions of yen 2011
Trade notes discounted with banks	**¥ 31**
Trade notes endorsed	**68**
Liabilities for guarantee	**1,417**
Agreements which require the Company to submit guarantees to bank facilities	**33**
Total	**¥1,549**

In the opinion of management, 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 21: Comprehensive Income

Comprehensive income for the year ended March 31, 2010 comprises the following:

	Millions of yen 2010
Comprehensive income attributable to owners of the parent	¥ 9,666
Comprehensive income attributable to minority interests	1,502
Total	¥11,168

Other comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of yen 2010
Valuation difference on available-for-sale securities	¥ 848
Deferred gains or losses on hedges	(104)
Pension liabilities adjustments	(1,507)
Foreign currency translation adjustment	7,546
Share of other comprehensive income of associates accounted for using equity method	585
Total	¥ 7,368

Note 22:

Subsequent Events

(1) At the Company's annual meeting of shareholders held on June 22, 2011, the shareholders approved the following appropriations of retained earnings:

	Millions of yen
Cash dividends, ¥2.00 per share	¥1,835
Total	¥1,835

(2) There were no important events to be reported subsequent to the year ended March 31, 2011.

Note 23:

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 product-oriented business operations organized at its headquarters. Each business operation develops comprehensive strategy and conducts business both in domestic and overseas markets.

Businesses of the Group are segmented into four reportable segments, namely "Printing Inks & Supplies," "Neo-Graphic Arts Materials," "Synthetic Resins" and "Chemical Solution Materials," based on the features of products and services.

"Printing Inks & Supplies" consists of printing inks and printing supplies. "Neo-Graphic Arts Materials" consists of organic pigments, imaging and reprographic products, and liquid crystal materials. "Synthetic Resins" consists of synthetic resins and additives and chemicals. "Chemical Solution Materials" consists of special compounds and colorants, building materials, packaging materials, pressure-sensitive adhesive materials, plastic molded products, engineering plastics, hollow-fiber membranes and the Color & Comfort business.

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 Polices."

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

	2011						
	Reportable Segment						
	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Total	Others	Total
Sales:							
Sales to customers	¥404,371	¥ 73,458	¥146,673	¥150,452	¥774,954	¥ 4,010	¥778,964
Intersegment sales	57	36,630	10,302	550	47,539	—	47,539
Total sales	404,428	110,088	156,975	151,002	822,493	4,010	826,503
Segment profit	16,061	2,851	14,732	6,810	40,454	758	41,212
Segment assets	¥309,052	¥ 82,935	¥137,166	¥119,651	¥648,804	¥30,627	¥679,431
Others:							
Depreciation and amortization	14,150	3,949	6,797	6,875	31,771	517	32,288
Amortization of goodwill	433	137	72	(2)	640	22	662
Investments in affiliates	2,245	441	9,301	3,823	15,810	4,469	20,279
Increase in property, plant and equipment and intangibles	9,382	2,342	4,077	3,800	19,601	468	20,069

	Reportable Segment: Printing Inks & Supplies	Reportable Segment: Neo-Graphic Arts Materials	Reportable Segment: Synthetic Resins	Reportable Segment: Chemical Solution Materials	Reportable Segment: Total	Others	Total
							Millions of yen
							2010
Sales:							
Sales to customers	¥413,735	¥66,626	¥133,956	¥140,240	¥754,557	¥ 3,292	¥757,849
Intersegment sales	1,635	30,988	9,660	869	43,152	29	43,181
Total sales	415,370	97,614	143,616	141,109	797,709	3,321	801,030
Segment profit	15,418	1,256	11,326	4,260	32,260	689	32,949
Segment assets	¥360,448	¥91,007	¥134,116	¥117,590	¥703,161	¥39,372	¥742,533
Others:							
Depreciation and amortization	15,050	3,943	7,715	7,425	34,133	589	34,722
Amortization of goodwill	395	153	127	5	680	9	689
Investments in affiliates	2,917	447	9,166	3,589	16,119	4,318	20,437
Increase in property, plant and equipment and intangibles	11,892	2,122	3,583	4,462	22,059	1,169	23,228

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

	Millions of yen	
	2011	2010
Sales:		
Reportable segment total	**¥822,493**	¥797,709
Sales in “Others”	**4,010**	3,321
Elimination of intersegment transaction	**(47,539)**	(43,181)
Sales in consolidated financial statements	**¥778,964**	¥757,849

	Millions of yen	
	2011	2010
Profit:		
Reportable segment total	**¥40,454**	¥32,260
Profit in “Others”	**758**	689
Corporate expenses	**(4,060)**	(5,135)
Operating income in consolidated financial statements	**¥37,152**	¥27,814

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

	Millions of yen	
	2011	2010
Assets:		
Reportable segment total	**¥648,804**	¥703,161
Assets in “Others”	**30,627**	39,372
Elimination between segments	**(24,328)**	(46,047)
Corporate assets	**48,657**	53,380
Assets in consolidated financial statements	**¥703,760**	¥749,866

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

Other items are as follows:

Millions of yen

	2011				2010			
	Reportable Segments	Others	Adjustments	Consolidated	Reportable Segments	Others	Adjustments	Consolidated
Depreciation and amortization	¥31,771	¥ 517	¥666	¥32,954	¥34,133	¥ 589	¥648	¥35,370
Amortization of goodwill	640	22	—	662	680	9	—	689
Investments in affiliates	15,810	4,469	—	20,279	16,119	4,318	—	20,437
Increase in property, plant and equipment and intangibles	19,601	468	734	20,803	22,059	1,169	344	23,572

(2) Related information

Information about geographical areas

Millions of yen

	2011			
	Japan	USA	Others	Total
Net sales (Note)	¥332,356	¥93,399	¥353,209	¥778,964
Property, plant and equipment	130,550	27,369	62,712	220,631

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

(3) Impairment loss of assets by reportable segment

Millions of yen

	2011						
	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Others	Corporate and eliminations	Consolidated
Impairment loss	¥658	¥—	¥—	¥—	¥174	¥—	¥832

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

Millions of yen

	2011						
	Printing Inks & Supplies	Neo-Graphic Arts Materials	Synthetic Resins	Chemical Solution Materials	Others	Corporate and eliminations	Consolidated
Amortization	¥ 433	¥137	¥ 72	¥(2)	¥ 22	¥—	¥ 662
Unamortized balances	1,394	33	178	—	203	—	1,808

(Additional information)

Effective April 1, 2010, ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and the ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," have been applied.

Information about operations in different industry segments and geographic areas and sales to foreign customers of the Company and its consolidated subsidiaries for the year ended March 31, 2010 is as follows:

(5) Operations in different industries

Millions of yen

	2010							
	Graphic Arts	Industrial Materials	High Performance and Applied Products	Electronics and Information Materials	Others	Total	Corporate and eliminations	Consolidated
Sales to customers	¥473,585	¥133,198	¥108,442	¥38,360	¥ 4,264	¥757,849	¥ —	¥757,849
Intersegment sales	1,290	9,662	862	161	29	12,004	(12,004)	—
Total sales	474,875	142,860	109,304	38,521	4,293	769,853	(12,004)	757,849
Operating expenses	459,594	130,433	103,714	37,018	5,037	735,796	(5,761)	730,035
Operating income (loss)	¥ 15,281	¥ 12,427	¥ 5,590	¥ 1,503	¥ (744)	¥ 34,057	¥ (6,243)	¥ 27,814
Total assets	¥438,975	¥131,129	¥ 85,124	¥41,625	¥34,769	¥731,622	¥ 18,244	¥749,866
Depreciation and amortization	19,477	7,814	4,473	3,092	345	35,201	858	36,059
Impairment loss	2,944	2,512	531	—	—	5,987	—	5,987
Capital expenditures	13,991	3,515	3,621	972	307	22,406	1,166	23,572

Notes: 1. "Graphic Arts" consists of printing inks, printing supplies, organic pigments and the Color & Comfort business.
2. "Industrial Materials" consists of synthetic resins and additives and chemicals.
3. "High Performance and Applied Products" consists of special compounds and colorants, building materials, petrochemical-related products, pressure-sensitive adhesive materials and plastic molded products.
4. "Electronics and Information Materials" consists of imaging and reprographic products, liquid crystal materials, engineering plastics and hollow-fiber membranes.
5. Corporate assets of ¥54,273 million in 2010, which is included in "Corporate and eliminations," consist mainly of deferred tax assets, tangible assets of DIC Central Research Laboratories and the Kawamura Memorial Museum of Art.
6. Corporate operating expenses of ¥6,216 million in 2010, which is included in "Corporate and eliminations," consist substantially of R&D expenses incurred by DIC Central Research Laboratories to develop new products.

(6) Operations in different geographic areas

Millions of yen

	2010						
	Japan	America	Europe	Asia and Oceania	Total	Corporate and eliminations	Consolidated
Sales:							
Outside customers	¥345,619	¥128,390	¥188,931	¥ 94,909	¥757,849	¥ —	¥757,849
Intersegment	22,707	836	60	6,408	30,011	(30,011)	—
Total sales	368,326	129,226	188,991	101,317	787,860	(30,011)	757,849
Operating expenses	347,885	130,075	181,200	94,692	753,852	(23,817)	730,035
Operating income (loss)	¥ 20,441	¥ (849)	¥ 7,791	¥ 6,625	¥ 34,008	¥ (6,194)	¥ 27,814
Total assets	¥336,832	¥114,781	¥176,089	¥ 93,545	¥721,247	¥ 28,619	¥749,866

Notes: 1. "America" in 2010 consists of North and South America. Sales are summarized by geographic area based on the countries where subsidiaries are located.
2. Corporate assets of ¥54,273 million in 2010, which is included in "Corporate and eliminations," consist mainly of deferred tax assets, tangible assets of DIC Central Research Laboratories and the Kawamura Memorial Museum of Art.
3. Corporate operating expenses of ¥6,216 million in 2010, which is included in "Corporate and eliminations," consist substantially of R&D expenses incurred by DIC Central Research Laboratories to develop new products.

(7) Sales to foreign customers

	Millions of yen 2010
Sales:	
America	¥129,164
Europe	189,113
Asia and Oceania	123,142
Sales to foreign customers	¥441,419

Note 24:

Related-Party Transactions

(1) Related-party transactions with directors, corporate auditors, major individual shareholders and others of the Company for the year ended March 31, 2011 are as follows:

Millions of yen

Sort of related party	Name	Location	Capital or investment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of transaction (Note 1)	Account	Balance at year-end (Note 2)
Companies which directors and their close relatives owned majority (Note 3)	Nissei Real-Estate Co., Ltd.	Chuo-ku, Tokyo	10	Rental of properties and others, insurance operation	Owned Direct 5.80% Indirect 8.07%	Rental of buildings, and others	Payment of rent for buildings and others (Note 4)	2,330	Security deposit	1,880
							Payment for insurance fee (Note 5)	59	Prepaid expenses for insurance fee	380
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	Owned Direct 4.65%	Purchase of metallic containers, and others	Purchase of metallic containers and others (Note 6)	753	Trade notes and accounts payable	310
							Lease payments (Note 7)	69	—	—
							Sales of merchandise and finished goods (Note 8)	173	Trade notes and accounts receivable	106
	Nissin Trading Co., Ltd.	Chuo-ku, Tokyo	20	Sale, 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)	6,424	Trade notes and accounts payable	832
							Sales of merchandise and finished goods (Note 8)	4,003	Trade accounts receivable	1,309

Notes: 1. Excluding consumption taxes.
2. Including consumption taxes.
3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives 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 on an arms-length basis based on market rates in the neighboring areas.
5. Insurance fee is determined on an arms-length basis.
6. Purchase price of metallic containers and others is determined on an arms-length basis based on market prices.
7. Amount of lease payments is determined on an arms-length basis after comparing the estimates of Dainichi Can Co., Ltd., with third parties.
8. Sales price of merchandise and finished goods is determined on an arms-length basis based on market prices.
9. Purchase price of raw materials and others is determined on an arms-length basis based on market prices.

(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 year ended March 31, 2011 are as follows:

Millions of yen

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 which directors and their close relatives owned majority (Note 3)	Nissei Real-Estate Co., Ltd.	Chuo-ku, Tokyo	10	Rental of properties and others, insurance operation	Owned Indirect 13.87%	Payments for insurance fee, and others	Payment of rent for buildings and others (Note 4)	19	Security deposit	8
							Payments for insurance fee (Note 5)	107	Prepaid expenses for insurance fee	171
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	Owned Indirect 4.65%	Purchase of metallic containers, and others	Purchase of metallic containers and others (Note 6)	1,099	Trade notes, accounts payable and other accounts payable	408
							Lease payments (Note 7)	218	—	—
							Sales of merchandise and finished goods, and offering the service (Note 8)	102	Trade notes and accounts receivable	25
	Nissin Trading Co., Ltd.	Chuo-ku, Tokyo	20	Sale, 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)	958	Trade accounts payable	271
							Sales of merchandise and finished goods, and offering the service (Note 8)	236	Trade and other accounts receivable	28

Notes: 1. Excluding consumption taxes.
2. Including consumption taxes.
3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives 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 on an arms-length basis based on market rates in the neighboring areas.
5. Insurance fee is determined on an arms-length basis.
6. Purchase price of metallic containers and others is determined on an arms-length basis based on market prices.
7. Amount of lease payments is determined on an arms-length basis after comparing the estimates of Dainichi Can Co., Ltd., with third parties.
8. Sales price of merchandise and finished goods, and offering the service is determined on an arms-length basis based on market prices.
9. Purchase price of raw materials and others is determined on an arms-length basis based on market prices.

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

Kazuo Sugie, Representative Director, President and CEO, and Masayuki Saito, Director, 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 "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting," 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, 2011, 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 ("entity-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 entity-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 entity-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 represented 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 property, plant and equipment including manufacturing facilities 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, 2011, the internal controls of the Company over financial reporting of the consolidated financial statements were effectively maintained.

Kazuo Sugie

Kazuo Sugie
Representative Director,
President and CEO
DIC Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
DIC Corporation:

We have audited the accompanying consolidated balance sheets of DIC Corporation (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

We have also audited management's report on internal control over financial reporting of the consolidated financial statements of DIC Corporation as of March 31, 2011. The Company's management is responsible for designing and operating effective internal control over financial reporting and for preparing its report on internal control. Our responsibility is to express an opinion on management's report on internal control based on our audit. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

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 of material misstatement. An internal control audit includes examining, on a test basis, 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 our internal control audit provides a reasonable basis for our 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, 2011 is effectively maintained, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Deloitte Touche Tohmatsu LLC

June 22, 2011

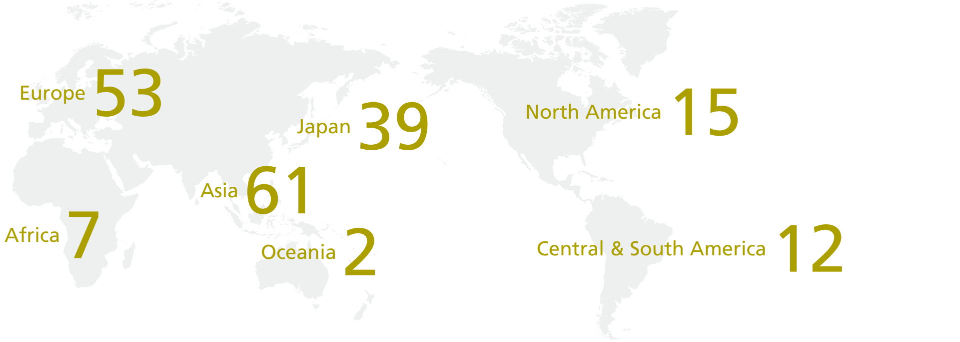
Member of
Deloitte Touche Tohmatsu Limited

Major Subsidiaries and Affiliates

(As of March 31, 2011)

Global Network

The DIC Group comprises more than 180 companies in 64 countries and territories.



Printing Inks & Supplies

Domestic

	Percent of Ownership
DIC Color Coating, Inc. *Manufacture and sale of varnish and other coating materials*	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

	Country/Region	Percent of Ownership
Deqing DIC Synthetic Resins, Ltd. *Manufacture and sale of hard resins*	PRC	100%
DIC (Malaysia) Sdn. Bhd. *Manufacture and sale of printing inks, sale of synthetic resins and chemicals*	Malaysia	93.5%
DIC (Vietnam) Co., Ltd. *Manufacture and sale of printing inks*	Vietnam	100%
DIC Australia Pty Ltd. *Manufacture and sale of printing inks*	Australia	100%
DIC Coatings, S.L. *Manufacture and sale of can coatings and metal-decorating inks*	Spain	100%
DIC Fine Chemicals Private Limited *Manufacture of printing inks*	India	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 (Thailand) Co., Ltd *Manufacture and sale of printing inks*	Thailand	96.3%
DIC Graphics Chia Lung Corp. *Manufacture and sale of printing inks*	Taiwan	100%
DIC Graphics Taiyuan Co., Ltd. *Manufacture and sale of printing inks*	PRC	51%
DIC India Ltd. *Manufacture and sale of printing inks*	India	71.8%
DIC International (Thailand) Co., Ltd. *Sale of printing inks and pigments*	Thailand	80%
DIC Lanka (Private) Ltd. *Manufacture and sale of printing inks*	Sri Lanka	100%
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%
Kyodo Printing Co (S'pore) Pte Ltd *Printing operations*	Singapore	21.9%
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%
Zhaoqing DIC Gum Rosins, Ltd. *Manufacture and sale of gum rosins and turpentine*	PRC	100%

Sun Chemical Group

Manufacture and sale of printing inks and supplies and organic pigments

	Country/Region	Percent of Ownership
Sun Chemical Group Coöperatief U.A.	Netherlands	100%
Sun Chemical Corp.	U.S.	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 Brothers (Zimbabwe) Pvt. Ltd.	Zimbabwe	100%
Coates Screen Inks GmbH	Germany	100%
Hartmann D.O.O.	Slovenia	100%
Hartmann Druckfarben GmbH	Germany	100%
Hartmann-Sun Chemical EOOD	Bulgaria	100%
IMS Concepts S.A./N.V.	Belgium	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 de Centro America, S.A. de C.V.	El Salvador	50%
Sun Chemical B.V.	Netherlands	100%

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

Sun Chemical de Panama, S.A.	Panama	100%
Sun Chemical do Brasil Ltda.	Brazil	100%
Sun Chemical Group S.p.A.	Italy	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 Unipessoal Ltda.	Portugal	100%
Sun Chemical Printing Ink d.o.o.	Serbia	100%
Sun Chemical S.A.	Spain	100%
Inmobiliaria Sunchem, S.A. de C.V.	Mexico	100%
Sun Chemical S.A.S.	France	100%
Sun Chemical s.r.l.	Romania	100%
Sun Chemical Sp. z.o.o.	Poland	100%
Sun Chemical Ukraine Ltd.	Ukraine	100%
Sun Chemical ZAO	Russia	100%
Sun Chemical (Chile) S.A.	Chile	100%
Sun Chemical (Colores) S.A. de C.V.	Mexico	100%
Sun Chemical, s.r.o.	Czech Republic	100%
Sun Chemical, s.r.o.	Slovakia	100%
Sun Chemical, d.o.o.	Croatia	100%
Sun Chemical, d.o.o.e.l.	Macedonia	100%
Tintas S.A.	Colombia	50%

Neo-Graphic Arts Materials

Overseas

	Country/Region	Percent of Ownership
DIC (Nantong) Metallic Pigment Co., Ltd. *Manufacture and sale of aluminium pigment*	PRC	60%
DIC (Taiwan) Ltd. *Sale of DIC products*	Taiwan	100%
DIC Imaging Products USA, LLC *Manufacture and sale of toner and UV-curable coatings*	U.S.	100%
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%

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%
Japan Formalin Company, Inc. *Manufacture and sale of formalin*	50%
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 chemicals for paper production*	54.5%

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 Alkylphenol Singapore Pte., Ltd. *Manufacture of alkyl phenols*	Singapore	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 Colorants, Inc. *Manufacture and sale of plastic colorants and compounds*	100%
DIC Comfort Materials, Inc. *Manufacture and sale of decorative boards*	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 and sale of 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%
Japan Fine Coatings, Inc. *Manufacture and sale of coil coatings for metal*	40%
DIC Decor, Inc. *Printing and sale of decorative sheets and plastic films*	83.3%
Nippon Plastic Pallet Co. *Manufacture and sale of plastic pallets*	100%
SUNDIC Inc. *Manufacture and sale of biaxially oriented polystyrene sheet*	50%
Techno Science, Inc. *Manufacture and sale of disposable filters*	50%
YD Plastics Co., Ltd. *Manufacture and sale of PET bottles*	50%

Overseas

Company	Country/Region	Percent of Ownership
DIC Color (Thailand) Co., Ltd. *Manufacture and sale of plastic colorants and compounds*	Thailand	100%
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%
Earthrise Nutritionals, LLC. *Manufacture and sale of edible alga Spirulina*	U.S.	100%
Hainan DIC Microalgae Co., Ltd. *Manufacture and sale of edible alga 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%
Zhongshan DIC Colour Co., Ltd. *Manufacture and sale of colorants for plastics, textiles and leather*	PRC	100%

Others

Domestic

Company	Percent of Ownership
DIC Capital Corp. *Financing for domestic DIC Group companies*	100%
DIC Color Design, Inc. *Color consulting, color marketing, sales of color guide, product design, graphic design and packaging design*	100%
DIC Estate Co., Ltd. *Purchase, sale, lease, brokerage, proprietorship and management of real estate*	100%
DIC Information Service, Inc. *Computer-related operations, including consulting, systems operations and communication network services*	100%
DIC Logitech Co., Ltd. *Logistics*	100%
Renaissance, Inc. *Planning and operation of sports clubs and schools*	47.7%
Tsuruga Terminals Co. *Chemical storage tank operations*	46%

Overseas

Company	Country/Region	Percent of Ownership
DIC (China) Co., Ltd. *Administration of, investment in and provision of various management support services to subsidiaries in the PRC*	PRC	100%
DIC (Guangzhou) Co., Ltd. *Sale of DIC products*	PRC	100%
DIC (Shanghai) Co., Ltd. *Sale of DIC products*	PRC	100%
DIC Asia Pacific Pte Ltd *Investment in related subsidiaries in Asia and Oceania, and manufacture and sale of DIC products*	Singapore	100%
DIC Europe GmbH *Sale of DIC products*	Germany	100%
DIC Express Co., Ltd. *Logistics*	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 Logitech China Co., Ltd *Logistics*	PRC	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, 2011)

Investor Information

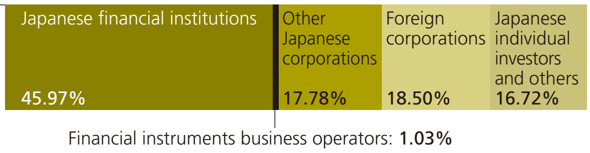
Common Stock

DIC common stock is listed and traded on the Tokyo stock exchanges. There were 47,783 shareholders of record on March 31, 2011. On the Tokyo Stock Exchange, the high and low prices for each quarter of the fiscal years ended March 31, 2011 and 2010, were as follows:

	2011		2010	
	High	Low	High	Low
First quarter	¥224	¥135	¥188	¥144
Second quarter	156	134	162	127
Third quarter	186	138	166	117
Fourth quarter	226	123	206	152

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	Percentage of Total
The Master Trust Bank of Japan, Ltd. (Trust Account)	88,759,000	9.65%
Japan Trustee Services Bank, Ltd. (Trust Account)	71,274,000	7.75
Nissei Real-Estate Co., Ltd.	53,104,894	5.77
Dainichi Can Co., Ltd.	42,561,420	4.62
Dai-ichi Mutual Life Insurance Company	35,000,092	3.80
Nissin Trading Co., Ltd.	31,277,557	3.40
Aioi Nissay Dowa Insurance Co., Ltd.	25,907,590	2.81
Japan Trustee Services Bank, Ltd. (Trust Account 9)	24,702,000	2.68
Japan Trustee Services Bank, Ltd. (Trust Account 4)	23,496,000	2.55
Nippon Life Insurance Company	19,000,755	2.06
	415,083,308	45.15%

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 June at the Corporate Headquarters.

For Further Information, Contact:

Corporate Communications Dept.
DIC Corporation
DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan
Tel.: (03) 5203-7838
E-mail: prir@ma.dic.co.jp

Corporate Data

Registered Address

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

Corporate Headquarters

DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan
Tel.: (03) 3272-4511
Fax: (03) 3278-8558
http://www.dic-global.com/en/

Principal Domestic Offices, Plants and Laboratories (Nonconsolidated)

Number of Branch Offices: 2
Number of Sales Offices: 8
Number of Plants: 11
Number of Laboratories: 2

Number of Employees

21,572

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

DIC Building, 7-20, Nihonbashi 3-chome,
Chuo-ku, Tokyo 103-8233, Japan
http://www.dic-global.com/

Printed in Japan