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MEMBERSHIP

Consolidated Financial Results for the Three Months Ended March 31, 2014 (Japan GAAP)
(Fiscal year ending December 31, 2014)

May 15, 2014
Stock exchange: Tokyo
Head Office: Tokyo
Tel: +81 (3) 6733-3000

Company name: DIC Corporation

Listing Code number: 4631
URL: http://www.dic-global.com/en/
Representative: Yoshiyuki Nakanishi, Representative Director, President and CEO
Contact Person: Hiroyuki Ninomiya, Corporate Controller, Accounting Department
Preparation of Supplemental Explanatory Materials: Yes
Holding of Quarterly Financial Results Meeting: No

Scheduled filing date of securities report : May 15, 2014

1. Consolidated Financial Results for the Three Months Ended March 31, 2014 (January 1, 2014 – March 31, 2014)

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

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
Three months ended March 31, 2014	201,564	—	9,397	—	8,410	—	5,140	—
Three months ended June 30, 2013	186,503	5.9	10,371	7.2	9,710	15.3	4,665	-24.5

Note: Comprehensive income (JPY million): Three months ended March 31, 2014 -863 (－ %), Three months ended June 30, 2013 22,603 (11.5%)

	Earnings per share basic	Earnings per share diluted
	JPY	JPY
Three months ended March 31, 2014	5.61	—
Three months ended June 30, 2013	5.09	—

Effective from fiscal year 2013, ended December 31, 2013, DIC Corporation and its domestic subsidiaries, with the exception of one company, changed their fiscal year-end from March 31 to December 31. Accordingly, the first quarter of fiscal year 2014 was the three months ended March 31, 2014, while the first quarter of fiscal year 2013, with which results are compared herein, was the three months ended June 30, 2013. For this reason, percentage changes are not given. (The first quarter of fiscal year 2013 comprised the accounts for the three months ended June 30, 2013, of DIC and those subsidiaries that previously closed their books on March 31 and for the three months ended March 31, 2013, of those subsidiaries that closed their books on December 31.)

Note: The percentages below represent changes from fiscal year 2013 first-quarter results adjusted to represent the same accounting period as the first quarter of fiscal year 2014 (January 1 – March 31).

Net sales	Operating income	Ordinary income	Net income	
201,564 11.2%	9,397 25.5%	8,410 24.5%	5,140 110.5%	(JPY million)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of March 31, 2014	778,690	214,574	24.6
As of December 31, 2013	761,690	218,947	25.6

Note: Shareholders' equity (JPY million): As of March 31, 2014 191,390, As of December 31, 2013 195,218

2. Cash dividends

	Cash dividends per share				
(Record date)	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	JPY	JPY	JPY	JPY	JPY
FY2013	—	3.00	—	3.00	6.00
FY2014	—				
FY2014 (Plan)		3.00	—	3.00	6.00

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

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3. Forecast for Consolidated Operating Results for the Fiscal Year Ending December 31, 2014 (January 1, 2014 – December 31, 2014)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
Six months ending June 30, 2014	410,000	—	21,000	—	19,000	—	10,000	—	10.92
FY2014	850,000	—	50,000	—	46,000	—	24,500	—	26.75

Note: Revision of the forecast for the consolidated operating results for the fiscal year ending December 31, 2014: No

Owing to the change in its fiscal year-end, for DIC Corporation and all its domestic subsidiaries but one, which previously closed their books on March 31, fiscal year 2013 was a transitional irregular nine-month period (April 1 – December 31, 2013). For this reason, percentage changes are not given.

Note: The percentages below represent changes from fiscal year 2013 results adjusted to represent the same accounting period as fiscal year 2014 (January 1 – December 31).

	Net sales		Operating income		Ordinary income		Net income		
Six months ending June 30, 2014	410,000	8.1%	21,000	4.0%	19,000	2.5%	10,000	3.3%	
FY2014	850,000	8.4%	50,000	13.3%	46,000	12.5%	24,500	-14.8%	(JPY million)

Notes

(1) Changes in the scope of consolidation for significant subsidiaries during the three months ended March 31, 2014 : No

(2) Adoption of accounting methods which are exceptional for quarterly consolidated financial statements : Yes

(3) Changes in accounting policies and accounting estimates, and restatements
1) Changes in accounting policies arising from revision of accounting standards : No
2) Changes in accounting policies other than 1) : No
3) Changes in accounting estimates : No
4) Restatements : No

(4) Number of common stocks
1) Number of common stocks issued at the end of period, including treasury shares
As of March 31, 2014 919,372,048 shares, As of December 31, 2013 919,372,048 shares
2) Number of treasury shares at the end of period
As of March 31, 2014 3,410,194 shares, As of December 31, 2013 3,396,764 shares
3) Average number of common stocks issued during period, excluding treasury shares
For the three months ended March 31, 2014 915,968,230 shares, For the three months ended June 30, 2013 916,008,463 shares

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

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

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Analysis of Results of Operations

Effective from fiscal year 2013, ended December 31, 2013, DIC Corporation and its domestic subsidiaries, with the exception of one company, changed their fiscal year-end from March 31 to December 31. This document presents consolidated results for the first quarter of fiscal year 2014, comprising the accounts for the three months ended March 31, 2014, of DIC and its domestic and overseas subsidiaries. For the purpose of comparison, figures for the first quarter of fiscal year 2013 have been adjusted to represent the same accounting period as the first quarter of fiscal year 2014. Percentage changes represent increases or decreases from the adjusted fiscal year 2013 first-quarter figures.

(1) Overview of Operating Results

In the first quarter of fiscal year 2014, the three months ended March 31, 2014, economic conditions in North America and Europe rallied steadily, although the pace of improvement was measured. Japan's economy, on the road to recovery since fiscal year 2013, benefited from last-minute demand in advance of an increase in the country's consumption tax, which pushed up overall demand. In emerging economies, notably those in Asia, economic instability—evident since fiscal year 2013—persisted despite some indications of a recovery in the People's Republic of China (PRC) and Southeast Asia, owing to factors such as sluggish growth in India.

In this environment, consolidated net sales rose 11.2% from the first quarter of fiscal year 2013, to ¥201.6 billion. Reasons for this result included the positive impact of higher shipments on domestic sales and the depreciation of the yen.

Operating income, at ¥9.4 billion, was up 25.5%, thanks to a number of factors, including rationalization measures and the sagging yen, among others.

Ordinary income advanced 24.5%, to ¥8.4 billion.

Net income climbed 2.1 times, to ¥5.1 billion.

(Billions of yen)

	First quarter of fiscal year 2013 (Note 2)	**First quarter of fiscal year 2014**	Change (%) (Adjusted)	Change (%) excluding the impact of foreign currency fluctuations (Adjusted)
Net sales	¥181.3	**¥201.6**	11.2%	4.4%
Operating income	7.5	**9.4**	25.5%	22.3%
Ordinary income	6.8	**8.4**	24.5%	—
Net income	2.4	**5.1**	2.1 times	—

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Notes:
1. The exchange rates used to translate the results of overseas DIC Group companies for the first quarter of fiscal years 2014 and 2013, respectively, are as follows:
   First quarter of fiscal year 2014: ¥103.04/US$1.00 (average for the three months ended March 31, 2014)
   First quarter of fiscal year 2013: ¥91.07/US$1.00 (average for the three months ended March 31, 2013)
2. Figures for the first quarter of fiscal year 2013 in this table have been adjusted to represent the same accounting period as the first quarter of fiscal year 2014 (January 1 – March 31).

(2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	First quarter of fiscal year 2013 (Note)	**First quarter of fiscal year 2014**	Change (%) (Adjusted)	Change (%) excluding the impact of foreign currency fluctuations (Adjusted)	First quarter of fiscal year 2013 (Note)	**First quarter of fiscal year 2014**	Change (%) (Adjusted)	Change (%) excluding the impact of foreign currency fluctuations (Adjusted)
Printing Inks	¥91.1	**¥99.6**	9.3%	0.2 %	¥ 2.3	**¥3.0**	27.3%	27.1%
Fine Chemicals	29.8	**33.9**	13.6 %	4.8 %	2.9	**3.3**	15.5%	11.3%
Polymers	40.3	**47.0**	16.6 %	14.2 %	2.4	**2.3**	-4.0%	–5.7%
Application Materials	27.8	**30.0**	7.7 %	4.2 %	0.9	**1.8**	97.1%	87.1%
Others, Corporate and eliminations	(7.7)	**(8.9)**	—	—	(1.0)	**(1.0)**	—	—
Total	¥181.3	**¥201.6**	11.2%	4.4 %	¥7.5	**¥ 9.4**	25.5%	22.3%

Note: Owing to changes in segmentation of some products effective from January 1, 2014, certain figures for the first quarter of fiscal year 2013 that have been adjusted to represent the same accounting period as the first quarter of fiscal year 2014 have also been restated.

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

Printing Inks

Japan

Net sales	¥20.5 billion	Change	1.8%
Operating income	¥0.9 billion	Change	73.4%

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Despite an existing downward trend in demand, sales of offset inks rose, bolstered by eleventh-hour demand before Japan's consumption tax was lifted. Sales of gravure inks also advanced, owing to solid demand, among others. While demand for news inks was generally soft, sales were on a par with the first quarter of fiscal year 2013, shored up by elevated sales of colored inks, attributable to a steep increase in demand for advertisements prior to the consumption tax hike, among others. These and other factors led to an increase in overall sales in Japan.

Operating income climbed, with the impact of rationalization efforts among contributing factors.

The Americas and Europe

Net sales	¥67.4 billion	Change	13.9%	[0.5%]
Operating income	¥1.5 billion	Change	95.5%	[2.1 times]

Although sales of packaging inks remained firm, finishing level with the first quarter of fiscal year 2013, overall sales in North America and Europe decreased, as shrinking print runs for magazines and newspapers, among others, pushed down sales of publishing inks and news inks. Sales in Central and South America rose, owing largely to the transformation of affiliates in Colombia into consolidated subsidiaries. For these reasons, overall sales in the Americas and Europe were up after translation as a result of yen depreciation, despite being on a par in local currency terms.

Ongoing rationalization efforts brought about a substantial gain in operating income.

Asia and Oceania

Net sales	¥16.3 billion	Change	4.3%	[0.2%]
Operating income	¥0.6 billion	Change	-41.4%	[-43.0%]

While faltering economic growth and other factors caused sales of offset inks and news inks in the PRC to slip, overall sales in that country rose, bolstered by robust sales of gravure inks. Despite the impact of falling demand, particularly for news inks, sales in Southeast Asia were also up, primarily reflecting steady sales of gravure inks and offset inks. Sales in Oceania declined, as floundering demand drove down sales of news inks. Sales in India increased, owing to brisk results in all product categories. As a result, overall sales in Asia and Oceania were even with the first quarter of fiscal year 2013 in local currency terms, but up after translation thanks to the weak yen.

Operating income decreased. Factors behind this result included diminished sales of news inks and high raw materials prices.

Fine Chemicals

Net sales	¥33.9 billion	Change	13.6%	[4.8%]
Operating income	¥3.3 billion	Change	15.5%	[11.3%]

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Sales of organic pigments increased, spurred by solid sales for use in inks, coatings, plastics and color filters in Japan and in plastics in the Americas and Europe. Sales of TFT LCs fell, a consequence of inventory adjustments by customers and other factors. For these and other reasons, segment sales rose.

Operating income advanced, owing to the aforementioned sales results.

Polymers

Net sales	¥47.0 billion	Change	16.6%	[14.2%]
Operating income	¥2.3 billion	Change	-4.0%	[-5.7%]

In Japan, sales of resins for coatings and epoxy resins were up, bolstered by a recovery in sales to the electrical and electronics industries and brisk sales to the civil engineering and construction industries, as did sales of polystyrene, thanks largely to last-minute demand ahead of the consumption tax hike. Overseas sales also advanced, supported by steady civil engineering- and construction-related demand in the PRC, among others. These factors supported higher segment sales.

Operating income was essentially level, with causes including a deterioration of the segment's product mix and high raw materials prices.

Application Materials

Net sales	¥30.0 billion	Change	7.7%	[4.2%]
Operating income	¥1.8 billion	Change	97.1%	[87.1%]

Sales of industrial adhesive tapes tumbled, reflecting a decline in demand from certain customers for use in smartphones, as did sales of high-performance optical materials, a consequence of diminished demand for use in electrical and electronics equipment, among others. In contrast, sales of polyphenylene sulfide (PPS) compounds flourished, sustained by strong demand for automotive applications, as well as for use in household fixtures and in electrical and electronics equipment. A higher market share was one of several factors that boosted sales of jet inks. These factors combined to push up segment sales.

Operating income soared, buttressed by the aforementioned sales results, as well as by the absence of a one-time cost that affected results in the first quarter of fiscal year 2013.

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(3) Operating Results Forecasts for the First Half of Fiscal Year 2014 (the Six Months Ending June 30, 2014) and Fiscal Year 2014 (the Year Ending December 31, 2014)

(Billions of yen)

	First half of fiscal year 2013 (Note 2)	**First half of fiscal year 2014 (Forecasts)**	Change (%) (Adjusted)	Fiscal year 2013 (Note 2)	**Fiscal year 2014 (Forecasts)**	Change (%) (Adjusted)
Net sales	¥379.1	**¥410.0**	8.1%	¥784.0	**¥850.0**	8.4%
Operating income	20.2	**21.0**	4.0%	44.1	**50.0**	13.3%
Ordinary income	18.5	**19.0**	2.5%	40.9	**46.0**	12.5%
Net income	9.7	**10.0**	3.3%	28.8	**24.5**	-14.8%

Notes:
1. Forecasts are unchanged from those published on February 14, 2014.
2. For the purpose of comparison, figures for the first half of fiscal year 2013 have been adjusted to represent the same accounting period as the first half of fiscal year 2014 (January 1 – June 30), while figures for fiscal year 2013 have been adjusted to represent the same accounting period as fiscal year 2014 (January 1 – December 31).

Disclaimer Regarding Forward-Looking Statements

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

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Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of December 31, 2013	As of March 31, 2014
(Assets)		
Current assets		
Cash and deposits	15,576	25,898
Notes and accounts receivable-trade	212,821	223,926
Merchandise and finished goods	86,402	85,270
Work in process	8,963	9,847
Raw materials and supplies	50,483	54,828
Other	27,343	27,995
Allowance for doubtful accounts	(10,794)	(10,302)
Total current assets	390,794	417,462
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	92,001	93,633
Machinery, equipment and vehicles, net	70,609	69,732
Tools, furniture and fixtures, net	8,355	8,577
Land	55,027	52,141
Construction in progress	7,767	5,693
Total property, plant and equipment	233,759	229,776
Intangible assets		
Goodwill	1,666	1,575
Software	10,356	9,673
Other	3,539	3,356
Total intangible assets	15,561	14,604
Investments and other assets		
Investment securities	41,615	38,227
Net defined benefit asset	15,822	15,792
Other	66,834	63,471
Allowance for doubtful accounts	(2,695)	(642)
Total investments and other assets	121,576	116,848
Total noncurrent assets	370,896	361,228
Total assets	761,690	778,690

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Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of December 31, 2013	As of March 31, 2014
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	116,023	113,989
Short-term loans payable	79,810	77,247
Commercial papers	—	29,000
Current portion of bonds	5,000	5,000
Income taxes payable	7,613	2,887
Provision for bonuses	3,977	5,561
Provision for loss on disaster	343	181
Other	65,461	62,754
Total current liabilities	278,227	296,619
Noncurrent liabilities		
Bonds payable	28,000	28,000
Long-term loans payable	180,262	184,382
Provision for environmental measures	1,997	1,997
Net defined benefit liability	32,830	32,742
Asset retirement obligations	984	979
Other	20,443	19,397
Total noncurrent liabilities	264,516	267,497
Total liabilities	542,743	564,116
(Net assets)		
Shareholders' equity		
Capital stock	91,154	91,154
Capital surplus	88,758	88,758
Retained earnings	89,166	91,558
Treasury shares	(883)	(887)
Total shareholders' equity	268,195	270,583
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,945	1,394
Deferred gains or losses on hedges	(438)	(372)
Foreign currency translation adjustment	(40,037)	(45,711)
Remeasurements of defined benefit plans	(34,447)	(34,504)
Total accumulated other comprehensive income	(72,977)	(79,193)
Minority interests	23,729	23,184
Total net assets	218,947	214,574
Total liabilities and net assets	761,690	778,690

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Consolidated Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2013	Three months ended March 31, 2014
Net sales	186,503	201,564
Cost of sales	146,968	159,523
Gross profit	39,535	42,041
Selling, general and administrative expenses		
Employees' salaries and allowances	9,607	10,905
Provision of allowance for doubtful accounts	408	667
Provision for bonuses	1,503	1,376
Retirement benefit expenses	762	752
Other	16,884	18,944
Total selling, general and administrative expenses	29,164	32,644
Operating income	10,371	9,397
Non-operating income		
Interest income	257	433
Dividends income	90	121
Foreign exchange gains	678	—
Equity in earnings of affiliates	561	646
Other	549	918
Total non-operating income	2,135	2,118
Non-operating expenses		
Interest expenses	1,701	1,712
Foreign exchange losses	—	558
Other	1,095	835
Total non-operating expenses	2,796	3,105
Ordinary income	9,710	8,410
Extraordinary income		
Gain on sales of noncurrent assets	—	198
Total extraordinary income	—	198
Extraordinary loss		
Loss on disposal of noncurrent assets	1,167	1,112
Severance costs	1,012	673
Total extraordinary loss	2,179	1,785
Income before income taxes and minority interests	7,531	6,823
Income taxes	2,405	1,496
Income before minority interests	5,126	5,327
Minority interests in income	461	187
Net income	4,665	5,140

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Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2013	Three months ended March 31, 2014
Income before minority interests	5,126	5,327
Other comprehensive income		
Valuation difference on available-for-sale securities	404	(575)
Deferred gains or losses on hedges	235	65
Foreign currency translation adjustment	17,307	(5,344)
Remeasurements of defined benefit plans, net of tax	(1,108)	72
Share of other comprehensive income of associates accounted for using equity method	639	(408)
Total other comprehensive income	17,477	(6,190)
Comprehensive income	22,603	(863)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	21,699	(1,076)
Comprehensive income attributable to minority interests	904	213