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

Company name: DIC Corporation

Listing Code number: 4631

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

Representative: Yoshiyuki Nakanishi, Representative Director, President and CEO

Contact Person: Hiroyuki Ninomiya, Corporate Controller, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

Holding of Quarterly Financial Results Meeting: No

August 7, 2013

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1. Consolidated Financial Results for the Three Months Ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

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

(1) Consolidated operating results

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|----------------------------------|---------------|------|------------------|------|-----------------|------|---------------|-------|
| | JPY (million) | % | JPY (million) | % | JPY (million) | % | JPY (million) | % |
| Three months ended June 30, 2013 | 186,503 | 5.9 | 10,371 | 7.2 | 9,710 | 15.3 | 4,665 | -24.5 |
| Three months ended June 30, 2012 | 176,119 | -8.0 | 9,672 | -6.5 | 8,421 | -5.6 | 6,176 | -27.3 |

Note: Comprehensive income (JPY million): Three months ended June 30, 2013 22,603 (11.5%), Three months ended June 30, 2012 20,277 (31.5%)

| | Earnings per share basic | | Earnings per share diluted | |
|----------------------------------|--------------------------|--|----------------------------|--|
| | JPY | | JPY | |
| Three months ended June 30, 2013 | 5.09 | | — | |
| Three months ended June 30, 2012 | 6.73 | | — | |

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

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio to total assets |
|----------------------|---------------|---------------|--|
| | JPY (million) | JPY (million) | % |
| As of June 30, 2013 | 744,511 | 178,004 | 20.9 |
| As of March 31, 2013 | 692,991 | 160,731 | 19.8 |

Note: Shareholders' equity (JPY million): As of June 30, 2013 155,316, As of March 31, 2013 136,921

2. Cash dividends

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

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

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

| | Net sales | | Operating income | | Ordinary income | | Net income | | Earnings per share basic |
|--------------------------------------|---------------|------|------------------|------|-----------------|-----|---------------|-------|--------------------------|
| | JPY (million) | % | JPY (million) | % | JPY (million) | % | JPY (million) | % | JPY |
| Six months ending September 30, 2013 | 390,000 | 11.5 | 21,000 | 12.7 | 18,000 | 8.8 | 9,000 | -21.3 | 9.83 |
| FY2013 | 710,000 | — | 39,000 | — | 35,000 | — | 18,000 | — | 19.65 |

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

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

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

| | | | |
|---------------|------------------|-----------------|---------------------------|
| Net sales | Operating income | Ordinary income | Net income |
| 710,000 13.5% | 39,000 12.1% | 35,000 8.6% | 18,000 1.9% (JPY million) |

Notes

- (1) Changes in the scope of consolidation for significant subsidiaries during the three months ended June 30, 2013 : No
- (2) Adoption of accounting methods which are exceptional for quarterly consolidated financial statements : Yes
- (3) Changes in accounting policies and accounting estimates, and restatements
- | | |
|---|----|
| 1) Changes in accounting policies arising from revision of accounting standards : | No |
| 2) Changes in accounting policies other than 1) : | 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 stocks | | | |
| As of June 30, 2013 | 919,372,048 shares, | As of March 31, 2013 | 919,372,048 shares |
| 2) Number of treasury stocks at the end of period | | | |
| As of June 30, 2013 | 3,367,595 shares, | As of March 31, 2013 | 3,359,492 shares |
| 3) Average number of common stocks issued during period, excluding treasury stocks | | | |
| For the three months ended June 30, 2013 | 916,008,463 shares, | For the three months ended June 30, 2012 | 917,486,512 shares |

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

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

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

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

Analysis of Results of Operations

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

(1) Overview of Operating Results

Economic sluggishness in Europe, provoked by the ongoing debt crisis, and flagging growth in the People's Republic of China (PRC) continued to impede overall domestic and overseas demand in the three months ended June 30, 2013. Despite signs of a recovery in demand from the electrical and electronics industries, the pace of improvement was hesitant. As a consequence, operating conditions remained harsh.

In this environment, consolidated net sales rose 5.9%, to ¥186.5 billion. Reasons behind this result included the yen's depreciation against other currencies.

Operating income, at ¥10.4 billion, was up 7.2%, bolstered by rationalization measures, sales price revisions and the weaker yen, among others.

Ordinary income advanced 15.3%, to ¥9.7 billion.

Net income decreased 24.5%, to ¥4.7 billion, reflecting the absence of extraordinary income and other factors.

(Billions of yen)

| | Three months ended June 30, 2012 | Three months ended June 30, 2013 | Change (%) | Change (%) excluding the impact of foreign currency fluctuations |
|------------------|-------------------------------------|-------------------------------------|---------------|--|
| Net sales | ¥176.1 | ¥186.5 | 5.9% | -1.6% |
| Operating income | 9.7 | 10.4 | 7.2% | 2.3% |
| Ordinary income | 8.4 | 9.7 | 15.3% | — |
| Net income | 6.2 | 4.7 | -24.5% | — |

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

Three months ended June 30, 2013: ¥91.07/US\$1.00 (average for the three months ended March 31, 2013)

Three months ended June 30, 2012: ¥79.25/US\$1.00 (average for the three months ended March 31, 2012)

(2) Segment Results

(Billions of yen)

| | Net sales | | | | Operating income (loss) | | | |
|----------------------------|----------------------------------|----------------------------------|------------|--|----------------------------------|----------------------------------|--------------|--|
| | Three months ended June 30, 2012 | Three months ended June 30, 2013 | Change (%) | Change (%) excluding the impact of foreign currency fluctuations | Three months ended June 30, 2012 | Three months ended June 30, 2013 | Change (%) | Change (%) excluding the impact of foreign currency fluctuations |
| Printing Inks | ¥ 87.4 | ¥ 92.3 | 5.6% | -4.8% | ¥3.1 | ¥ 3.1 | 1.2% | -5.9% |
| Fine Chemicals | 26.6 | 30.6 | 15.2% | 5.7% | 2.7 | 3.5 | 28.4% | 22.3% |
| Polymers | 38.4 | 41.2 | 7.2% | 4.0% | 3.4 | 3.3 | -3.8% | -6.6% |
| Application Materials | 32.8 | 32.1 | -2.3% | -5.3% | 1.7 | 1.8 | 5.4% | 2.7% |
| Others | 0.9 | 0.8 | -6.8% | -11.4% | 0.0 | (0.3) | Into the red | Into the red |
| Corporate and eliminations | (10.0) | (10.5) | — | — | (1.2) | (1.0) | — | — |
| Total | ¥176.1 | ¥186.5 | 5.9% | -1.6% | ¥9.7 | ¥10.4 | 7.2% | 2.3% |

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

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

Printing Inks

Japan

| | | | |
|------------------|---------------|--------|-------|
| Net sales | ¥21.6 billion | Change | -2.9% |
| Operating income | ¥1.5 billion | Change | -6.8% |

Sales of gravure inks were on a par with the three months ended June 30, 2012, as demand remained solid. Sales of offset inks declined, owing to such factors as an existing downward trend in demand and the loss of commercial rights for certain products in the wake of sales price revisions. Despite a steady softening of demand, sales of news inks remained level, bolstered by expanded sales of new color inks, among others. As a result, overall sales in Japan were down, with the drop in sales of offset inks being a major cause.

Operating income declined, reflecting the aforementioned sales results.

The Americas and Europe

| | | | | |
|------------------|---------------|--------|-------|----------|
| Net sales | ¥59.2 billion | Change | 10.9% | [-3.4%] |
| Operating income | ¥0.4 billion | Change | 2.2% | [-13.0%] |

Sales in North America and Europe declined, although sales of packaging inks edged up, as shrinking print runs for magazines and newspapers and other factors pushed down sales of publishing inks and news inks. In Central and South America, sales were on a par with the three months ended June 30, 2012, thanks to steady sales of mainstay packaging inks. Reflecting these factors, overall sales in the Americas and Europe were up after translation as a result of the depreciation of the yen, despite declining in local currency terms.

Operating income was down in local currency terms, owing to the sales results cited above, but up after translation as a result of the weak yen.

Asia and Oceania

| | | | | |
|------------------|---------------|--------|-------|---------|
| Net sales | ¥15.7 billion | Change | 6.5% | [-5.8%] |
| Operating income | ¥1.3 billion | Change | 10.6% | [-2.4%] |

Sales in the PRC fell, despite brisk sales of gravure inks, as flagging economic growth and other factors caused sales of offset inks and news inks to tumble. Sales in Southeast Asia increased, shored up by firm sales of gravure inks and offset inks, among others, although news inks in particular were hampered by various factors, including falling demand. Sales in Oceania were also up, bolstered by robust sales of offset inks and gravure inks. Sales in India declined, with news inks and gravure inks struggling, owing to slowing economic growth. While these results led to a decrease in local currency terms, overall sales in Asia and Oceania were up after translation, thanks to yen depreciation.

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

Fine Chemicals

| | | | | |
|------------------|---------------|--------|-------|---------|
| Net sales | ¥30.6 billion | Change | 15.2% | [5.7%] |
| Operating income | ¥3.5 billion | Change | 28.4% | [22.3%] |

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

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

Polymers

| | | | | |
|------------------|---------------|--------|-------|---------|
| Net sales | ¥41.2 billion | Change | 7.2% | [4.0%] |
| Operating income | ¥3.3 billion | Change | -3.8% | [-6.6%] |

In Japan, sales of resins for coatings and epoxy resins were level with the three months ended June 30, 2012. This result, which was attributable to such factors as flagging sales to the electrical and electronics industries, occurred despite firm sales to the civil engineering and construction industries. Sales of polystyrene rose, thanks to expanded marketing efforts. Overseas sales were up, bolstered by the solid results of subsidiaries in Southeast Asia, among others. As a consequence, overall segment sales increased.

Segment operating income decreased, with causes including a deterioration of our product mix.

Application Materials

| | | | | |
|------------------|---------------|--------|-------|---------|
| Net sales | ¥32.1 billion | Change | -2.3% | [-5.3%] |
| Operating income | ¥1.8 billion | Change | 5.4% | [2.7%] |

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

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

(3) Operating Results Forecasts for Six Months Ending September 30, 2013, and Fiscal Year 2013

(Billions of yen)

| | Six months ended September 30, 2012 | Six months ending September 30, 2013 (Forecasts) | Change (%) | Fiscal year 2012 (Adjusted) | Fiscal year 2013 (Forecasts) | Change (%) (From fiscal year 2012 on adjusted basis) |
|------------------|-------------------------------------|--|------------|-----------------------------|------------------------------|--|
| Net sales | ¥349.8 | ¥390.0 | 11.5% | ¥625.4 | ¥710.0 | 13.5% |
| Operating income | 18.6 | 21.0 | 12.7% | 34.8 | 39.0 | 12.1% |
| Ordinary income | 16.5 | 18.0 | 8.8% | 32.2 | 35.0 | 8.6% |
| Net income | 11.4 | 9.0 | -21.3% | 17.7 | 18.0 | 1.9% |

Note: 1. Forecasts are unchanged from those published on May 9, 2013.
2. For DIC Corporation and all but one of its domestic subsidiaries, which previously closed their books on March 31, fiscal year 2013 is an irregular nine-month period ending December 31, 2013. For overseas subsidiaries and one domestic subsidiary, fiscal year 2013 is a regular 12-month period ending December 31, 2013. For convenience only, figures for fiscal year 2012 in this table have been adjusted to represent the new accounting periods.

Disclaimer Regarding Forward-Looking Statements

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

Consolidated Quarterly Balance Sheet

(Millions of yen)

| | As of March 31, 2013 | As of June 30, 2013 |
|--|----------------------|---------------------|
| (Assets) | | |
| Current assets | | |
| Cash and deposits | 22,654 | 19,057 |
| Notes and accounts receivable-trade | 183,221 | 219,180 |
| Merchandise and finished goods | 75,184 | 80,124 |
| Work in process | 8,045 | 8,858 |
| Raw materials and supplies | 45,950 | 48,374 |
| Other | 25,714 | 26,627 |
| Allowance for doubtful accounts | (8,911) | (8,566) |
| Total current assets | 351,857 | 393,654 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 83,490 | 84,904 |
| Machinery, equipment and vehicles, net | 59,907 | 60,082 |
| Tools, furniture and fixtures, net | 7,561 | 7,926 |
| Land | 53,396 | 54,170 |
| Construction in progress | 9,689 | 11,386 |
| Total property, plant and equipment | 214,043 | 218,468 |
| Intangible assets | | |
| Goodwill | 1,227 | 1,224 |
| Software | 10,285 | 10,738 |
| Other | 3,287 | 3,418 |
| Total intangible assets | 14,799 | 15,380 |
| Investments and other assets | | |
| Investment securities | 36,663 | 37,124 |
| Other | 79,878 | 84,591 |
| Allowance for doubtful accounts | (4,249) | (4,706) |
| Total investments and other assets | 112,292 | 117,009 |
| Total noncurrent assets | 341,134 | 350,857 |
| Total assets | 692,991 | 744,511 |

Consolidated Quarterly Balance Sheet

(Millions of yen)

| | As of March 31, 2013 | As of June 30, 2013 |
|---|----------------------|---------------------|
| (Liabilities) | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 109,058 | 111,777 |
| Short-term loans payable | 87,930 | 84,861 |
| Commercial papers | 7,000 | 28,000 |
| Current portion of bonds | 3,000 | 8,000 |
| Income taxes payable | 5,770 | 4,650 |
| Provision for bonuses | 2,955 | 3,477 |
| Provision for loss on disaster | 420 | 402 |
| Other | 55,561 | 54,307 |
| Total current liabilities | 271,694 | 295,474 |
| Noncurrent liabilities | | |
| Bonds payable | 33,000 | 28,000 |
| Long-term loans payable | 178,367 | 191,951 |
| Provision for retirement benefits | 29,711 | 30,440 |
| Asset retirement obligations | 777 | 809 |
| Other | 18,711 | 19,833 |
| Total noncurrent liabilities | 260,566 | 271,033 |
| Total liabilities | 532,260 | 566,507 |
| (Net assets) | | |
| Shareholders' equity | | |
| Capital stock | 91,154 | 91,154 |
| Capital surplus | 88,758 | 88,758 |
| Retained earnings | 68,444 | 69,808 |
| Treasury stock | (873) | (876) |
| Total shareholders' equity | 247,483 | 248,844 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 410 | 814 |
| Deferred gains or losses on hedges | (837) | (605) |
| Pension liabilities adjustments | (27,888) | (28,995) |
| Foreign currency translation adjustment | (82,247) | (64,742) |
| Total accumulated other comprehensive income | (110,562) | (93,528) |
| Minority interests | 23,810 | 22,688 |
| Total net assets | 160,731 | 178,004 |
| Total liabilities and net assets | 692,991 | 744,511 |

Consolidated Quarterly Statement of Income

(Millions of yen)

| | Three months ended June 30, 2012 | Three months ended June 30, 2013 |
|--|--|--|
| Net sales | 176,119 | 186,503 |
| Cost of sales | 139,915 | 146,968 |
| Gross profit | 36,204 | 39,535 |
| Selling, general and administrative expenses | | |
| Employees' salaries and allowances | 8,526 | 9,607 |
| Provision of allowance for doubtful accounts | 124 | 408 |
| Provision for bonuses | 1,239 | 1,503 |
| Retirement benefit expenses | 971 | 762 |
| Other | 15,672 | 16,884 |
| Total selling, general and administrative expenses | 26,532 | 29,164 |
| Operating income | 9,672 | 10,371 |
| Non-operating income | | |
| Interest income | 382 | 257 |
| Dividends income | 44 | 90 |
| Foreign exchange gains | — | 678 |
| Equity in earnings of affiliates | 517 | 561 |
| Other | 624 | 549 |
| Total non-operating income | 1,567 | 2,135 |
| Non-operating expenses | | |
| Interest expenses | 1,798 | 1,701 |
| Foreign exchange losses | 482 | — |
| Other | 538 | 1,095 |
| Total non-operating expenses | 2,818 | 2,796 |
| Ordinary income | 8,421 | 9,710 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 1,599 | — |
| Total extraordinary income | 1,599 | — |
| Extraordinary loss | | |
| Loss on disposal of noncurrent assets | 375 | 1,167 |
| Severance costs | 59 | 1,012 |
| Total extraordinary losses | 434 | 2,179 |
| Income before income taxes and minority interests | 9,586 | 7,531 |
| Income taxes | 2,896 | 2,405 |
| Income before minority interests | 6,690 | 5,126 |
| Minority interests in income | 514 | 461 |
| Net income | 6,176 | 4,665 |

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

| | Three months ended June 30, 2012 | Three months ended June 30, 2013 |
|--|--|--|
| Income before minority interests | 6,690 | 5,126 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (498) | 404 |
| Deferred gains or losses on hedges | (27) | 235 |
| Pension liabilities adjustments | (1,782) | (1,108) |
| Foreign currency translation adjustment | 15,247 | 17,307 |
| Share of other comprehensive income of associates accounted for using equity method | 647 | 639 |
| Total other comprehensive income | 13,587 | 17,477 |
| Comprehensive income | 20,277 | 22,603 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 19,445 | 21,699 |
| Comprehensive income attributable to minority interests | 832 | 904 |