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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2007 (Fiscal year Ending March 31, 2008)

January 31, 2008
Stock exchanges: Tokyo, Osaka, Nagoya
Head Office: Tokyo
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Company name: Dainippon Ink and Chemicals, Incorporated

Listing Code number: 4631
URL: http://www.dic.co.jp
Representative: Koji Oe, President
Contact Person: Yasuyoshi Ikezoe, Corporate Officer, Corporate Controller

1. Consolidated Financial Results for the Nine Months Ended December 31, 2007 (From April 1, 2007 to December 31, 2007)

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)	%
Nine months ended Dec. 31, 2007	805,499	6.7	39,915	4.1	35,415	-0.1	26,301	35.4
Nine months ended Dec. 31, 2006	754,676	-0.3	38,343	13.0	35,463	1.7	19,428	837.2
Fiscal year ended Mar. 31, 2007	1,015,664	—	51,390	—	46,446	—	22,467	—

	Earnings per share Basic	Earnings per share Diluted
	JPY	JPY
Nine months ended Dec. 31, 2007	33.22	—
Nine months ended Dec. 31, 2006	24.53	—
Fiscal year ended Mar. 31, 2007	28.37	—

Note: The percentages of changes for net sales, operating income, ordinary income and net income represent percentage increases or decreases from the results of the corresponding period of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Stockholders' equity ratio to total assets	Stockholders' equity per share
	JPY (million)	JPY (million)	%	JPY
As of Dec. 31, 2007	1,025,038	249,839	22.5	291.10
As of Dec. 31, 2006	1,007,561	225,941	20.5	261.38
As of Mar. 31, 2007	991,780	232,239	21.5	269.09

2. Cash dividends

	Cash dividends per share		
(Record Date)	Interim	Year-end	Annual
	JPY	JPY	JPY
Fiscal year ended Mar. 31, 2007	2.00	3.00	5.00
Fiscal year ending Mar. 31, 2008	3.00		8.00
Fiscal year ending Mar. 31, 2008 (Forecast)		5.00	

Note: Cash dividends for the Fiscal year ending Mar. 31, 2008 (Forecast) include a commemorative dividend of JPY2.00 per share.

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3. Forecast for Consolidated Operating Results for the Fiscal Year Ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share Basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
Fiscal year ending Mar.31,2008	1,075,000	5.8	54,000	5.1	48,000	3.3	30,000	33.5	37.89

Note: The percentages of changes for net sales, operating income, ordinary income and net income represent percentage increases or decreases from the results of the corresponding period of the previous fiscal year.

4. Others

(1) Changes in the scope of consolidation for significant subsidiaries during the nine months ended December 31, 2007: No

(2) Adoption of simplified accounting methods: Yes

(3) Changes in the significant accounting policies: Yes

Note: 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 significantly from any expressed future performance herein due to various factors.

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Analysis of Results of Operations

(1) Summary

In the United States, financial market confusion, prompted by the subprime loans issue, and a slowdown in housing starts are fueling fears of a recession. In Europe, economic growth persisted, but the risk of recession is suggested. Economic growth in Asia remained robust, continuing a trend that began in the first half of the current fiscal year, ending March 31, 2008. In Japan, the underlying economic tone continued to be toward recovery, although it is affected by the external factors, including the decrease of new housing starts, idle consumer demand, the impact of an economic slowdown in the United States and the steady appreciation of the yen. Prices for crude oil and naptha rebounded after waning early in the third quarter, raising fears of rising raw material prices.

(2) Overview of Operating Results for the Nine Months Ended December 31, 2007

In the nine months ended December 31, 2007, results in the Industrial Materials and the Electronics and Information Materials segments remained brisk, but the Graphic Arts Materials segment struggled in North America and Japan. Efforts to adjust product prices in response to rising raw materials prices progressed in the Industrial Materials and the High Performance and Applied Products segments, but such efforts are not completely successful in the Graphic Arts Materials segment. Raw materials prices are continuing rise for fourth quarter and business environment for the future will be tougher. As a consequence of these and other factors, consolidated net sales rose to ¥805.5 billion, and operating income increased to ¥39.9 billion for nine months ended December 31, 2007, and it was the similar level as the same period a year earlier in the third quarter. Ordinary income amounted to ¥35.4 billion. Net income for the nine-month period rose to ¥26.3 billion, owing to, among others, gains on sales of property, plant and equipment prior to the interim.

(Billions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2006	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	**¥805.5**	¥754.7	+6.7%	+1.9%
Operating income	**39.9**	38.3	+4.1%	–3.8%
Ordinary income	**35.4**	35.5	–0.1%	−
Net income	**¥26.3**	¥19.4	+35.4%	−

Note: The actual average exchange rates used to translate the results of overseas DIC Group companies for the nine months ended December 31, 2007 and 2006, are as follows:

Average exchange rate for the nine months ended December 31, 2007: ¥119.25/US$1.00
Average exchange rate for the nine months ended December 31, 2006: ¥116.15/US$1.00

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(3) Segment Results

(Billions of yen)

	Net Sales				Operating Income			
	Nine months ended December 31, 2007	Nine months ended December 31, 2006	Change (%)	Change (%) excluding the impact of foreign currency fluctuations	**Nine months ended December 31, 2007**	Nine months ended December 31, 2006	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Graphic Arts Materials	**¥483.2**	¥445.9	+8.3%	+1.7%	**¥28.3**	¥26.7	+6.0%	–4.9%
Industrial Materials	**149.3**	141.5	+5.5%	+2.5%	**7.8**	6.9	+12.4%	+11.4%
High Performance and Applied Products	**99.9**	98.3	+1.6%	+0.6%	**3.8**	3.6	+5.2%	+4.7%
Electronics and Information Materials	**38.5**	33.4	+15.3%	+12.1%	**5.0**	3.9	+27.5%	+26.1%
Others	**47.7**	49.9	–4.3%	–5.5%	**(0.6)**	0.6	Into the red	Into the red
Corporate and Eliminations	**(13.1)**	(14.3)	–	–	**(4.2)**	(3.3)	–	–
Total	**¥805.5**	¥754.7	+6.7%	+1.9%	**¥39.9**	¥38.3	+4.1%	–3.8%

(Owing to changes in segmentation effective from the current fiscal year, certain figures for the nine months ended December 31, 2006, have been restated.)

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

Graphic Arts Materials

Japan

Net sales	¥85.3 billion	Change	–0.3%
Operating income	¥3.5 billion	Change	–10.9%

Sales of gravure inks rose as sales of flexible packaging materials, particularly for beverage container–related applications, were brisk. Offset inks struggled as a decline in the publication of books and magazines persisted after the interim. News inks also continued to struggle, owing to shrinking newspaper print runs, although the increasing popularity of color printing boosted sales of color news inks after the interim. In organic pigments, exports and domestic sales were firm, particularly for coatings and plastics.

Efforts to adjust sales prices in response to rising raw materials prices progressed for organic pigments and gravure inks, but, for offset inks, only gradually began to take hold in the third quarter and were thus insufficient to compensate for losses in the first half. As a consequence, operating income declined.

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The Americas and Europe

Net sales	¥356.3 billion	Change	+9.4%	[+2.2%]
Operating income	¥20.8 billion	Change	+5.3%	[–7.3%]

In North America, sales of news inks, and of gravure inks for publications and offset inks, flagged in consequence of an economic slowdown prompted by the subprime loans issue. In Europe, sales of offset inks were sluggish, although sales of inks for packaging applications and news inks were brisk and supported an increase in regional sales. Overall operations remained robust in Central and South America. In organic pigments, sales for printing inks, coatings and plastics, and cosmetics increased.

Despite the positive contribution from organic pigments and from sales in Europe, operating income excluding the impact of foreign currency fluctuations declined as a consequence of substantial deteriorating results in North America and a delay of restructuring.

Asia and Oceania

Net sales	¥52.8 billion	Change	+19.4%	[+8.0%]
Operating income	¥3.8 billion	Change	+29.2%	[+16.5%]

In the People's Republic of China (PRC), overall shipments were favorable and sales of offset inks and news inks continued to increase. In India, sales of news inks remained robust, and sales of new offset inks and dry–laminating adhesives rose strongly. In Southeast Asia, sales of gravure inks increased in Thailand and Indonesia. In Australia and New Zealand, sales of flexo inks remained brisk, while sales of news inks recovered.

Operating income increased, owing to expanded sales and progress in the implementation of sales price adjustments in response to rising raw materials prices.

Industrial Materials

Net sales	¥149.3 billion	Change	+5.5%	[+2.5%]
Operating income	¥7.8 billion	Change	+12.4%	[+11.4%]

In Japan, in the area of synthetic resins for coatings used on plastics, sales of high-value-added products, such as ultraviolet (UV)-curable resins, acrylic resins, silicon-acrylic resins, were favorable. In contrast, falling demand from the construction industry dampened sales of general-purpose resins for coatings and phenolic resins used as the adhesives for plywood and particle board. In alkyl phenols, exports for polycarbonate polymerization inhibitors rose. Demand for epoxy resins for electrical and electronics applications flagged, although sales for use in cast iron pipe coatings and other civil engineering applications were favorable. Sales of waterborne polyurethane resins for sizing agents were brisk.

Overseas, sales of synthetic resins for coatings, metal carboxylates and unsaturated polyester resins increased in the PRC. In Thailand, however, sales of synthetic resins for coatings and unsaturated polyester resins flagged.

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Operating income rose, bolstered by the expansion of high-value-added products, such as synthetic resins for coatings and polyurethane.

High Performance and Applied Products

Net sales	¥99.9 billion	Change	+1.6%	[+0.6%]
Operating income	¥3.8 billion	Change	+5.2%	[+4.7%]

Sales of industrial adhesive tapes for use in liquid crystal display (LCD) televisions were favorable in domestic and foreign markets, while sales for mobile phone and automotive applications increased. The expansion of business in the PRC also proceeded steadily. Among high-performance compounds, sales of products with heat-resistant, magnetic and other properties were firm for electrical and related applications after the interim. Sales of coextruded multilayer films were brisk, primarily for food packaging applications. Sales of label stock for printing were level with the corresponding period of the previous fiscal year, despite rising sales in the first half for stickers on vending machines and other applications. In contrast, sales of building materials continued to struggle, hit hard by a decline in the number of new houses under construction. Sales of plastic colorants for polyvinyl chloride (PVC), polyolefins and other applications were sluggish, particularly for housing-related applications.

Operating income rose, supported by increased sales of industrial adhesive tapes and high-performance compounds.

Electronics and Information Materials

Net sales	¥38.5 billion	Change	+15.3%	[+12.1%]
Operating income	¥5.0 billion	Change	+27.5%	[+26.1%]

Sales of TFT LCs rose sharply, particularly for use in televisions, monitors and mobile communications devices. Sales of pigment-type jet inks also increased sharply for photo printers and other applications. Sales of polyphenylene sulfide (PPS) compounds for electrical and electronic applications were flat, although sales for automotive applications remained favorable. In UV-curable coatings and bonding adhesives for optical discs, products for use on Blu-ray Discs made a showing. Sales of hollow-fiber membrane modules, used to prevent rust on boilers, and equipment, used to prevent static electricity during the semiconductor cleaning process, were robust.

Brisk shipments of all products, including pigment-type jet inks and TFT LCs, contributed to a significant increase in operating income.

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Results Forecast for the Fiscal Year Ending March 31, 2008

Forecast for the fiscal year ending March 31, 2008, is as follows:

(Billions of yen)

	Fiscal year ending March 31, 2008 (Forecast)	Fiscal year ended March 31, 2007	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	**¥1,075.0**	¥1,015.7	+5.8%	+2.0%
Operating income	**54.0**	51.4	+5.1%	+0.4%
Ordinary income	**48.0**	46.4	+3.3%	–
Net income	**¥30.0**	¥22.5	+33.5%	–

Note: Average exchange rate for calendar year 2007: ¥117.82/US$1.00
Average exchange rate for calendar year 2006: ¥116.52/US$1.00