

## Consolidated Financial Results for the Year Ended March 31, 2008 (Fiscal year ended March 31, 2008)

May 12, 2008  
Stock exchanges: Tokyo, Osaka, Nagoya  
Head Office: Tokyo  
Tel: +81 (3) 3272-4511

### Company name: DIC Corporation

Listing Code number: 4631

URL: <http://www.dic.co.jp>

Representative: Koji Oe, President and CEO

Contact Person: Hiroyuki Ninomiya, Corporate Controller, Accounting Department

Annual Meeting of Shareholders : June 25, 2008

Dividend payment : June 26, 2008

Submission of Yukashouken-houkokusho : June 26, 2008

### 1. Consolidated Financial Results for the Fiscal Year 2007 (From April 1, 2007 to March 31, 2008)

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)	%
FY2007	1,077,897	6.1	48,373	-5.9	40,977	-11.8	31,033	38.1
FY2006	1,015,664	1.1	51,390	3.8	46,446	-4.2	22,467	324.9

	Earnings per share Basic	Earnings per share Diluted	ROE (Return on equity)	Ordinary income ratio to total assets	Operating income ratio to net sales
	JPY	JPY	%	%	%
FY2007	39.20	—	13.8	4.2	4.5
FY2006	28.37	—	11.2	4.7	5.1

Notes: 1) Equity in earnings of affiliates (JPY million): FY2007 1,660, FY2006 1,628

2) The percentages of changes represent rate of increases or decreases from the results 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
FY2007	978,299	255,476	24.1	297.75
FY2006	991,780	232,239	21.5	269.09

Note: Stockholders' equity (JPY million): FY2007 235,594, FY2006 213,076

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	JPY (million)	JPY (million)	JPY (million)	JPY (million)
FY2007	62,750	-26,388	-30,892	13,123
FY2006	41,901	21,077	-59,011	12,536

### 2. Cash dividends

(Record Date)	Cash dividends per share			Dividends in total (Annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Interim	Year-end	Annual			
	JPY	JPY	JPY	JPY (million)	%	%
FY2006	2.00	3.00	5.00	3,960	17.6	2.0
FY2007	3.00	5.00	8.00	6,331	20.4	2.8
FY2008 (Forecast)	3.00	3.00	6.00		21.6	

Note: Cash dividends for Year-end of the FY 2007 include a commemorative dividend of JPY2.00 per share.

### 3. Forecast for Consolidated Operating Results for the Fiscal Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share Basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
FY2008 First-half	520,000	-2.1	22,000	-14.8	17,500	-28.5	11,000	-46.4	13.90
FY2008	1,060,000	-1.7	50,000	3.4	40,000	-2.4	22,000	-29.1	27.80

#### **4. Others**

(1) Changes in the scope of consolidation for significant subsidiaries during the fiscal year ended March 31, 2008 : No

(2) Changes in the significant accounting policies

1) Adoption of new accounting standard : Yes

2) Others : Yes

(3) Number of common stocks

1) Number of common stocks issued at the end of period, including treasury stocks

FY2007 792,872,048 shares, FY2006 792,872,048 shares

2) Number of treasury stocks at the end of period

FY2007 1,623,981 shares, FY2006 1,032,097 shares

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.

## **Analysis of Results of Operations**

On February 15, 2008, DIC Corporation celebrated its centennial anniversary. In celebration of this milestone, effective April 1, 2008, DIC changed its official company name from Dainippon Ink and Chemicals, Incorporated to DIC Corporation and adopted the new brand design. Going forward, DIC will continue to maximize its 100 years of experience, while at the same time it seeks to establish a new corporate image and to fulfill its obligations as a corporate organization in the 21st century.

### **Results for the Fiscal Year Ended March 31, 2008**

#### **(1) Summary**

In the United States, financial market confusion and falling consumer spending, a consequence of the subprime loans crisis, precipitated an economic downturn in the second half of the fiscal year ended March 31, 2008. In Europe, domestic demand supported firm economic growth as an improved employment situation in key countries bolstered consumer spending. In Asia, the People's Republic of China (PRC) and India continued to report strong economic growth, while in Southeast Asian countries growth remained favorable. Japan's economy continued to exhibit leisurely growth throughout 2007, but the pace of growth began to slow in the New Year as a consequence of sluggish U.S. economic conditions and the sharp appreciation of the yen, which had a particularly noticeable impact on exports and consumer spending. In the chemicals industry, rising prices for crude oil and naphtha continued to drive up raw materials prices, a trend that significantly affected corporate profits.

In this environment, the DIC Group strove to bolster operating results by, among others, focusing on adjusting sales prices and doing their utmost to rationalize operations and expand sales.

Owing to these and other factors, favorable results were reported in the Graphic Arts Materials segment in Europe, Central and South America, Asia and Oceania—despite a struggle in Japan and North America—and in the Industrial Materials and Electronics and Information Materials segments, supporting a 6.1% increase in consolidated net sales, to ¥1,077.9 billion. Efforts to adjust product prices in response to rising raw materials prices progressed in the Industrial Materials segment, but were only partially successful in the Graphic Arts Materials segment. In the Americas and Europe, a changeover of systems undertaken to rationalize operations resulted in a onetime additional cost. As a consequence, operating income declined 5.9%, to ¥48.4 billion. Ordinary income totaled ¥41.0 billion, as rising interest rates boosted interest expense. Net income amounted to ¥31.0 billion, partly owing to decrease of tax expenses.

(Billions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	<b>¥1,077.9</b>	¥1,015.7	+6.1%	+2.1%
Operating income	<b>48.4</b>	51.4	-5.9%	-11.9%
Ordinary income	<b>41.0</b>	46.4	-11.8%	-
Net income	<b>¥31.0</b>	¥22.5	+38.1%	-

Note: The actual average exchange rates used to translate the results of overseas DIC Group companies for the fiscal year ended March 31, 2008 and 2007, respectively, are as follows:

Average exchange rate for the fiscal year ended March 31, 2008: ¥117.82/US\$1.00

Average exchange rate for the fiscal year ended March 31, 2007: ¥116.52/US\$1.00

## (2) Segment Results

(Billions of yen)

	Net Sales				Operating Income			
	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Change (%)	Change (%) excluding the impact of foreign currency fluctuations	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Graphic Arts Materials	<b>¥646.4</b>	¥605.2	+6.8%	1.2%	<b>¥34.3</b>	¥36.7	-6.6%	-14.9%
Industrial Materials	<b>197.6</b>	186.9	+5.7%	3.2%	<b>10.0</b>	8.7	+14.3%	+13.3%
High Performance and Applied Products	<b>131.3</b>	130.5	+0.6%	-0.1%	<b>4.6</b>	4.8	-4.1%	-4.2%
Electronics and Information Materials	<b>52.4</b>	45.3	+15.7%	+14.6%	<b>6.4</b>	5.1	+26.2%	+25.7%
Others	<b>67.1</b>	66.6	+0.8%	-0.2%	<b>(0.8)</b>	0.1	Into the red	Into the red
Corporate and Eliminations	<b>(17.0)</b>	(18.9)	-	-	<b>(6.2)</b>	(4.1)	-	-
Total	<b>¥1,077.9</b>	¥1,015.7	+6.1%	+2.1%	<b>¥48.4</b>	¥51.4	-5.9%	-11.9%

(Owing to changes in segmentation effective from the current fiscal year, certain figures for the fiscal year ended March 31, 2007, have been restated)

Segment results in key markets are presented 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 Graphic Arts Materials are included. Accordingly, the aggregates of regional net sales and operating income figures below differ from the figures presented above.

## Graphic Arts Materials

### *Japan*

Net sales	¥112.0 billion	Change	-1.5%
Operating income	¥3.8 billion	Change	-21.9%

In gravure inks, while sales for flexible packaging applications were hampered by the reluctance by customers to purchase—attributable to incidents involving the fraudulent labeling of food products, among others—but sales for beverage container-related applications increased. Offset inks and news inks continued to struggle as newspaper and magazine print runs shrank, reflecting the growing prevalence of the Internet, although the rising popularity of color printing sustained sales of color news inks. In organic pigments, both exports and domestic sales were robust, particularly for coatings and plastics.

Operating income declined, owing to the slump in offset and news inks sales, and to the fact that sales price revisions—implemented in response to rising raw materials prices—were only partially successful for gravure inks and failed to advance sufficiently for offset inks, despite progressing for organic pigments.

### *The Americas and Europe*

Net sales	¥478.0 billion	Change	+7.7%	[+1.4%]
Operating income	¥25.2 billion	Change	-8.7%	[-18.7%]

In North America, generally, printing industry was shrinking. Shipments of news inks, in particular, flagged, as the growing prevalence of the Internet pushed down newspaper print runs. In Europe, in contrast, sales of inks for packaging and news inks were brisk. Sales of inks also rose in Central and South America, led by inks for packaging. In organic pigments, sales for printing inks and coatings increased.

Operating income declined, despite the positive impact of higher sales and rationalization efforts in Europe and Central and South America. The decline was attributable to increasingly intense competition in North America and a delay in the implementation of sales price adjustments in response to rising raw materials prices, combined with a onetime additional cost on a changeover of systems undertaken to rationalize operations.

### ***Asia and Oceania***

Net sales	¥71.2 billion	Change	+19.3%	[+7.9%]
Operating income	¥5.3 billion	Change	+26.7%	[+16.0%]

In the PRC, shipments were favorable overall and sales of offset and news inks, in particular, increased. In India, sales of news inks and packaging adhesives rose strongly. In Southeast Asia, sales of gravure inks rose in Thailand and Indonesia. Sales of flexo inks and news inks were brisk in Australia and New Zealand.

Operating income increased, owing to higher sales, as well as to sales price adjustments implemented in response to rising raw materials prices and rationalization efforts.

### **Industrial Materials**

Net sales	¥197.6 billion	Change	+5.7%	[+3.2%]
Operating income	¥10.0 billion	Change	+14.3%	[+13.3%]

In Japan, sales of synthetic resins for coatings were stagnant in construction-related markets. In high-value-added products, such as high-performance ultraviolet (UV)-curable resins, however, sales for electrical and electronics applications rose and progress was seen in efforts to cultivate new markets. In polyurethane resins, falling demand from the construction industry for use in heat insulating materials was countered by sales for use in sizing agents for automotive and related applications. Sales of epoxy resins, for electrical and electronics applications flagged, although sales for use in coatings for the interior of cast iron pipes and other civil engineering applications were favorable.

Overseas, sales of synthetic resins for coatings, metal carboxylates and unsaturated polyester resins rose in the PRC, as did sales of epoxy resins in Malaysia.

Operating income rose, bolstered by expanded sales of high-value-added synthetic resins for coatings, polyurethane resins and epoxy resins, as well as by progress in the implementation of sales price adjustments in response to rising raw materials prices.

### **High Performance and Applied Products**

Net sales	¥131.3 billion	Change	+0.6%	[−0.1%]
Operating income	¥4.6 billion	Change	−4.1%	[−4.2%]

In industrial adhesive tapes, sales of products for mobile phones were robust, while sales of environment-friendly products for liquid crystal display (LCD) televisions and automotive applications increased. In high-performance compounds, sales of magnetic compounds for

export to Europe and flame-retardant compounds for electrical and related applications were brisk. Among products for food packaging applications, DIC commenced commercial shipments of a new polystyrene that is lighter than other products currently on the market. Sales of high-performance optical materials, which rose substantially in the previous fiscal year, slowed as a consequence of production adjustments by key customers. Similarly, a decline in the number of new houses under construction led to sluggish sales of building materials and plastic colorants, such as those for polyvinyl chloride (PVC) and polyolefins. As a consequence, segment sales were essentially level with the previous fiscal year.

Reflecting the abovementioned sales results, as well as inadequate progress in implementing sales price adjustments for plastic pallets in response to rising raw materials prices, operating income declined.

### Electronics and Information Materials

Net sales	¥52.4 billion	Change	+15.7%	[+14.6%]
Operating income	¥6.4 billion	Change	+26.2%	[+25.7%]

Sales of thin film transistor liquid crystals (TFT LCs) rose sharply, particularly for use in televisions, monitors and mobile communications devices. Sales of pigmented jet inks were also robust, owing to an increase in the number of photo printers using DIC products. In the area of polyphenylene sulfide (PPS) compounds, sales for electrical and electronics applications were firm, while sales for automotive applications rose sharply as these products were newly adopted by several automakers for use in automotive electrical parts. As a consequence, production of PPS compounds continued at full capacity. In UV-curable coatings and bonding adhesives for optical discs, commercial shipments of products for use on Blu-ray Discs commenced. In hollow-fiber membranes, sales gains were reported for degassing modules, used to prevent rust on boilers, and equipment, which prevents static electricity during the semiconductor cleaning process. In addition, degassing modules for jet inks as a new application were robust.

Brisk shipments of all products, including pigmented jet inks and TFT LCs, contributed to an increase in operating income.

## Results Forecast for the Fiscal Year Ending March 31, 2009

### (1) Summary

In the fiscal year ending March 31, 2009, the U.S. economic slump is expected to continue and its impact to spread to the economies of Europe and Asia. In Japan, this trend, together with a sharp increase in the value of the yen, are forecast to slow exports and consumer spending. With rising prices for crude oil and naphtha continuing to drive up raw materials prices, and

supplies of other raw materials likely to be squeezed, harsh operating conditions are expected to persist.

In this environment, the DIC Group will continue to focus on adjusting sales prices in response to rising raw materials prices, and at the same time strive to further expand sales of newly developed products and high-value-added products, including TFT LCs and pigmented jet inks. With the appreciation of the yen negatively affecting sales denominated in other currencies, however, DIC forecasts a 1.7% decline in consolidated net sales for the period, to ¥1,060.0 billion. Operating income is forecast at ¥50.0 billion, ordinary income at ¥40.0 billion and net income at ¥22.0 billion.

(Billions of yen)

	<b>Fiscal year ending March 31, 2009 (Forecast)</b>	Fiscal year ended March 31, 2008	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	<b>¥1,060.0</b>	¥1,077.9	-1.7%	+4.8%
Operating income	<b>50.0</b>	48.4	+3.4%	+10.4%
Ordinary income	<b>40.0</b>	41.0	-2.4%	-
Net income	<b>¥22.0</b>	¥31.0	-29.1%	-

Note: Average exchange rate for the fiscal year ending March 31, 2009: ¥100.00/US\$1.00  
 Average exchange rate for the fiscal year ended March 31, 2008: ¥117.82/US\$1.00

## (2) Segment Results Forecast

(Billions of yen)

	Net Sales				Operating Income			
	<b>Fiscal year ending March 31, 2009 (Forecast)</b>	Fiscal year ended March 31, 2008	Change (%)	Change (%) excluding the impact of foreign currency fluctuations	<b>Fiscal year ending March 31, 2009 (Forecast)</b>	Fiscal year ended March 31, 2008	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Graphic Arts Materials	<b>¥609.5</b>	¥646.4	-5.7%	+4.8%	<b>¥32.9</b>	¥34.3	-4.1%	+5.3%
Industrial Materials	<b>205.4</b>	197.6	+3.9%	+3.9%	<b>12.6</b>	10.0	+26.0%	+25.9%
High Performance and Applied Products	<b>141.2</b>	131.3	+7.5%	+7.5%	<b>5.9</b>	4.6	+27.8%	+27.7%
Electronics and Information Materials	<b>66.8</b>	52.4	+27.4%	+30.2%	<b>9.6</b>	6.4	+48.8%	+49.6%
Others	<b>62.8</b>	67.1	-6.4%	-6.4%	<b>(1.1)</b>	(0.8)	Loss worsened	Loss worsened
Corporate and Eliminations	<b>(25.7)</b>	(17.0)	-	-	<b>(9.9)</b>	(6.2)	-	-
Total	<b>¥1,060.0</b>	¥1,077.9	-1.7%	+4.8%	<b>¥50.0</b>	¥48.4	+3.4%	+10.4%

### **Graphic Arts Materials**

DIC will continue to concentrate on adjusting sales prices for printing inks in response to rising raw materials prices. In Japan, DIC will strive to rationalize its offset inks operations as well as expand sales of high-performance and other high-value-added organic pigments. Overseas, DIC expects results to remain firm in Europe and will strive to capture markets in high-growth regions, notably Asia, Eastern Europe, and Central and South America, and to rationalize its operations in North America.

### **Industrial Materials**

DIC will continue striving to further promote sales of UV-curable resins and other high-performance products in such new fields as coatings for optical films. DIC will also accelerate efforts to bolster sales of environment-friendly products, including waterborne polyurethane resins, for automotive and other applications, as well as increase its production capacity for resins used as adhesives, thereby positioning it to expand this business to include, among others, products for information technology applications. DIC will concentrate on adjusting sales prices promptly.

### **High Performance and Applied Products**

High-performance optical materials, growth of which has been sluggish, are expected to recover. In industrial adhesive tapes, the construction of a new coating plant will enhance production capacity, thereby supporting expanded sales for information and related equipment and automotive applications. DIC will also increase its production capacity for coextruded multilayer films with the aim of bolstering sales for both food packaging and optical equipment applications. With companies in the construction and related industries reporting improved results, a recovery in sales of building materials and plastic colorants is expected. DIC will also proceed with efforts to revise sales prices for plastic pallets in response to rising raw materials prices.

### **Electronics and Information Materials**

DIC will step up efforts to expand sales of TFT LCs—a business that is expected to see further growth—through new investments aimed at increasing production capacity, as well as through the early launch of new products. In its pigmented jet inks and PPS compounds businesses, DIC will focus on achieving growth and reducing costs by commencing production at new plants. In UV-curable coatings and bonding adhesives for optical discs, DIC will endeavor to increase sales of products for use on Blu-ray Discs. DIC also plans to bolster sales of modules and develop new applications for hollow fiber membranes.

### **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 materially 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.