Color & Comfort by Chemistry

DIC Annual Report 2014

Year ended December 31, 2014

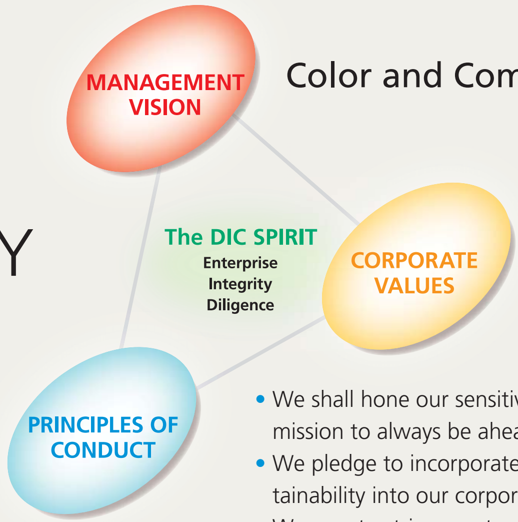
DIC Corporation

DIC Corporation is one of the world's leading diversified chemicals companies, as well as the core of the DIC Group, a multinational organization comprising more than 170 companies in 63 countries and territories. 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 its core business areas. Today, DIC and the companies of the DIC Group supply a broad range of distinctive products in four business segments: Printing Inks, Fine Chemicals, Polymers and Application Materials.

Now in its second century in business, DIC is redoubling its efforts to develop and market innovative, high-performance products that respond to the needs of customers in markets around the world, in line with its "Color and Comfort by Chemistry" management vision. As a responsible corporate citizen, DIC is also committed to helping realize global environmental and social sustainability.

Effective from fiscal year 2013, DIC changed its fiscal year-end from March 31 to December 31. Fiscal year 2014, ended December 31, 2014, was the first full fiscal year since this change. Fiscal year 2013, with which the Group's performance in fiscal year 2014 is compared, was a transitional irregular nine-month period.

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

1 Consolidated Financial Highlights

DIC Corporation and Consolidated Subsidiaries
Years ended December 31, 2014 and 2013, and year ended March 31, 2013

			Millions of yen
	Dec. 2014	Dec. 2013	Mar. 2013
Net sales	**¥830,078**	¥705,647	¥703,781
Operating income	**41,076**	40,181	38,484
Income before income taxes and minority interests	**38,894**	40,116	34,206
Net income	**25,194**	26,771	19,064
Total property, plant and equipment	**241,937**	233,759	214,043
Total net assets	**276,723**	218,947	160,731
Total assets	**803,703**	761,690	692,991

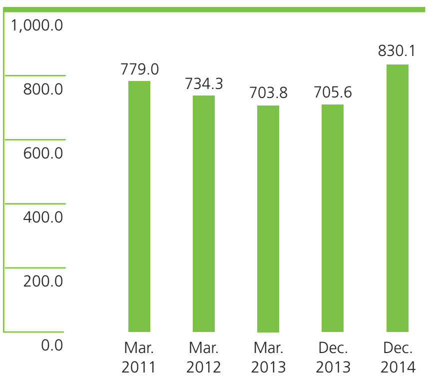
			Yen
Earnings per share (Note 2):			
Basic	**¥26.78**	¥29.23	¥20.80
Diluted	—	—	—
Cash dividends per share applicable to the period (Note 3)	**6.00**	6.00	6.00

			Thousands of U.S. dollars (Note 1)
	Dec. 2014	Dec. 2013	Mar. 2013
Net sales	**$6,917,317**	$5,880,392	$5,864,842
Operating income	**342,300**	334,842	320,700
Income before income taxes and minority interests	**324,117**	334,300	285,050
Net income	**209,950**	223,092	158,867
Total property, plant and equipment	**2,016,142**	1,947,992	1,783,692
Total net assets	**2,306,025**	1,824,558	1,339,425
Total assets	**6,697,525**	6,347,417	5,774,925

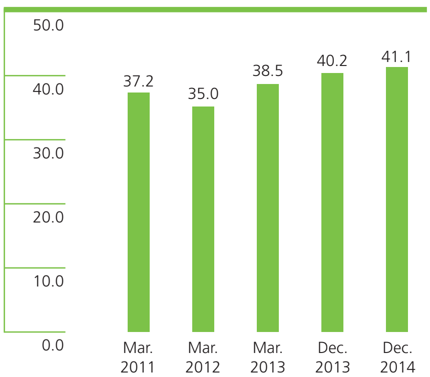
			U.S. dollars (Note 1)
Earnings per share (Note 2):			
Basic	**$0.223**	$0.244	$0.173
Diluted	—	—	—
Cash dividends per share applicable to the period (Note 3)	**0.050**	0.050	0.050

Notes: 1. Yen amounts have been translated, for readers' convenience only, at the rate of ¥120 to US$1, the approximate rate of exchange at December 31, 2014.
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.
4. In order to align the fiscal year-end with that of its consolidated subsidiaries overseas, effective from fiscal year 2013, DIC Corporation changed its fiscal year-end from March 31 to December 31. As a result, the fiscal year ended December 31, 2013, was a transitional irregular nine-month period, comprising the nine months from April to December for DIC Corporation and its subsidiaries whose fiscal year-end was previously March 31 and the 12 months from January to December for its subsidiaries whose fiscal year-end is December 31.

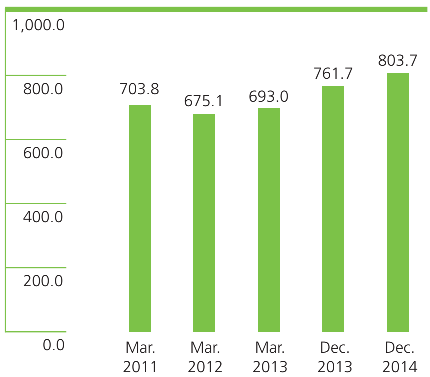
Net Sales
(Billions of yen)



Operating Income
(Billions of yen)



Total Assets
(Billions of yen)



2 To Our Stakeholders

In April 2013, we embarked on a new medium-term management plan, DIC105, that will guide our efforts through fiscal year 2015, ending December 31, 2015. In line with the plan's slogan, "Step Beyond," which evokes our determination to set DIC on a new, forward-looking path, we are implementing crucial measures in line with three central strategies, which are to restructure our printing inks businesses in North America and Europe, expand businesses that will drive growth and create next-generation businesses. With our sights set firmly on the future, we are rallying our comprehensive strengths to push boundaries and drive the DIC Group forward.

Operating Results in Fiscal Year 2014

In fiscal year 2014, ended December 31, 2014, the trend toward economic recovery in North America and Europe clarified. While instability lingered in Asia, reflecting, among others, slowing growth in the People's Republic of China (PRC) and Southeast Asia, signs of a revival in demand were seen in India through the second half. In Japan, demand remained weak, underscored by such factors as a protracted negative rebound in consumer demand following the sharp spike that preceded the consumption tax increase in April 2014.

In this environment, consolidated net sales advanced 5.9% from fiscal year 2013, to ¥830.1 billion, as results benefited from the positive impact of higher shipments and the depreciation of the yen. Operating income, at ¥41.1 billion, was down 6.9%, owing to a number of factors, including an increase in raw materials prices. Ordinary income declined 2.3%, to ¥39.9 billion. Net income decreased 12.4%, to ¥25.2 billion.

Looking Ahead

Despite weak demand, the Japanese economy is expected to continue recovering at a moderate pace through fiscal year 2015. Overseas, gradual economic recovery is likely to persist in the United States and Europe, as well as in the PRC and Southeast Asia. In this environment, we will continue to promote a variety of strategic measures, guided by our current medium-term management plan. We will also seek to achieve further cost reductions. We expect these efforts to underpin increases in both net sales and operating income.

Having paid an interim dividend of ¥3.00 per share, we also declared a year-end dividend of ¥3.00 per share for fiscal year 2014, resulting in an annual dividend payment of ¥6.00 per share. In fiscal year 2015, we plan to raise both our interim and year-end dividends to ¥4.00 per share, for an annual dividend payment of ¥8.00 per share for the period. It is our basic belief that we have a dual responsibility to ensure stable management fundamentals and to enhance returns to shareholders. Accordingly, in addition to working tirelessly to improve internal reserves, we endeavor to maximize those reserves to reinforce our financial health, thereby positioning us to bolster future returns to shareholders.

The employees and management of the DIC Group are committed to addressing challenges and reinforcing competitiveness. In all our efforts, we look forward to the continued guidance and encouragement of our stakeholders.

Yoshiyuki Nakanishi
Representative Director,
President and CEO
DIC Corporation

Note: Effective from fiscal year 2013, DIC and its domestic consolidated subsidiaries, with the exception of one company, changed their fiscal year-end from March 31 to December 31. Accordingly, fiscal year 2013 was a transitional irregular nine-month period. For the purpose of comparison, fiscal year 2013 results have been adjusted to represent the same accounting period as fiscal year 2014. Percentage increases and decreases thus indicate changes from the adjusted fiscal year 2013 results.

Q: How do you evaluate your performance in fiscal year 2014, the second year of DIC105?

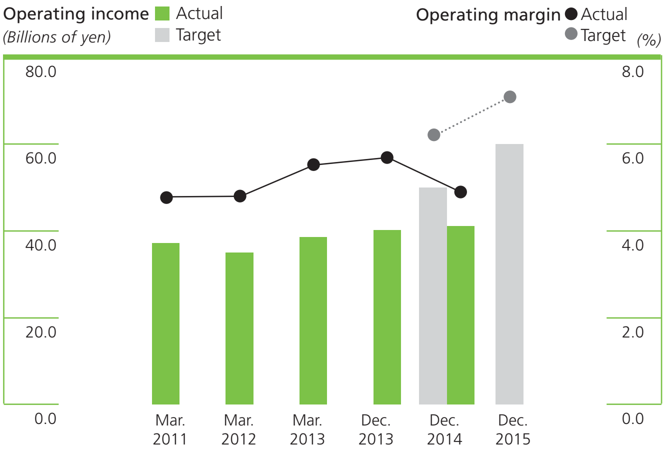
A: One of our targets for fiscal year 2014 under DIC105 was operating income of ¥50.0 billion. Unfortunately, our actual result was held to ¥41.1 billion. On a geographic basis, we made a solid showing in the Americas and Europe, thanks to the positive impact of restructuring efforts in these regions and to expanded sales of packaging inks, but we struggled greatly in Japan, hampered by such negative factors as the consumption tax hike in April 2014, unseasonable weather and a delay in revising sales prices upward to reflect higher raw materials prices. Operating income results elsewhere in Asia diverged widely, as a result of which regional operating income growth was insufficient to offset the domestic decline. Operating income also varied from one business to another, as our mainstay printing inks and polymers businesses faced an uphill battle in Japan, while our pigments, polypheynlyne sulfide (PPS) products and jet inks businesses reported favorable gains. In the jet inks business, we continued to promote collaboration with the Sun Chemical Group, as well as to cultivate new markets.

In fiscal year 2015, we will continue to implement the central strategies of DIC105. We will also take decisive steps to enhance our performance by, among others, improving results in regions where fiscal year 2014 results fell short. Our current forecasts for fiscal year 2015 include net sales of ¥900.0 billion and operating income of ¥50.0 billion.

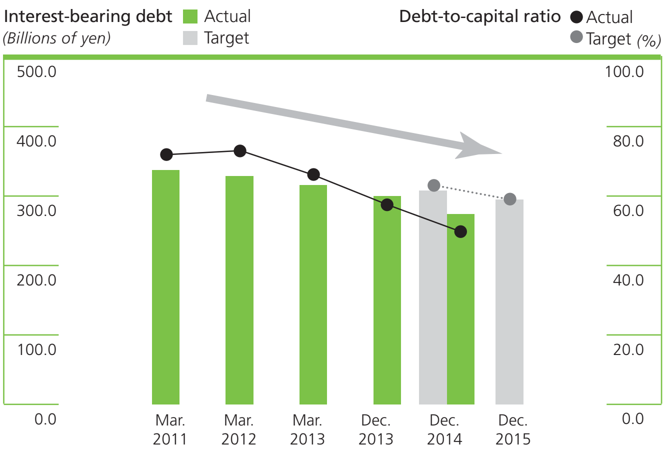
Q: Efforts to improve your financial health appear to be ahead of schedule. What can you tell us about this?

A: Thanks to a number of factors, including sale of shares in affiliates and the positive impact of yen depreciation, our debt-to-capital ratio as of December 31, 2014, was 49.8%. As a consequence, we exceeded our long-term debt-to-capital ratio target of 50%, which we sought to achieve in fiscal year 2018—the final year of our next medium-term management plan—a full four years in advance. We will continue working to maintain our debt-to-capital ratio in the area of 50% while at the same time promoting investments essential to future growth.

Operating Income and Operating Margin



Interest-Bearing Debt and Debt-to-Capital Ratio



Note: Effective from fiscal year 2013, DIC and its domestic consolidated subsidiaries, with the exception of one company, changed their fiscal year-end from March 31 to December 31.

Q: One of the central strategies of your medium-term management plan is to restructure your printing inks businesses in North America and Europe. What progress have you made so far?

A: We are promoting various measures in line with a road-map formulated to guide the realignment of our North American and European printing inks businesses. These include the closure of certain facilities and the shift of production to other regions. DIC105 anticipated that the aggregate positive impact of these measures on consolidated operating income over the plan's three years would be in the area of ¥10.0 billion, but we now expect this figure to be even higher.

Q: Another focus of DIC105 is to expand businesses that will drive growth. How are these efforts proceeding?

A: In the area of pigments for color filters, we continue to strengthen our global market share for both green and blue pigments. Sales of PPS products continue to increase favorably, particularly for automotive applications. In contrast, sales of liquid crystals (LCs) remain sluggish, hampered by a delay in the launch of new products. In fiscal year 2015, we will launch new green pigments that deliver superior brightness and contrast, which we will market for use in displays that offer outstanding color reproduction, with the aim of further bolstering our global market share. We will expedite the global expansion of our PPS products business by leveraging local PPS compound production facilities and technical centers. In addition to differentiating our LCs by promoting the development of new materials and securing patents, we will endeavor to capitalize on a shift in the market's focus toward the PRC by making use of local production capabilities to secure demand, thereby expanding the scale of our LC business.

Q: Can you update us on your efforts to advance the creation of next-generation businesses?

A: We continue to promote R&D aimed at commercializing achievements in such areas as gas barrier materials for packaging applications, cellulose nanofibers, organic–inorganic hybrid materials and heat-dissipating materials. We have also begun providing solutions in the area of materials for printed electronics that capitalize on existing printing technologies. Under our next medium-term management plan, which begins in fiscal year 2016, we will accelerate R&D efforts aimed at realizing new businesses capable of contributing to profits.

Q: In closing, is there anything that you would like to say to stakeholders?

A: With the aim of achieving operating income of ¥50.0 billion and record-high net income of ¥32.0 billion in fiscal year 2015—the final year of DIC105—the companies of the DIC Group will rally their strengths to address the challenges ahead. As always, the support of our stakeholders will be crucial to the success of our efforts.

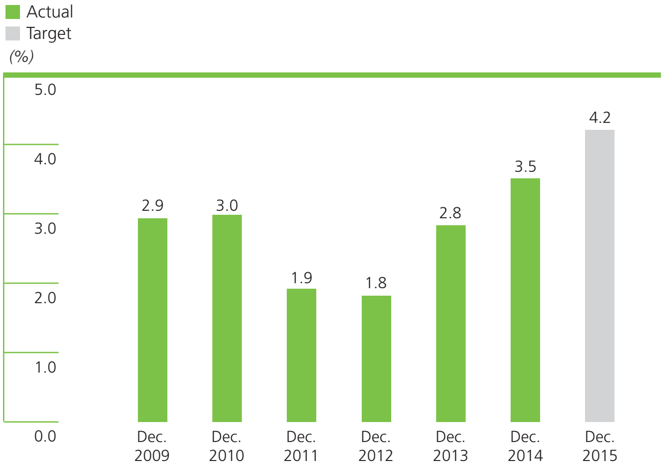
Restructuring Printing Inks Businesses in North America and Europe

Under DIC105, we are taking far-reaching, decisive steps to restructure our printing inks businesses in North America and Europe—the world's largest markets for these products—with the goal of lifting our operating margin in these regions to 4.2%.

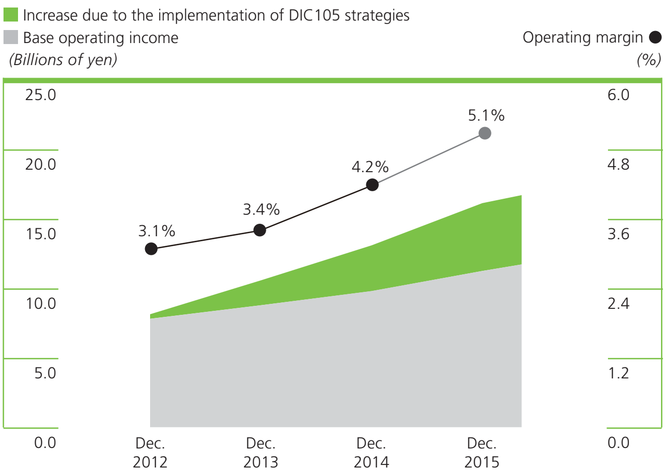
In fiscal year 2014, efforts to restructure our printing inks businesses in North America and Europe proceeded largely in line with the roadmap formulated to guide the realignment of our local production network. In January 2014, Tintas S.A.S., a manufacturer of liquid inks for packaging with the leading market share in the Andean region, became a wholly owned subsidiary of DIC Group company Sun Chemical Group Coöperatief U.A. As anticipated, this move contributed significantly to fiscal year 2014 operating results for these businesses, bolstering the operating margin for the Printing Inks segment in the Americas and Europe to 3.5% in the period under review, from a mere 1.8% in fiscal year 2012.

In the third quarter of fiscal year 2015, Sun Chemical Corporation of the United States expects to complete a new plant for liquid inks for packaging applications that it is currently building in Turkey. With the market for these inks in the Americas and Europe expected to grow approximately 2–3% annually over the next several years, Sun Chemical will maximize the new plant to boost its sales in the region by an even higher rate, thereby further enhancing its market share. Sun Chemical will also continue to promote ambitious investments with the aim of capitalizing on opportunities in the high-growth market for liquid inks for packaging applications.

Combined Operating Margin of North American and European Printing Inks Businesses



Operating Income and Operating Margin for Sun Chemical



We aim to achieve a cumulative increase in operating income of ¥10.0 billion through restructuring, as well as to lift Sun Chemical's operating margin to 5.1%, from 3.1%.

Subsidiary Sun Chemical's global headquarters (New Jersey, U.S.A.)

Expanding Businesses that will Drive Growth

DIC105 calls for us to focus our allocation of management resources in three key forward-looking businesses: thin-film transistor (TFT) LCs, pigments for color filters and PPS products.

TFT LCs

Achievements in fiscal year 2014 included the start of full-scale production at a new facility in Qingdao and the development of promising new products that will differentiate our lineup from those of our competitors.

Currently one of the world's three leading manufacturers of TFT LCs, we have built a portfolio of products that enjoy a solid reputation for superior quality and an appropriate balance between excellence and price, among others. Our ability to respond to the evolving quality and supply expectations of customers at all stages of the production process, from raw materials through to finished products, is one of our principal competitive advantages.

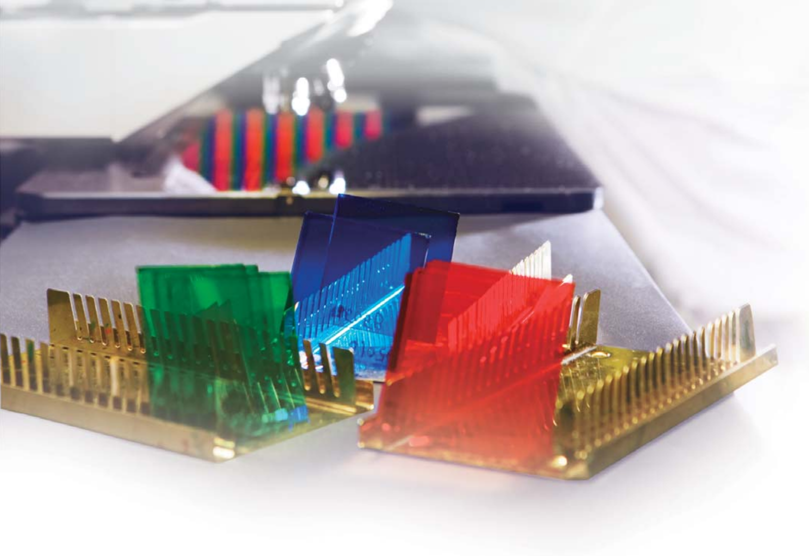
The mainstay of our TFT LC lineup, n-type TFT LCs, are used principally in displays for flat-screen televisions. As part of an effort to accommodate an increase in the number of customers for n-type TFT LCs, in fiscal year 2014 we commenced full-scale production at a new facility in Qingdao, Shandong Province, in the PRC. In fiscal year 2015, we plan to launch a number of new products, thereby positioning us to capitalize on rising demand in the PRC's rapidly growing market for TFT LCs. We are also broadening our offerings in the area of p-type TFT LCs, which are used in displays for smartphones, tablet computers and other mobile communications devices, as well as in a significant portion of flat-screen television displays. New product launches originally slated for fiscal year 2014 were delayed, but we are confident that these products, which we will bring to market in fiscal year 2015, will also be adopted for use in televisions.

DIC's new TFT LC production facility in Qingdao

Pigments for Color Filters

Already a leader in the market for green pigments for color filters, our share of the global market for blue pigments for this application has surpassed 30%.

We manufacture green pigments for use in the formulation of pixels in color filters for liquid crystal displays (LCDs). Our innovative green pigments feature a molecular structure that is radically different from conventional green pigments and which achieves unparalleled brightness and contrast, outperforming the industry average by more than 10% on both scores. In addition to improving LCD picture quality, these pigments help reduce power consumption. The superb performance of these products has boosted our share of the global market for green pigments to 80%-plus. In fiscal year 2015, we will launch a new green pigment for color filters that boasts exceptional brightness and color reproduction. In recent years, we have also succeeded in developing improved blue pigments for color filters that deliver outstanding brightness and contrast, helping to push our share of the global market for these products over 30%. Looking ahead, we will continue working to solidify our overwhelming competitive edge in the markets for green and other pigments for color filters with the aim of enhancing our lineup of exclusive, high-performance products.



PPS Products

We have expanded our annual production capacity for both PPS polymer and PPS compounds. The establishment of a new PPS compound production facility in the PRC has positioned us to accelerate the expansion of our operations in that country.

PPS compounds are manufactured by reinforcing PPS polymer with glass fibers or inorganic fillers. PPS polymer boasts excellent heat resistance, strength and dimensional stability—properties that have bolstered demand for use as an alternative to metal materials, particularly for use in automobiles, electrical and electronics equipment and household appliances. From 2011 through 2013, we invested approximately ¥10.0 billion to increase our global PPS polymer and compound production capacity. Of this, approximately ¥8.0 billion was allocated to the expansion of PPS polymer production lines at our Kashima Plant, in Japan, raising the facility's annual capacity to around 19,000 tons. Another ¥2.0 billion was used to enhance the production capacity of our PPS compound production facilities in Malaysia and Austria to approximately 33,500 tons. In fiscal year 2014, we promoted efforts aimed at further boosting sales, as a consequence of which our share of the global market for PPS compounds rose to 27%. Late in fiscal year 2015, we will complete construction of our first PPS compound production facility in the PRC, in Zhangjiagang, Jiangsu Province, total investment in which is estimated to reach ¥1.3 billion. This new plant will increase our annual global production capacity for PPS compounds to approximately 39,500 tons. Thanks to these and other efforts, we expect our share of the global PPS compounds market to surpass 30% by the end of fiscal year 2015.

Principal Products

Printing Inks

Printing inks

•Offset inks •Gravure inks •Flexo inks •Can coatings •News inks •Packaging adhesives
•Presensitized (PS) plates •Printing supplies

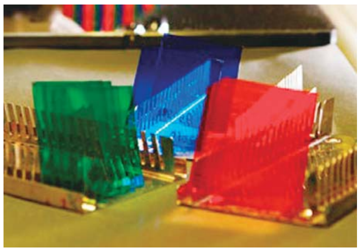


Fine Chemicals

Fine chemicals

•Organic pigments for printing inks •Organic pigments for coatings and plastics
•Organic pigments for color filters •Thin-film transistor (TFT) liquid crystals (LCs)
•Supertwisted nematic (STN) LCs •Alkylphenols •Metal carboxylates •Sulphur chemicals (lubricant additives)

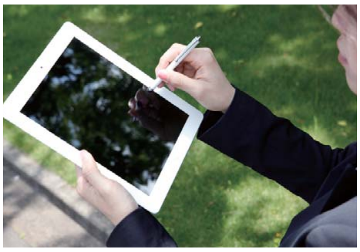
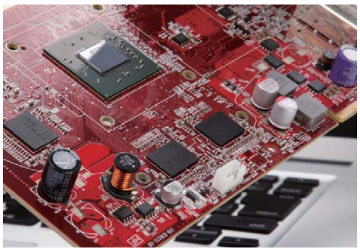




Polymers

Polymers

•Synthetic resins for inks and coatings, molded products, adhesives and textiles (polyurethane, epoxy, polystyrene, polyester, acrylic and phenolic resins, plasticizers) •Papermaking chemicals
•Bathtubs and bath units •Synthetic marble •Sheet molding compounds (SMCs)


Application Materials

Liquid compounds

•Jet inks •Wood finishes

Solid compounds

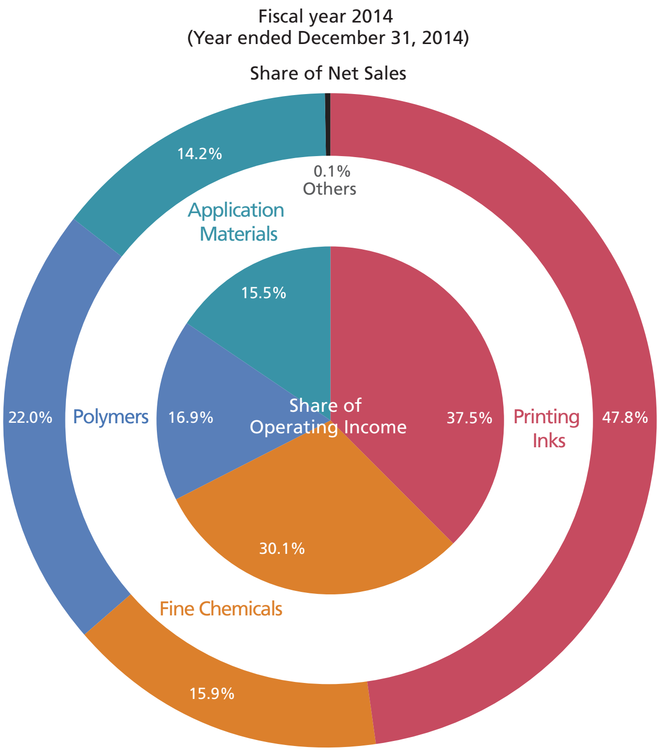
•Plastic colorants •Polyphenylene sulfide (PPS) compounds •High-performance optical materials
•Coextruded multilayer films •Toners

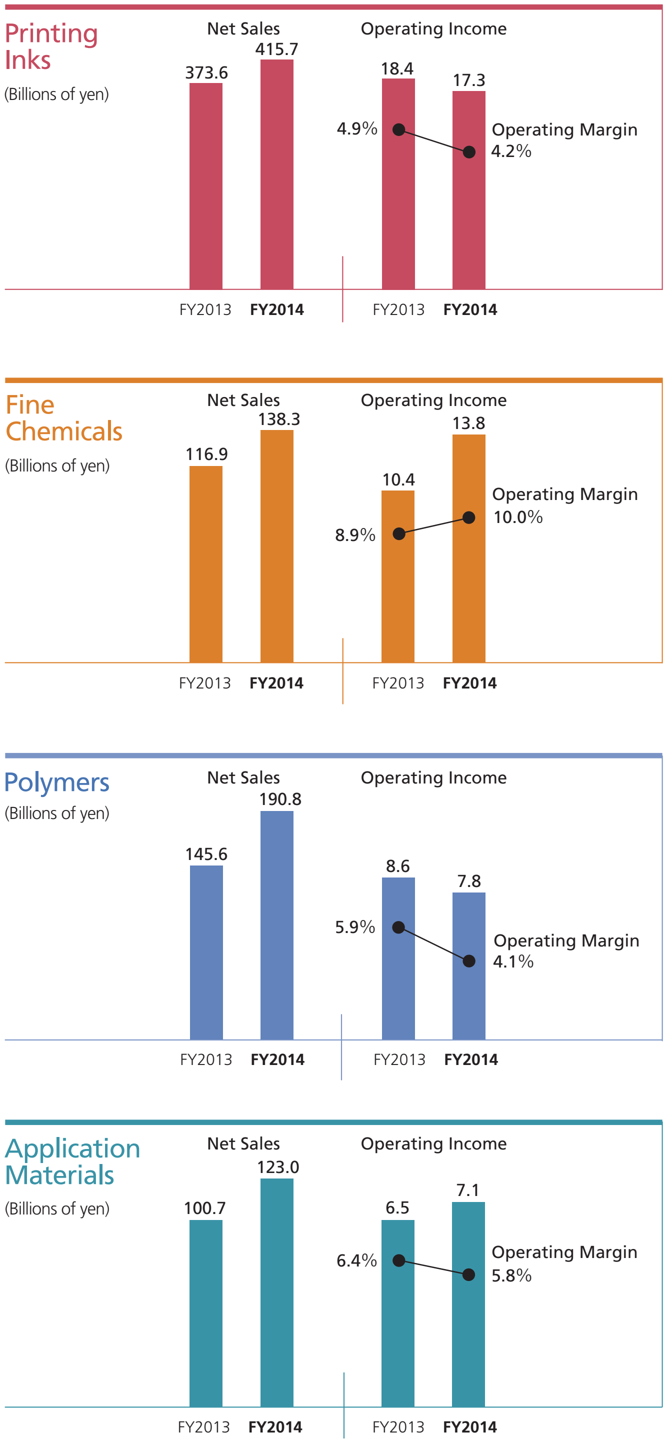
Processed products

•Decorative boards •Interior housing products •Industrial adhesive tapes •Labels •Stickers
•Plastic pallets •Containers •Hollow-fiber membranes •Hollow-fiber membrane modules



Fiscal year 2014 (year ended December 31, 2014)
and fiscal year 2013 (year ended December 31, 2013)





Notes: 1. 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.

2. In order to align the fiscal year-end with that of its consolidated subsidiaries overseas, effective from fiscal year 2013, DIC and its domestic consolidated subsidiaries, with the exception of one company, changed their fiscal year-end from March 31 to December 31. Accordingly, fiscal year 2013 was a transitional irregular nine-month period. For the purpose of comparison, fiscal year 2013 results have been adjusted to represent the same accounting period as fiscal year 2014.

3. Owing to changes in segmentation effective from January 1, 2014, certain figures for fiscal year 2013 that have been adjusted to represent the same accounting period as fiscal year 2014 have also been restated.

Research and Development

With the aim of realizing our Color and Comfort by Chemistry management vision, we are actively building a portfolio of next-generation products and new technologies that will support sustainable growth. To this end, we are expanding and adding depth to our core technologies, including those in the areas of optics and color, organic molecular design, polymer design, dispersion and other areas, and combining these technologies in innovative ways.

Our R&D organization centers on the Technical Administrative Division, which is responsible for R&D connected directly to our businesses; the Corporate R&D Division, which is charged with cultivating next-generation technologies, as well as with reinforcing and augmenting core technologies; and the Product Innovation Center, an intermediate unit between the two divisions that is tasked with accelerating the commercialization of products combining multiple technologies and products developed by the Corporate R&D Division. To maximize global R&D resources, the Technical Administrative Division and Corporate R&D Division also cooperate with DIC Graphics Corporation and other domestic Group companies; 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. In fiscal year 2014, we established two printing inks technical centers, one in Thailand for the Asia–Pacific region

and one in the PRC, as well as a PPS technical center in the PRC. In January 2015, we also opened a polymer technical center for the Asia–Pacific region in Thailand. Additionally, the Corporate R&D Division is accelerating collaboration with other companies, government bodies and academic institutions in the areas of investigative and basic research in a variety of next-generation technological spheres.

Recent Achievements

Printing Inks

In addition to efforts focused on improving the performance of ultraviolet (UV)-curable offset inks, inks for food packaging

and other products, in fiscal year 2014 we completed development of *DIC COLORCLOUD*, a cloud-based service that represents an expanded version of the *DIC Digital Color Guide* color sample app. *DIC COLORCLOUD* facilitates sharing of the same spectral color data across all stages of the printing process, from planning through to printing, for diverse print substrates. The system promises to expedite printing by, among others, making it possible to calibrate colors at each stage. R&D successes in the area of adhesives for packaging applications include new solvent-free products compatible with a wide range of packaging inks, as well as low-migration products with oxygen barrier properties developed in response to global market needs.

Overseas, the Sun Chemical Group developed a new pigment dispersion process that realizes outstanding gloss and transparency in a variety of applications, which it began using at its various printing inks production facilities. We continued to collaborate with Sun Chemical under a joint R&D scheme designed to maximize respective strengths to develop offset inks for other Asian markets and coatings with excellent gas barrier properties, among others. The number of products developed under this scheme to be commercialized continues to increase.

Fine Chemicals

In the area of products for use in flat-panel displays (FPDs), we succeeded in developing a new green pigment for color filters that delivers superior brightness and color reproduction, making it suitable for use in next-generation high-resolution displays for, among others, ultra-high-definition televisions (UHDTVs). We also proceeded with efforts to develop LC materials for use in large displays for televisions and other applications. In pigments for cosmetics, the Sun Chemical Group continued to leverage its extensive color lineup to expand sales—primarily in the Americas and Europe—as well as capitalize on its comprehensive capabilities, to market these products in Japan.

Polymers

In resins for coatings, we developed an acrylic resin for automotive interiors that boasts outstanding chemical resistance. We also promoted marketing of a new silica hybrid UV-curable resin, which was developed using our proprietary organic–inorganic compounding technologies and delivers outstanding hardness, for film coating applications. In the area of products for use in electronics materials, we developed a new type of epoxy resin for semiconductor encapsulation materials praised for its excellent reflow crack resistance, as well as an epoxy resin hardener for high-frequency integrated circuits that boasts low dielectric properties and other key performance features. Another highlight was the development of a resin for use as an optical clear adhesive (OCA) tape for laminating touch screens for smartphones, tablet computers and other mobile communications devices that is cured in a two-stage process using heat and UV light. Achievement in the area of products for infrastructure-related applications include a resin for use in agents for repairing roads, bridges and other concrete structures that helps reduce deterioration due to age—an issue of increasing concern—and delivers superior adhesiveness, even for structures that are water saturated as a consequence of rain or location in a waterway.

Application Materials

In the area of industrial-use adhesive tapes, we developed and launched an ultrathin adhesive tape—approximately half the thickness of existing products—for sheets used to dissipate heat from electronic components in smartphones, tablet computers and other mobile communications devices. We also continued to focus on developing antiscattering adhesive films, waterproof tapes, light-shielding tapes and other products for smartphones, with new offerings quickly gaining favor among overseas manufacturers. In PPS compounds, our emphasis is on the development of products for use by automobile and electrical and electronics equipment manufacturers in Japan, the PRC and Europe. In coextruded multilayer films, we developed a new polypropylene film for wrapping vegetables. Aimed at supermarkets and convenience stores, among others, the new film offers an excellent seal that extends shelf life, as well as antifogging properties—enhancing the visibility of package contents—and easy opening. Another focus was waterborne products, including materials for automobile seats and finishes for instrument panels and door trim. Of note, we explored the potential for marketing an instrument panel and door trim finish that delivers excellent adhesion to difficult-to-bond olefin materials for nonautomotive applications.

DIC's Central Research Laboratories in Sakura, Chiba, Japan

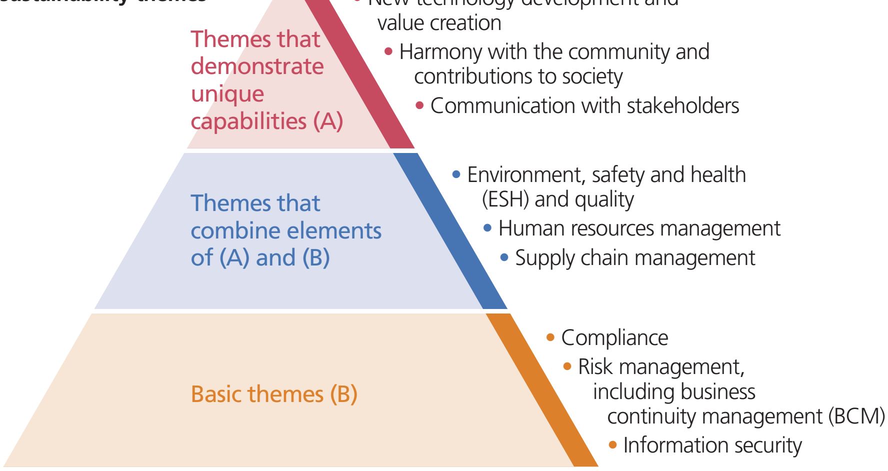
In recent years, the need to achieve sustainability in a manner that takes into account, among others, the environment, ecosystems and socioeconomic issues, has gained increasing recognition worldwide. The DIC Group has consistently promoted a program of initiatives that reflects its awareness of these and other key imperatives.

The DIC Group remains dedicated to conducting its business while retaining a strong commitment to five key concepts: preserving safety and health, ensuring fair business practices and respect for human rights, maintaining harmony with the environment and advancing its protection, managing risks, and creating value for society though innovation. Through the unceasing implementation of initiatives aligned with these concepts, the Group strives to remain an organization that contributes to sustainable development for the global environment and society and to guarantee its own sustainability, thereby earning the trust of its stakeholders.

Measures to Combat Global Warming

With the aim of helping reduce emissions of greenhouse gases, DIC is taking steps to reduce its consumption of energy, the main cause of CO_2 emissions. These include promoting decisive energy-saving initiatives Groupwide, with principal objectives including reducing consumption of baseload energy; using cogeneration, i.e., the simultaneous generation of heat and power; and employing energy from renewable resources as appropriate at suitable sites.

Fiscal year 2015 DIC Group sustainability themes



At present, DIC Group companies outside of Japan collectively consume approximately 1.6 times more energy than their counterparts in Japan. Having introduced target-based management to assist the efforts of these companies to reduce energy consumption, we are now promoting a full-scale program of energy-saving initiatives at overseas Group companies.

Initiatives in Japan

In fiscal year 2014, energy consumption by the DIC Group in Japan per unit of production was down 2.4% from fiscal year 2013, owing to the implementation of 488 energy-saving initiatives, which supported a reduction of 2,677 kl. At the Kashima Plant, where renewable energy represents more than half of all energy generated on-site, the increased operation of generating facilities pushed renewable energy use up 11.0% from the previous fiscal year.

Initiatives Overseas

Energy consumption per unit of production by overseas DIC Group companies in fiscal year 2014 declined 15.9%, as the implementation of 86 energy-saving initiatives facilitated a reduction of 1,258 kl. During the period, the Sun Chemical Group, which is responsible for the DIC Group's principal sites in the Americas and Europe, expanded deployment of its EcoTrack Web-based data collecting system, which facilitates the sharing of energy data and other environmental information, to all of its sites. In Asia, a regional energy management conference for Greater China* was held in November 2014 in Zhangjiagang, Jiangsu Province, in the PRC, with the aim of encouraging Group companies in emerging economies to report on measures that have helped prevent sharp increases in energy consumption as a result of rapid economic growth. Another such conference is scheduled for May 2015 in Jakarta, Indonesia.

Energy management conference in Zhangjiagang

** DIC divides its sustainability activities into four regional groupings: Japan, the Americas and Europe, Greater China—which for DIC encompasses the PRC, the special administrative region of Hong Kong and Taiwan—and the Asia–Pacific region. This differs from the geographic breakdown used elsewhere in the annual report.*

Global Achievements

Thanks to the implementation of 575 energy-saving initiatives in Japan and overseas, energy consumption per unit of production by the global DIC Group in fiscal year 2014 was down 3,935 kl, or 1.2%, from fiscal year 2013. As a consequence, the Group's CO_2 emissions declined 9.1%.

Global Supply Chain Management

In line with its belief in the importance of fulfilling its responsibilities as a corporate citizen through its business activities, DIC has formulated the DIC Group Universal Purchasing Policy, as well as policy-driven global purchasing regulations, and the DIC Group CSR Procurement Guidelines. Based on the policy, regulations and guidelines, the DIC Group has established an effective global purchasing configuration that encompasses all Group companies in Japan, the Americas and Europe, Greater China and the Asia–Pacific region. Sites around the world work with suppliers to promote CSR procurement—procurement practices that incorporate considerations central to corporate social responsibility (CSR)—across its entire global supply chain.

In Greater China and the Asia–Pacific region, regional headquarters spearhead the CSR procurement efforts of local DIC Group companies. Since 2011, DIC has also held CSR procurement briefings at and evaluated the CSR procurement status of these companies. In Japan, DIC has assessed the CSR procurement status of and provided feedback to approximately 430 suppliers. In fiscal year 2014, DIC did the same for 25 suppliers in Greater China. In the Americas and Europe, the Sun Chemical Group has incorporated the DIC Group CSR Procurement Guidelines into its own purchasing manual and continues to promote efforts to encourage awareness of CSR procurement-related concerns.

New Technology Development and Value Creation

The DIC Group is building a portfolio of next-generation products and technologies with the aim of creating new value for society. As well as expanding its use of materials that have a minimal negative impact on the environment, including through the promotion of water as a base material and the elimination of solvents, the Group is advancing the development of environment-friendly products that will help enhance the environmental performance of the LCDs, packaging and infrastructure, among others, in which they are used.

Conscious always of the importance of ensuring its products are environment-friendly, the DIC Group promotes the development of products and technologies that are useful to society and increases the weighting of environment-friendly products in its portfolio by reducing the volume of hazardous substances it uses, focusing on products that are less hazardous and products that facilitate recycling. The Group also strives to realize safer production processes that generate less waste and use less energy. In addition, the Group conducts environmental assessments on a continuous basis and strives to maintain a solid grasp of laws and regulations in different countries and territories and of trends in environmental measures, thereby ensuring its ongoing ability to engineer products that comply with diverse regulations governing the use of chemical substances in different markets. Efforts to develop new technologies are administered through a four-pronged global configuration encompassing facilities representing Japan, the Americas and Europe, Greater China and the Asia–Pacific region.

Information Security

Having positioned information security as a key management priority and established its Basic Policy on Information Security, the DIC Group strives to ensure the responsible management of confidential information and the effective use of information assets on a global basis. To further improve its information security capabilities, the Group also conducts internal audits.

In fiscal year 2014, the DIC Group stepped up application of patches to correct security vulnerabilities in existing operating systems and software, as well as updated systems and software as appropriate to minimize the burden on technical staff caused by the need for such patches. To improve employee awareness of the importance of information security and to facilitate the smooth operation of updated systems, the Group held a total of 25 briefings at major sites across Japan. In Greater China and the Asia–Pacific region, regional headquarters established local confidential information management regulations and information management guidelines, which they will deploy at local Group companies under their oversight beginning in fiscal year 2015.

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. With the aim of achieving a higher level of trust on the part of shareholders, customers and other stakeholders and enhancing corporate value, DIC promotes ongoing measures to reinforce its management system and ensure effective monitoring thereof.

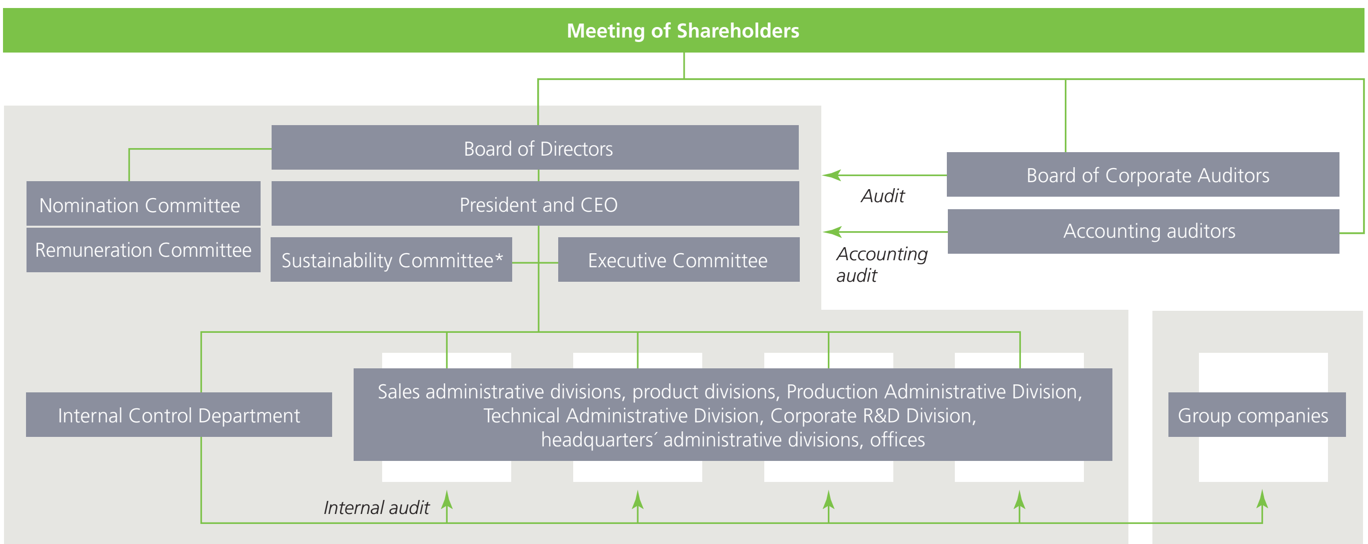
Overall Structure

DIC has instituted an executive officer system, a move aimed at separating decision making and implementation and thereby accelerating business execution and clarifying responsibilities. As well as appointing two highly independent outside individuals to its Board of Directors, DIC has taken steps to reinforce monitoring of business execution. DIC also has a Nomination Committee and a Remuneration Committee, which include the two outside directors, to ensure objectivity in the nomination of, and in determining remuneration for, directors and executive officers. The four-member Board of Corporate Auditors, which includes one attorney and one university professor as outside auditors, liaises with the accounting auditors and the internal auditing department. This structure ensures the effective functioning of DIC's corporate governance system.

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 from those of DIC.

Corporate Governance Organization



* *Effective from fiscal year 2014, DIC changed the names of the Corporate Social Responsibility Committee and the CSR policy to the Sustainability Committee and the sustainability activity plan, respectively.*

Corporate Governance Organization

Board of Directors

To accelerate decision making and reinforce corporate governance, seven directors have been elected. Of the seven, two are outside directors. In principle, the Board of Directors meets once monthly.

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.

Nomination Committee

The Nomination Committee was established as an internal committee of the Board of Directors with the aim of ensuring objectivity in the nomination of candidates for the position of director, corporate auditor or executive officer, and the dismissal of serving directors, corporate auditors and executive officers, among others. The Nomination Committee, which submits proposals to the Board of Directors, meets as necessary. Two of the committee's three members are outside.

Remuneration Committee

The Remuneration Committee was established as an internal committee of the Board of Directors with the aim of enhancing the objectivity of procedures for determining executives' remuneration. The Remuneration Committee, which has been entrusted with the responsibility for determining the salaries and bonuses of directors and executive officers, meets as necessary. Two of the committee's three members are outside.

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.

Sustainability Committee

The Sustainability Committee, which functions as an advisory body, meets several times annually to formulate sustainability policies and activity plans, as well as to evaluate and promote initiatives. Committee members include directors designated by the Board of Directors. As part of audit activities, one corporate auditor also attends Sustainability Committee meetings. The Sustainability Committee reports the matters upon which it deliberates and the results of its deliberations to the Board of Directors.

Board of Directors and Corporate Auditors

(As of March 26, 2015)

Representative Directors	Yoshiyuki Nakanishi	Masayuki Saito
Directors	Yoshihisa Kawamura	Tetsuro Agawa
	Hitoshi Wakabayashi	
	Takao Suzuki*	Yukako Uchinaga*
Corporate Auditors	Jiro Mizutani	Yoshiyuki Mase
	Katsunori Takechi*	Cindy Yoshiko Shirata*

* *Outside*

Board of Corporate Auditors

The Board of Corporate Auditors comprises four members, including two outside auditors. In principle, the Board of Corporate 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 control 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.

Accounting Auditors

DIC has engaged Deloitte Touche Tohmatsu as its independent auditor. DIC strives to ensure an environment that facilitates the accurate disclosure of information and fair auditing. In fiscal year 2014, DIC was audited by Yoshiaki Kitamura, partner, and Takaya Otake, partner. Messrs Kitamura and Otake were assisted by approximately 30 qualified public accountants.

Basic Concepts Regarding Internal Control

The DIC Group maintains a keen awareness of four key objectives—ensure the effectiveness and efficiency of its businesses, uphold the reliability of its financial reporting, comply with laws and regulations relevant to its business activities and safeguard its assets—as it strives to conduct and manage its businesses in accordance with "The DIC WAY." To this end, DIC shall prepare and operate systems to ensure proper business activities (referred to herein as "internal control"), as set forth below, based upon the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan.

Systems for Ensuring that the Performance of Duties by Directors and Employees Complies with Laws, Regulations and the Articles of Incorporation

- DIC shall prepare regulations for meetings of the Board of Directors and regulations for *Ringi* (approval by written circular) and shall clarify decision-making authority.
- DIC shall appoint outside directors and shall work to bolster monitoring functions with regard to management.
- DIC shall work to set forth a code of business conduct regarding compliance and disseminate the same.
- DIC shall establish an internal auditing department and shall monitor the status of the preparation and operation of internal control on a periodic basis. Important matters that are discovered through such monitoring and the status of improvements shall be reported to the representative directors on a periodic basis, and countermeasures may also be considered based upon necessity. Those matters of particular importance are reported to the Board of Directors.
- DIC shall establish an internal notification system for compliance matters and set up multiple notification channels independent from channels for communication used in the conduct of business, including with outside legal counsel. DIC shall proceed with the preparation of a structure that can quickly respond to domestic and international notifications. In addition, a system shall be put into place so that any person making a notification will not suffer any detriment.
- DIC shall sever any and all connection with antisocial elements and shall collaborate with legal counsel and the police in making firm responses to unwarranted demands made by such antisocial elements.

Systems for Ensuring that the Duties of Directors are Performed Efficiently

- In order to ensure a system so that the duties of directors are performed properly and efficiently, DIC shall establish regulations regarding company organization and authority.
- In order to speed up the conduct of business and clarify responsibilities, DIC shall introduce an executive officer system. As well as resolving important business affairs in accordance with the Articles of Incorporation and regulations of the Board of Directors, the Board of Directors shall also supervise the status of executive officers' business conduct.
- DIC shall formulate medium-term management plans and the annual budget based upon management policies and management strategies, and, through the dissemination of the same, the DIC Group shall share common goals. Reports are made to the Board of Directors outlining the status of the progress.

Systems for the Preservation and Management of Information Pertaining to the Performance of Duties by Directors

- Information pertaining to the performance of duties by directors shall be retained based upon the regulations for document management.
- DIC shall establish regulations for systems of information management and shall prepare a system for preventing leakage of confidential information.

Regulations and Other Systems Relating to the Management of Risk of Loss

- DIC shall formulate a risk management policy and shall identify, assess, prioritize and address any risks that may have a significant impact on management of the DIC Group.
- DIC shall establish a risk management system for the DIC Group and shall ensure its effectiveness by repeating the PDCA cycle.

Systems for Ensuring the Proper Operations of the Corporate Group Comprised of DIC and its Subsidiaries

- DIC shall determine an administrative department for each subsidiary from the standpoints of the conduct of business and business management, and shall supervise business affairs by dispatching a director to each subsidiary.
- DIC shall clarify important matters pertaining to subsidiaries that require approval of or reporting to DIC, the parent company.
- The internal auditing department shall conduct internal audits of the subsidiaries on a periodic basis.
- DIC shall make contact points for internal notifications regarding compliance accessible directly by DIC Group employees.

Systems for Ensuring that Audits by the Corporate Auditors are Conducted Effectively

- As well as attending meetings of the Board of Directors and other important meetings, corporate auditors may inspect the contents of *Ringi* approvals at any time.
- Directors, executive officers and employees shall report facts that could cause substantial damage to the Company and matters designated by the Board of Corporate Auditors as "Matters to be Reported to the Corporate Auditors or the Board of Corporate Auditors" to the corporate auditors or the Board of Corporate Auditors.
- In addition to meeting with the representative directors on a periodic basis to exchange information and opinions, corporate auditors shall strive to foster close cooperation by holding liaison meetings on a periodic basis with each of the internal auditing department, the independent auditors and the corporate auditors of the subsidiaries.
- DIC shall establish an Office of Corporate Auditors and shall assign dedicated personnel to assist the corporate auditors in their duties. Such personnel shall obey only the directions and orders of the corporate auditors. Evaluations shall be conducted by the corporate auditors and matters such as personnel changes and disciplinary actions will require the prior consent of the corporate auditors.

Financial Section

Contents

Consolidated Six-Year Summary

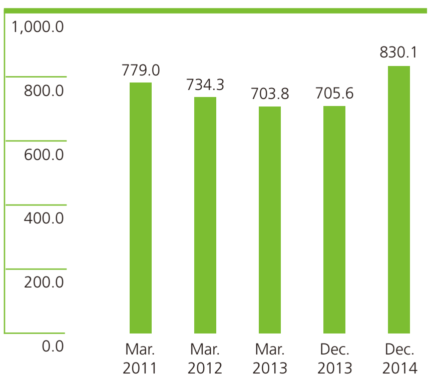
DIC Corporation and Consolidated Subsidiaries
Years ended December 31, 2014 and 2013, and years ended March 31, 2013 to 2010

Millions of yen, except for per share information

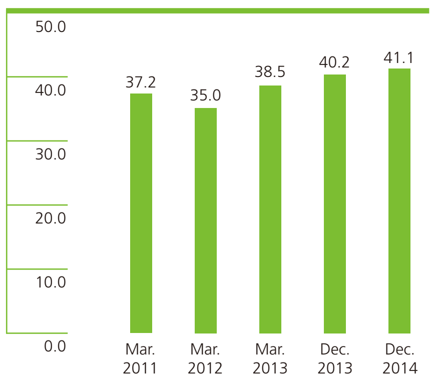
	Dec. 2014	Dec. 2013	Mar. 2013	Mar. 2012	Mar. 2011	Mar. 2010
Net sales	**¥830,078**	¥705,647	¥703,781	¥734,276	¥778,964	¥757,849
Percent increase (decrease) (Note 4)	**—%**	—%	(4.2)%	(5.7)%	2.8%	(18.7)%
Operating income	**41,076**	40,181	38,484	34,960	37,152	27,814
Net income	**25,194**	26,771	19,064	18,158	15,761	2,540
Equity (Note 3)	**249,749**	195,218	136,921	101,911	107,748	101,034
Total assets	**803,703**	761,690	692,991	675,067	703,760	749,866
Equity per share (Note 1)	**¥259.63**	¥213.13	¥149.48	¥111.08	¥117.44	¥127.72
Earnings per share (Basic) (Note 2)	**26.78**	29.23	20.80	19.79	17.60	3.21
Equity ratio to total assets	**31.1%**	25.6%	19.8%	15.1%	15.3%	13.5%
ROE (return on equity)	**11.3%**	16.1%	16.0%	17.3%	15.1%	2.6%
Number of employees	**20,411**	20,034	20,273	20,455	21,572	22,583

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."
4. In order to align the fiscal year-end with that of its consolidated subsidiaries overseas, effective from fiscal year 2013, DIC Corporation changed its fiscal year-end from March 31 to December 31. As a result, the fiscal year ended December 31, 2013, was a transitional irregular nine-month period, comprising the nine months from April to December for DIC Corporation and its subsidiaries whose fiscal year-end was previously March 31 and the 12 months from January to December for its subsidiaries whose fiscal year-end is December 31. Therefore, the percent increases (decreases) for the fiscal years ended December 31, 2013 and 2014, are not given.

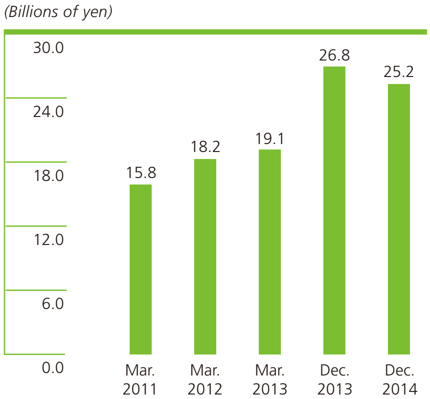
Net Sales
(Billions of yen)



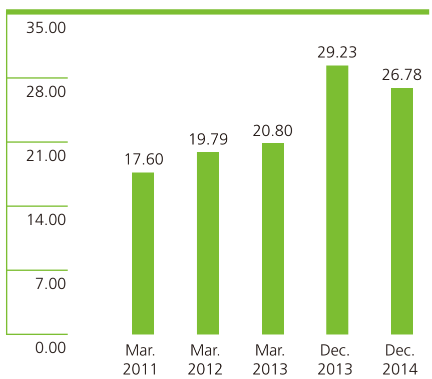
Operating Income
(Billions of yen)



Net Income
(Billions of yen)



Earnings per Share
(Yen)



Effective from fiscal year 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 fiscal year 2014, comprising the accounts for the year ended December 31, 2014, of DIC and its domestic and overseas subsidiaries. For the purpose of comparison, figures for fiscal year 2013 have been adjusted to represent the same accounting period as fiscal year 2014. Percentage changes represent increases or decreases from the adjusted figures.

Operating Results

In fiscal year 2014, the trend toward economic recovery in North America and Europe clarified. While instability lingered in Asia, reflecting, among others, slowing growth in the PRC and Southeast Asia, signs of a revival in demand were seen in India through the second half. In Japan, demand remained weak, underscored by such factors as a protracted negative rebound in consumer demand following the sharp spike that preceded the recent consumption tax hike from April, 2014.

In this environment, consolidated net sales advanced 5.9%, to ¥830.1 billion, as results benefited from positive impact of higher shipments and the depreciation of the yen. Operating income, at ¥41.1 billion, was down 6.9%, owing to a number of factors, including an increase in raw materials prices. Ordinary income declined 2.3%, to ¥39.9 billion. Net income decreased 12.4%, to ¥25.2 billion.

	Billions of yen			
	FY2014	FY2013 (Adjusted)	Change (%)	Change calculated in local currency (%)
Net sales	¥830.1	¥784.0	5.9%	1.4%
Operating income	41.1	44.1	(6.9)	(9.7)
Ordinary income	39.9	40.9	(2.3)	—
Net income	25.2	28.8	(12.4)	—

	Yen	
	FY2014	FY2013
Average exchange rate (¥/US$)	¥106.32	¥97.06

Segment Results

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 in the Notes to the Consolidated Financial Statements.

Printing Inks

Japan

Sales of offset inks and news inks fell, with a decline in demand among the contributing factors, while sales of gravure inks were level, owing to steady demand, among others. As a consequence, overall sales in Japan were down. Higher raw materials prices and other factors combined to push operating income down.

The Americas and Europe

Although sales of packaging inks were firm, overall sales in Europe declined, as demand for publishing inks remained soft. Overall sales in North America also decreased, despite healthy sales of packaging inks, as demand for publishing inks and news inks continued to fall. In Central and South America, brisk sales in all product categories supported an increase in overall sales. For these reasons, sales in the Americas and Europe combined were up. An improvement in the segment's product mix and ongoing rationalization efforts, among others, brought about a gain in operating income.

Asia and Oceania

Overall sales in the PRC advanced, bolstered by robust results for gravure inks, which offset a slump in sales of offset inks. Despite sagging results for news inks, sales in Southeast Asia were also up, primarily reflecting healthy sales of gravure inks. Sales in Oceania declined, as floundering demand drove down sales of news inks. Sales in India rose, owing to brisk results in all product categories. While these and other factors led to a decline in sales in Asia and Oceania in local currency terms, yen depreciation supported an increase after conversion. Operating income declined, with causes including high raw materials prices and rising costs.

		Billions of yen FY2014	Change (%)	Change calculated in local currency (%)
Japan	Net sales	**¥ 81.5**	(5.1)%	—
	Operating income	**3.8**	(29.6)	—
The Americas and Europe	Net sales	**282.0**	10.6	2.3%
	Operating income	**9.9**	20.8	18.0
Asia and Oceania	Net sales	**70.7**	3.8	(1.0)
	Operating income	**3.6**	(32.5)	(35.5)

Fine Chemicals

Sales of pigments in Japan were up, with contributing factors including a sharp increase in sales for use in color filters and steady sales for use in inks. Although demand for use in inks fell, sales of pigments in the Americas and Europe advanced, owing to firm sales for use in plastics and cosmetics and rising sales of effect pigments. Sales of TFT LCs declined, despite solid demand, as sales of new products were delayed. For these and other reasons, segment sales increased. Segment operating income was up, owing to the aforementioned sales results and other factors.

	Billions of yen FY2014	Change (%)	Change calculated in local currency (%)
Net sales	**¥138.3**	8.3%	2.4%
Operating income	**13.8**	9.8	7.0

Polymers

In Japan, sales of epoxy resins and resins for coatings increased, underpinned in part by solid demand from the civil engineering and construction industries. Sales of polystyrene were also up, with contributing factors including firm demand. Overseas, sales advanced, backed by steady demand in the PRC, among others. As a consequence, segment sales rose. Segment operating income declined. Factors behind this result included a delay in efforts to revise sales prices upward to reflect high raw materials prices.

	Billions of yen FY2014	Change (%)	Change calculated in local currency (%)
Net sales	**¥190.8**	7.9%	6.3%
Operating income	**7.8**	(24.8)	(26.6)

Application Materials

Despite firm demand overseas for use in smartphones, sales of industrial adhesive tapes were down, owing largely to a decline in demand from certain customers. In contrast, sales of high-performance optical materials advanced, as demand for use in electrical and electronics equipment rallied. Sales of PPS compounds and jet inks also rose, the former sustained by robust demand for automotive applications and the latter by successful efforts to capitalize on expanded demand. For these and other reasons, segment sales were up after translation as a result of yen depreciation, despite declining in local currency terms. Segment operating income advanced. Reasons for this result included the aforementioned sales results.

	Billions of yen FY2014	Change (%)	Change calculated in local currency (%)
Net sales	**¥123.0**	1.7%	(0.8)%
Operating income	**7.1**	3.1	0.0

Analysis of Cash Flows

Cash and cash equivalents as of December 31, 2014, totaled ¥16.4 billion, a decrease of ¥1.4 billion from the previous fiscal year-end.

Operating Activities

Net cash provided by operating activities amounted to ¥46.4 billion, up from ¥33.9 billion provided by such activities in fiscal year 2013. Income before income taxes and minority interests was ¥38.9 billion, while the adjustment for depreciation and amortization amounted to ¥33.8 billion. Income taxes paid totaled ¥14.2 billion, while working capital increased ¥1.0 billion.

Investing Activities

Net cash used in investing activities came to ¥27.4 billion, up from ¥9.8 billion used in such activities in the previous fiscal year. Proceeds from sales of affiliates' securities totaled ¥5.8 billion, while net purchase of investments in subsidiaries resulting in change in scope of consolidation amounted to ¥2.7 billion.

Financing Activities

Net cash used in financing activities amounted to ¥26.1 billion, compared with ¥32.8 billion used in such activities in fiscal year 2013. The net total of funds applied to the repayment of interest-bearing debt was ¥29.6 billion. Cash dividends paid totaled ¥5.6 billion.

Consolidated Balance Sheet

DIC Corporation and Consolidated Subsidiaries
December 31, 2014

Assets

	Millions of yen 2014	2013
Current assets:		
Cash and deposits (Notes 4 and 17)	¥ 16,757	¥ 15,576
Notes and accounts receivable—trade (Notes 9, 17 and 18)	213,867	212,821
Merchandise and finished goods (Note 9)	91,614	86,402
Work in process (Note 9)	9,786	8,963
Raw materials and supplies (Note 9)	57,429	50,483
Deferred tax assets (Note 14)	10,873	10,230
Other (Note 17)	22,057	17,113
Allowance for doubtful accounts	(9,903)	(10,794)
Total current assets	412,480	390,794
Noncurrent assets:		
Property, plant and equipment (Notes 7, 8 and 9):		
Buildings and structures	96,416	92,001
Machinery, equipment and vehicles	72,883	70,609
Tools, furniture and fixtures	9,363	8,355
Land	53,272	55,027
Construction in progress	10,003	7,767
Total property, plant and equipment	241,937	233,759
Intangible assets:		
Goodwill	1,365	1,666
Software	8,610	10,356
Other	3,336	3,539
Total intangible assets	13,311	15,561
Investments and other assets:		
Investment securities (Notes 5, 6 and 17)	39,475	41,615
Long-term loans receivable (Notes 17 and 18)	154	211
Deferred tax assets (Note 14)	44,816	38,769
Net defined benefit asset (Note 10)	26,002	15,822
Other (Notes 5 and 17)	26,117	27,854
Allowance for doubtful accounts (Note 17)	(589)	(2,695)
Total investments and other assets	135,975	121,576
Total noncurrent assets	391,223	370,896
Total assets	¥803,703	¥761,690

See notes to the consolidated financial statements.

Liabilities and Net Assets

	Millions of yen	
	2014	2013
Current liabilities:		
Notes and accounts payable—trade (Note 17)	¥ 111,996	¥ 116,023
Short-term loans payable (Notes 9 and 17)	30,637	38,324
Current portion of long-term loans payable (Notes 9, 17 and 18)	60,093	41,486
Current portion of bonds (Notes 9, 17 and 18)	10,000	5,000
Lease obligations (Notes 9 and 17)	621	664
Accounts payable—other (Note 17)	38,356	37,326
Income taxes payable (Notes 14 and 17)	3,252	7,613
Deferred tax liabilities (Note 14)	382	210
Provision for bonuses	6,659	3,977
Provision for loss on disaster	49	343
Provision for environmental measures	1,817	—
Other	27,630	27,261
Total current liabilities	291,492	278,227
Noncurrent liabilities:		
Bonds payable (Notes 9, 17 and 18)	8,000	28,000
Long-term loans payable (Notes 9, 17 and 18)	159,772	180,262
Lease obligations (Notes 9 and 17)	5,056	5,398
Deferred tax liabilities (Note 14)	8,924	2,517
Provision for environmental measures	—	1,997
Net defined benefit liability (Note 10)	39,380	32,830
Asset retirement obligations	1,042	984
Other	13,314	12,528
Total noncurrent liabilities	235,488	264,516
Total liabilities	526,980	542,743
Net assets:		
Shareholders' equity (Notes 11 and 21):		
Capital stock (Note 12)	96,557	91,154
Capital surplus	94,161	88,758
Retained earnings	108,726	89,166
Treasury shares (Note 13)	(896)	(883)
Total shareholders' equity	298,548	268,195
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	2,914	1,945
Deferred gains or losses on hedges	(178)	(438)
Foreign currency translation adjustment	(14,817)	(40,037)
Remeasurements of defined benefit plans	(36,718)	(34,447)
Total accumulated other comprehensive income	(48,799)	(72,977)
Minority interests	26,974	23,729
Total net assets	276,723	218,947
Total liabilities and net assets	¥ 803,703	¥ 761,690

Consolidated Statement of Income

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2014

	Millions of yen	
	2014	2013
Net sales	¥830,078	¥705,647
Cost of sales	657,794	558,033
Gross profit	172,284	147,614
Selling, general and administrative expenses (Note 15)	131,208	107,433
Operating income	41,076	40,181
Non-operating income:		
Interest income	1,764	1,396
Dividends income	353	225
Equity in earnings of affiliates	3,014	1,916
Foreign exchange gains	300	—
Other	3,026	2,572
Total non-operating income	8,457	6,109
Non-operating expenses:		
Interest expenses	6,784	5,882
Foreign exchange losses	—	625
Other	2,824	2,660
Total non-operating expenses	9,608	9,167
Ordinary income	39,925	37,123
Extraordinary income:		
Gain on sales of subsidiaries and affiliates' stock	4,163	—
Gain on sales of noncurrent assets	619	683
Gain on bargain purchase	371	—
Gain on sale of art object	—	10,335
Gain on step acquisitions	—	341
Total extraordinary income	5,153	11,359
Extraordinary loss:		
Loss on disposal of noncurrent assets	3,870	3,059
Severance costs	1,263	2,523
Impairment loss (Note 8)	1,051	787
Provision for environmental measures	—	1,997
Total extraordinary losses	6,184	8,366
Income before income taxes and minority interests	38,894	40,116
Income taxes (Note 14):		
Income taxes—current	8,562	10,735
Income taxes—deferred	4,034	875
Total income taxes	12,596	11,610
Income before minority interests	26,298	28,506
Minority interests in income	1,104	1,735
Net income	¥ 25,194	¥ 26,771

	Yen	
Earnings per share (Note 2):		
Basic	¥ 26.78	¥ 29.23
Diluted	—	—
Weighted-average number of common stocks during the period excluding treasury shares (in thousands)	940,740	915,997
Cash dividends per share applicable to the period (Note 2)	¥ 6.00	¥ 6.00

See notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2014

	Millions of yen	
	2014	2013
Income before minority interests	¥26,298	¥28,506
Other comprehensive income:		
Valuation difference on available-for-sale securities	926	1,580
Deferred gains or losses on hedges	260	401
Foreign currency translation adjustment	23,980	40,358
Remeasurements of defined benefit plans, net of tax	(2,237)	(7,307)
Share of other comprehensive income of associates accounted for using equity method	2,007	2,543
Total other comprehensive income (Note 20)	¥24,936	¥37,575
Comprehensive income	¥51,234	¥66,081
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	¥49,372	¥63,601
Comprehensive income attributable to minority interests	1,862	2,480

See notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Assets

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2014

Millions of yen

	Shareholders' equity					
	Issued number of common stock (thousands)	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2013	919,372	¥91,154	¥88,758	¥ 68,444	¥(873)	¥247,483
Dividends from surplus, ¥6.00 per share (Note 11)				(5,496)		(5,496)
Net income				26,771		26,771
Change of scope of consolidation				(553)		(553)
Purchase of treasury shares—37,272 shares					(10)	(10)
Net changes of items other than shareholders' equity (Notes 6 and 11)						
Balance at December 31, 2013	919,372	91,154	88,758	89,166	(883)	268,195
Issuance of new shares	**46,000**	**5,403**	**5,403**			**10,806**
Dividends from surplus, ¥6.00 per share (Note 11)				**(5,634)**		**(5,634)**
Net income				**25,194**		**25,194**
Purchase of treasury shares—48,250 shares					**(13)**	**(13)**
Net changes of items other than shareholders' equity (Notes 6 and 11)						
Balance at December 31, 2014	**965,372**	**¥96,557**	**¥94,161**	**¥108,726**	**¥(896)**	**¥298,548**

Millions of yen

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2013	¥ 410	¥(837)	¥(82,247)	¥(27,888)	¥(110,562)	¥23,810	¥160,731
Dividends from surplus, ¥6.00 per share (Note 11)							(5,496)
Net income							26,771
Change of scope of consolidation							(553)
Purchase of treasury shares—37,272 shares							(10)
Net changes of items other than shareholders' equity (Notes 6 and 11)	1,535	399	42,210	(6,559)	37,585	(81)	37,504
Balance at December 31, 2013	1,945	(438)	(40,037)	(34,447)	(72,977)	23,729	218,947
Issuance of new shares							**10,806**
Dividends from surplus, ¥6.00 per share (Note 11)							**(5,634)**
Net income							**25,194**
Purchase of treasury shares—48,250 shares							**(13)**
Net changes of items other than shareholders' equity (Notes 6 and 11)	**969**	**260**	**25,220**	**(2,271)**	**24,178**	**3,245**	**27,423**
Balance at December 31, 2014	**¥2,914**	**¥(178)**	**¥(14,817)**	**¥(36,718)**	**¥ (48,799)**	**¥26,974**	**¥276,723**

See notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2014

	Millions of yen	
	2014	2013
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥ 38,894	¥ 40,116
Adjustments for:		
Depreciation and amortization	33,822	25,925
Amortization of goodwill	407	341
Increase (decrease) in allowance for doubtful accounts	(2,354)	(332)
Increase (decrease) in provision for bonuses	2,606	922
Interest and dividends income	(2,117)	(1,621)
Equity in (earnings) losses of affiliates	(3,014)	(1,916)
Interest expenses	6,784	5,882
Gain on sale of art object	—	(10,335)
Loss (gain) on sales and retirement of noncurrent assets	3,251	2,376
Impairment loss	1,051	787
Loss (gain) on sales of stocks of subsidiaries and affiliates	(4,163)	—
Decrease (increase) in notes and accounts receivable—trade	9,560	(9,267)
Decrease (increase) in inventories	(1,593)	694
Increase (decrease) in notes and accounts payable—trade	(8,972)	27
Other, net	(9,985)	(6,688)
Subtotal	64,177	46,911
Interest and dividends received	3,489	2,436
Interest expenses paid	(7,123)	(5,641)
Income taxes paid	(14,167)	(9,847)
Net cash provided by (used in) operating activities	46,376	33,859
Net cash provided by (used in) investing activities:		
Payments into time deposits	(1,496)	(716)
Proceeds from withdrawal of time deposits	1,744	298
Purchase of property, plant and equipment	(31,826)	(25,501)
Proceeds from sales of property, plant and equipment	1,481	2,693
Purchase of intangible assets	(1,760)	(1,601)
Proceeds from sales of intangible assets	29	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,242)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	554	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	45	161
Purchase of subsidiaries and affiliates securities	—	(495)
Proceeds from sales of subsidiaries and affiliates securities	5,772	313
Purchase of investment securities	(46)	(188)
Proceeds from sales and redemption of investment securities	661	463
Proceeds from recollection of long-term notes receivable	—	3,882
Proceeds from sales of other assets of investments and other assets	—	10,885
Other, net	732	(22)
Net cash provided by (used in) investing activities	(27,352)	(9,828)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(7,781)	(5,034)
Increase (decrease) in commercial papers	—	(7,000)
Proceeds from long-term loans payable	44,204	35,981
Repayment of long-term loans payable	(51,012)	(46,820)
Redemption of bonds	(15,000)	(3,000)
Proceeds from issuance of common shares	10,806	—
Cash dividends paid	(5,634)	(5,496)
Cash dividends paid to minority shareholders	(1,142)	(995)
Net decrease (increase) in treasury shares	(13)	(10)
Other, net	(484)	(384)
Net cash provided by (used in) financing activities	(26,056)	(32,758)
Effect of exchange rate change on cash and cash equivalents	8,421	1,202
Net increase (decrease) in cash and cash equivalents	1,389	(7,525)
Cash and cash equivalents at beginning of period (Note 4)	15,004	22,529
Cash and cash equivalents at end of period (Note 4)	¥ 16,393	¥ 15,004

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2014

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

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 147 other companies in the fiscal year ended December 31, 2014 (142 other companies in the fiscal year ended December 31, 2013). 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 (the "Group") is eliminated.

Investments in 23 affiliates in the fiscal year ended December 31, 2014 (28 in the fiscal year ended December 31, 2013) are accounted for by the equity method.

Accounting period of consolidated subsidiaries

The closing date of the consolidated subsidiaries is the same as the consolidated closing date.

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 are 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 values are 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 are principally stated at cost, cost being determined by the first-in, first-out ("FIFO") method, which evaluates the amount of the inventories shown in the balance sheet by writing them down based on their decrease in profitability.

Property, plant and equipment

Property, plant and equipment are 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 are 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, and are amortized by the straight-line method. Goodwill is amortized by the straight-line method over a reasonable period not exceeding 20 years.

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 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 in accordance with the method used for operating lease transactions.

Foreign consolidated subsidiaries account for lease transactions in accordance with either the accounting principles generally accepted in the United States ("U.S. GAAP") or IFRS.

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 environmental measures

Provision for environmental measures is provided based on the estimated payments for cleaning up soil contamination of the Company's land.

Retirement and pension plans

The Company and its domestic consolidated subsidiaries account for net defined benefit asset/liability for employees' and executive officers' retirement benefits. Pension assets are deducted from retirement benefit obligations and the net amount is recognized based on the estimated amount of payment as of the balance sheet date. The Company and its domestic consolidated subsidiaries amortize actuarial gains and losses in the succeeding years primarily by the straight-line method over stated years that do not exceed the average remaining service period of the eligible employees (15 to 16 years). Past service cost is accounted for as expense when it accrues.

Foreign consolidated subsidiaries are accounted for in accordance with either U.S. GAAP or IFRS. Actuarial gains and losses are amortized in the succeeding years primarily by the straight-line method over stated years that do not exceed the average remaining service period of the eligible employees (11 to 28 years). Past service cost is amortized over 4 to 25 years.

Unrecognized actuarial gains and losses and unrecognized past service cost are recognized in "Remeasurements of defined benefit plans" in net assets after adjusting income tax effect.

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 in which 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.

Income taxes

The provision for income taxes is computed based on the pretax income (loss) included in the consolidated statement 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 statement 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 Group uses foreign currency forward contracts, currency options and swaps, interest rate options and swaps, and commodity swaps. To hedge a part of the risks associated with the fluctuations of exchange rates for investments in foreign entities, the Company uses loans denominated in foreign currencies. The Group does 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 statement 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 stocks 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 statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

Note 3:

New Accounting Pronouncement

Accounting Standard for Retirement Benefits

On May 17, 2012, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits."

(1) Overview

Under the revised accounting standard, with respect to the amortization method of the expected benefit, the benefit formula basis is newly allowed as an option, in addition to the straight-line basis. The method for determining the discount rate is also amended.

(2) Date of adoption

The Company and its domestic consolidated subsidiaries will adopt the revised accounting standard from the beginning of the fiscal year ending December 31, 2015. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

(3) Impact of the adoption of the accounting standard

As a result of amending the method of calculating retirement benefit obligations and service cost, the Company will record an increase of ¥404 million for "net defined benefit liability" and decreases of ¥3,346 million for "net defined benefit asset" and ¥2,316 million for "retained earnings" at the beginning of the fiscal year ending December 31, 2015.

Accounting Standards for Business Combinations and Consolidated Financial Statements

On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

(1) Overview

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the revised accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted shall be accounted for as capital surplus. In the consolidated balance sheet, minority interest under the current accounting standard will be changed to non-controlling interest under the revised accounting standard.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the revised accounting standard and guidance, the acquirer shall retrospectively adjust the provisional amounts as if the accounting for the business combination had been completed at the acquisition date.

In the consolidated statement of income, income before minority interests under the current accounting standard will be changed to net income under the revised accounting standard, and net income under the current one will be changed to net income attributable to owners of the parent under the revised one.

(2) Date of adoption

The Company and its domestic consolidated subsidiaries will adopt the revised accounting standards and guidance from the beginning of the fiscal year ending December 31, 2016.

(3) Impact of the adoption of the accounting standards

The effects of applying the revised accounting standards and guidance in future applicable periods are to be determined.

Note 4:

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2014 and 2013 include the following:

	Millions of yen	
	2014	2013
Cash and deposits	¥16,757	¥15,576
Less: time deposits and short-term investments which mature over three months after the date of acquisition	(364)	(572)
Cash and cash equivalents	¥16,393	¥15,004

Note 5:

Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates as of December 31, 2014 and 2013 include the following:

	Millions of yen	
	2014	2013
Investments in stock of unconsolidated subsidiaries and affiliates	¥24,022	¥26,991
Investments in equity of unconsolidated subsidiaries and affiliates	2,252	1,870
Total	¥26,274	¥28,861

Note 6:

Investment Securities

The carrying amounts and aggregate fair values of available-for-sale securities at December 31, 2014 and 2013 are as follows:

	Millions of yen			
	2014			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	¥8,327	¥4,711	¥(222)	¥12,816
Total	¥8,327	¥4,711	¥(222)	¥12,816

	Millions of yen			
	2013			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	¥8,296	¥3,176	¥(109)	¥11,363
Total	¥8,296	¥3,176	¥(109)	¥11,363

Note 7:

Property, Plant and Equipment

Accumulated depreciation on property, plant and equipment as of December 31, 2014 and 2013 is ¥557,561 million and ¥542,330 million, respectively.

Note 8:

Impairment of Long-Lived Assets

Impairment losses on long-lived assets for the fiscal years ended December 31, 2014 and 2013 for each asset group are as follows:

			Millions of yen
			2014
Used status	Category of assets	Location	Allocated impairment loss
Factory assets in use	Machineries, buildings and other	China	¥ 706
Factory assets in use	Buildings, machineries and other	Shiga, Japan and other	176
Goodwill	Goodwill	Singapore and other	169
Total			¥1,051

The carrying amount of the factory assets was reduced to its recoverable amount because the recoverable amount is less than the carrying amount. All of the carrying amount of goodwill was also reduced because it became unlikely that the revenue originally expected will be earned.

The recoverable amount of the factory assets and goodwill was measured at its value in use and the value was estimated at zero.

			Millions of yen
			2013
Used status	Category of assets	Location	Allocated impairment loss
Factory assets in use	Buildings, land, machineries and other	Saitama, Japan	¥764
Idle assets	Buildings, machineries and other	Chiba, Japan	23
Total			¥787

The carrying amount of the factory assets was reduced to its recoverable amount because the recoverable amount is less than the carrying amount. The carrying amount of the idle assets was also reduced to its recoverable amount because the assets are no longer used as a result of production integration.

The recoverable amount of the factory assets was measured at its net selling price. The recoverable amount of the idle assets was measured at its value in use and the value was estimated at zero.

Note 9:

Short-Term Loans Payable and Long-Term Loans Payable

Information with respect to short-term loans payable at December 31, 2014 and 2013 is as follows:

The average interest rate for the fiscal years ended December 31, 2014 and 2013 is 1.93% and 1.76%, respectively, for short-term loans payable, and 0.09% and 0.10%, respectively, for commercial papers.

Bonds payable, long-term loans payable and lease obligations at December 31, 2014 and 2013 comprise the following:

	Millions of yen	
	2014	2013
1.74% Japanese yen notes due 2014	¥ —	¥ 5,000
0.953% Japanese yen notes due 2016	**3,000**	3,000
0.81% Japanese yen notes due 2016	**5,000**	5,000
3.243% Japanese yen notes due 2070	**10,000**	20,000
Loans due 2015–2024, with an average interest rate of 1.49%	**219,865**	—
Loans due 2014–2024, with an average interest rate of 1.62%	—	221,748
Lease obligations	**5,677**	6,062
Subtotal	**243,542**	260,810
Less: current portion of long-term loans payable	**(60,093)**	(41,486)
Less: current portion of bonds	**(10,000)**	(5,000)
Less: lease obligations—current	**(621)**	(664)
Total	**¥172,828**	¥213,660

The annual maturities of bonds payable, long-term loans payable and lease obligations for the fiscal years subsequent to December 31, 2014 are as follows:

	Millions of yen
2015	**¥ 70,714**
2016	**70,985**
2017	**36,266**
2018	**22,473**
2019	**22,398**
Thereafter	**20,706**
Total	**¥243,542**

The amounts of assets pledged as collateral and secured borrowings and loans at December 31, 2014 comprise the following:

	Millions of yen
Assets pledged as collateral:	
Notes and accounts receivable—trade	**¥4,035**
Inventories	**2,012**
Property, plant and equipment	**1,320**
Total	**¥7,367**
Secured borrowings and loans:	
Short-term loans payable	**¥1,034**
Current portion of long-term loans payable	**284**
Long-term loans payable	**1,312**
Total	**¥2,630**

Note 10: Retirement and Pension Plans

(1) Overview of adopted retirement and pension plans

The Company and a number of domestic consolidated subsidiaries have defined benefit pension plans such as a cash balance-style pension plan and retirement plans, and defined contribution pension plans. Some foreign 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 Company and a number of domestic consolidated subsidiaries shifted part of their defined benefit pension plans to defined contribution pension plans in April 2014.

(2) Defined benefit pension plans (including multi-employer plan)

Changes in defined benefit obligations

		Millions of yen
	Domestic plans	Foreign plans
As of January 1, 2014	¥100,221	¥135,912
Service cost	2,010	476
Interest cost	1,781	6,057
Actuarial gains and losses	10,204	14,946
Benefits paid	(5,295)	(5,043)
Past service cost	—	42
Exchange translation differences	—	14,131
Decrease in relation to the shift of pension plans to defined contribution pension plans	(13,526)	—
Other	—	(72)
As of December 31, 2014	**¥ 95,395**	**¥166,449**

		Millions of yen
	Domestic plans	Foreign plans
As of April 1, 2013	¥101,290	¥108,838
Service cost	1,892	624
Interest cost	1,503	5,111
Actuarial gains and losses	204	1,509
Benefits paid	(4,668)	(5,120)
Past service cost	—	69
Exchange translation differences	—	24,965
Other	—	(84)
As of December 31, 2013	¥100,221	¥135,912

Changes in plan assets

		Millions of yen
	Domestic plans	Foreign plans
As of January 1, 2014	¥114,860	¥104,265
Expected return on plan assets	2,829	6,678
Actuarial gains and losses	11,787	9,088
Contributions by the employer	5,896	2,209
Benefits paid	(5,235)	(4,903)
Exchange translation differences	—	11,641
Contributions in relation to the shift of pension plans to defined contribution pension plans	(10,848)	—
Other	—	199
As of December 31, 2014	**¥119,289**	**¥129,177**

	Millions of yen	
	Domestic plans	Foreign plans
As of April 1, 2013	¥102,901	¥ 80,357
Expected return on plan assets	2,138	5,793
Actuarial gains and losses	10,317	57
Contributions by the employer	4,127	4,320
Benefits paid	(4,623)	(4,976)
Exchange translation differences	—	18,584
Other	—	130
As of December 31, 2013	¥114,860	¥104,265

Reconciliation of defined benefit obligations and plan assets on retirement benefits recognized in the consolidated balance sheet

	Millions of yen	
	2014	
	Domestic plans	Foreign plans
Funded defined benefit obligations	**¥ 94,417**	**¥ 165,967**
Plan assets	**(119,289)**	**(129,177)**
Subtotal	**(24,872)**	**36,790**
Unfunded defined benefit obligations	**978**	**482**
Net amount of liabilities and assets recognized in consolidated balance sheet	**¥ (23,894)**	**¥ 37,272**
Liabilities (net defined benefit liability)	**¥ 2,069**	**¥ 37,311**
Assets (net defined benefit asset)	**(25,963)**	**(39)**
Net amount of liabilities and assets recognized in consolidated balance sheet	**¥ (23,894)**	**¥ 37,272**

	Millions of yen	
	2013	
	Domestic plans	Foreign plans
Funded defined benefit obligations	¥ 99,599	¥ 135,475
Plan assets	(114,860)	(104,265)
Subtotal	(15,261)	31,210
Unfunded defined benefit obligations	622	437
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ (14,639)	¥ 31,647
Liabilities (net defined benefit liability)	¥ 1,142	¥ 31,688
Assets (net defined benefit asset)	(15,781)	(41)
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ (14,639)	¥ 31,647

Retirement benefit expenses

	Millions of yen	
	2014	
	Domestic plans	Foreign plans
Service cost	**¥ 2,010**	**¥ 476**
Interest cost	**1,781**	**6,057**
Expected return on plan assets	**(2,829)**	**(6,678)**
Recognition of actuarial gains and losses	**2,101**	**1,495**
Amortization of past service cost	**—**	**42**
Total	**¥ 3,063**	**¥ 1,392**

Note: The effect in relation to the shift of pension plans to defined contribution pension plans is immaterial.

	Millions of yen	
	2013	
	Domestic plans	Foreign plans
Service cost	¥ 1,892	¥ 624
Interest cost	1,503	5,111
Expected return on plan assets	(2,138)	(5,793)
Recognition of actuarial gains and losses	2,171	1,361
Amortization of past service cost	—	69
Total	¥ 3,428	¥ 1,372

Remeasurements of defined benefit plans

The past service cost and actuarial gains and losses recognized in other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal year ended December 31, 2014 is as follows:

	Millions of yen	
	2014	
	Domestic plans	Foreign plans
Past service cost	¥ —	¥ 178
Actuarial gains and losses	3,878	(8,254)
Total	¥3,878	¥(8,076)

The unrecognized past service cost and unrecognized actuarial gains and losses recognized in accumulated other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal years ended December 31, 2014 and 2013 are as follows:

	Millions of yen	
	2014	
	Domestic plans	Foreign plans
Unrecognized past service cost	¥ —	¥ 96
Unrecognized actuarial gains and losses	4,461	(58,848)
Total	¥4,461	¥(58,752)

	Millions of yen	
	2013	
	Domestic plans	Foreign plans
Unrecognized past service cost	¥ —	¥ (82)
Unrecognized actuarial gains and losses	583	(50,594)
Total	¥583	¥(50,676)

Major breakdown of plan assets

	2014	
	Domestic plans	Foreign plans
Equity securities	55.0%	42.4%
Debt securities	18.6%	44.4%
Other	26.4%	13.2%
Total	100.0%	100.0%

Note: 27.6% of the assets of the domestic plans are available-for-sale securities contributed to the employee retirement benefit trust.

	2013	
	Domestic plans	Foreign plans
Equity securities	48.0%	41.6%
Debt securities	20.1%	49.0%
Other	31.9%	9.4%
Total	100.0%	100.0%

Note: 22.1% of the assets of the domestic plans are available-for-sale securities contributed to the employee retirement benefit trust.

Actuarial assumptions

	2014	
	Domestic plans	Foreign plans
Discount rate	**1.1%**	**1.5%–4.1%**
Expected return rate on plan assets	**3.0%**	**2.2%–7.2%**

Note: Expected return rate on plan assets is determined by considering the current and anticipated future portfolio of plan assets and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

	2013	
	Domestic plans	Foreign plans
Discount rate	2.0%	2.8%–5.0%
Expected return rate on plan assets	3.0%	2.5%–7.8%

Note: Expected return rate on plan assets is determined by considering the current and anticipated future portfolio of plan assets and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

(3) Defined contribution pension plans

The required contributions borne by the Company and a number of consolidated subsidiaries in relation to the defined contribution pension plans were ¥1,766 million.

Note 11: 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:

(1) 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: (a) having the board of directors, (b) having independent auditors, (c) having the board of corporate auditors, and (d) 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 shares. 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.

(2) 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 the 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.

(3) Treasury shares and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury shares and dispose of such treasury shares by resolution of the board of directors. The amount of treasury shares 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 shares. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Note 12: Capital Stock

Total amount of common stock authorized as of December 31, 2014 and 2013 is 1,500,000,000 shares. The Company issued 40,000,000 shares on June 17, 2014 by way of public offering, and 6,000,000 shares on June 27, 2014 by way of third-party allotment. Consequently, the total amount of common stock issued as of December 31, 2014 and 2013 is 965,372,048 shares and 919,372,048 shares, respectively.

Note 13: Treasury Shares

Treasury shares as of December 31, 2014 and 2013 amounted to 3,445,014 shares and 3,396,764 shares, respectively.

Note 14: Income Taxes

The differences between the normal effective statutory tax rate in Japan and the actual effective tax rate for the fiscal years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Normal effective statutory tax rate in Japan	36.2%	38.0%
Adjustments:		
Valuation allowance change	1.2%	4.2%
Tax rate differences	(5.9)%	(1.8)%
Equity in earnings of affiliates	(2.8)%	(2.3)%
Entertainment and other non-deductible expenses	2.3%	1.8%
Elimination of intercompany dividend income	7.6%	10.8%
Dividend income and other non-taxable income	(6.2)%	(8.8)%
State, provincial, municipal and local taxes	1.2%	0.1%
Tax credit for research and development and others	(2.3)%	(4.3)%
Adoption of FIN48	(0.8)%	(8.5)%
Tax credit for the Special Tax Law for the March 11 Earthquake	(0.5)%	(2.7)%
Other	2.4%	2.4%
Actual effective tax rate	32.4%	28.9%

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities, as of December 31, 2014 and 2013 are as follows:

	Millions of yen	
	2014	2013
Deferred tax assets:		
Inventories	¥ 4,476	¥ 5,006
Property, plant and equipment	4,302	4,653
Allowance for doubtful accounts	1,683	1,642
Net defined benefit liability	11,484	11,840
Restructuring and divestitures	215	2,363
Unrealized gain	1,466	1,447
Net operating loss carryforwards	25,442	25,140
Other	33,173	32,432
Subtotal	82,241	84,523
Less: valuation allowance	(17,796)	(17,124)
Total	64,445	67,399
Deferred tax liabilities:		
Deferred income taxes related to gains from property, plant and equipment	(3,906)	(4,095)
Property, plant and equipment	(5,037)	(9,731)
Contribution of securities to employee retirement benefit trust	(1,966)	(1,966)
Other	(7,153)	(5,335)
Total	(18,062)	(21,127)
Net deferred tax assets	¥ 46,383	¥ 46,272

Influence from changes in corporation tax rate

On March 31, 2014, the “Act for Partial Amendment of the Income Tax Act” (Act No. 10 of 2014), which abolished a surtax related to the Special Corporation Tax from the fiscal year beginning on or after April 1, 2014, was promulgated in Japan. As a result, the normal effective statutory tax rate used to calculate deferred tax assets or liabilities changed from 36.2% to 35.6% for those temporary differences expected in the fiscal year ending December 31, 2015.

The effect of this change is immaterial.

Note 15: Research and Development Costs

Research and development costs charged to income for the fiscal years ended December 31, 2014 and 2013 are ¥10,945 million and ¥8,777 million, respectively.

Note 16: Leases

(1) Finance leases that do not transfer ownership of the leased property to the lessee

As described in Note 2 “Summary of Significant Accounting Policies,” 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 fiscal years ended December 31, 2014 and 2013 are ¥63 million and ¥85 million, respectively.

Pro forma information for such finance leases for the fiscal years ended December 31, 2014 and 2013 is as follows:

	Millions of yen		
	2014		
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
Balances at year-end:			
Acquisition cost	¥ 319	¥ 36	¥ 355
Accumulated depreciation	(269)	(33)	(302)
Net leased property	¥ 50	¥ 3	¥ 53

	Millions of yen		
	2013		
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
Balances at year-end:			
Acquisition cost	¥ 551	¥ 36	¥ 587
Accumulated depreciation	(477)	(30)	(507)
Net leased property	¥ 74	¥ 6	¥ 80

	Millions of yen	
	2014	2013
Present value of future minimum lease payments:		
Due within one year	¥60	¥ 85
Due after one year	23	27
Total	¥83	¥112

	Millions of yen	
	2014	2013
Depreciation expense	¥55	¥76
Interest expense	5	4
Reversal of allowance for impairment loss on leased property	—	30

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 noncancellable operating leases at December 31, 2014 and 2013 are as follows:

	Millions of yen	
	2014	2013
Due within one year	¥ 2,699	¥ 2,595
Due after one year	8,371	8,285
Total	¥11,070	¥10,880

Note 17:

Financial Instruments

Group policy for financial instruments

The Group manages 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- 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 and commercial papers, 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 on the basis of internal guidelines, which include the monitoring of payment terms and balances of customers by the sales and business administration departments to identify the default risk of customers at an early stage. The consolidated subsidiaries of the Company manage the exposure to credit risk on their own in accordance with their internal guidelines. Investment securities are managed by monitoring market values, the financial position of issuers and considering the relationship with customers and suppliers on a regular basis. The Group also tries 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 December 31, 2014 and 2013. Financial instruments whose fair value is not reliably measured are excluded from the tables below.

			Millions of yen
			2014
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 16,757	¥ 16,757	¥ —
Notes and accounts receivable—trade	213,867	213,867	—
Investment securities			
Stocks of subsidiaries and affiliates	5,635	11,944	6,309
Other	12,816	12,816	—
Long-term loans receivable	154		
Allowance for doubtful accounts (Note 1)	(76)		
	78	78	—
Total	¥249,153	¥255,462	¥6,309
Liabilities:			
Notes and accounts payable—trade	¥111,996	¥111,996	¥ —
Short-term loans payable	30,637	30,637	—
Current portion of long-term loans payable	60,093	60,190	97
Current portion of bonds	10,000	10,029	29
Lease obligations (current)	621	621	—
Accounts payable—other	38,356	38,356	—
Income taxes payable	3,252	3,252	—
Bonds payable	8,000	8,078	78
Long-term loans payable	159,772	159,881	109
Lease obligations (noncurrent)	5,056	5,400	344
Total	¥427,783	¥428,440	¥ 657
Derivative financial instruments: (Note 2)			
Hedge accounting—not applied	¥ 561	¥ 561	¥ —
Hedge accounting—applied	(357)	(357)	—
Total	¥ 204	¥ 204	¥ —

	Millions of yen		
	2013		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 15,576	¥ 15,576	¥ —
Notes and accounts receivable—trade	212,821	212,821	—
Investment securities			
Stocks of subsidiaries and affiliates	5,172	8,007	2,835
Other	11,363	11,363	—
Long-term loans receivable	211		
Allowance for doubtful accounts (Note 1)	(84)		
	127	127	—
Total	¥245,059	¥247,894	¥2,835
Liabilities:			
Notes and accounts payable—trade	¥116,023	¥116,023	¥ —
Short-term loans payable	38,324	38,324	—
Current portion of long-term loans payable	41,486	41,636	150
Current portion of bonds	5,000	5,027	27
Lease obligations (current)	664	664	—
Accounts payable—other	37,326	37,326	—
Income taxes payable	7,613	7,613	—
Bonds payable	28,000	28,320	320
Long-term loans payable	180,262	181,717	1,455
Lease obligations (noncurrent)	5,398	5,539	141
Total	¥460,096	¥462,189	¥2,093
Derivative financial instruments: (Note 2)			
Hedge accounting—not applied	¥ (66)	¥ (66)	¥ —
Hedge accounting—applied	(671)	(671)	—
Total	¥ (737)	¥ (737)	¥ —

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

Investment securities

The fair value of investment securities is measured at the quoted market price on 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, accounts payable–other 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 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.

Current portion of bonds and bonds payable

As for bonds payable which have 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 financial institutions. The discount rate applied for the calculation above is the interest rate that may be currently available to the Group for bonds payable with similar terms and conditions.

Lease obligations (current) and lease obligations (noncurrent)

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 lease obligations with similar terms and conditions.

Derivative financial instruments

Please see Note 18 "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 amounts as of December 31, 2014 and 2013 are ¥21,024 million and ¥25,080 million, respectively) whose future cash flows cannot be estimated. The fair value of such non-listed stocks and others is not reliably determinable and thus is excluded from investment securities.

Redemption schedule for financial assets and securities

The redemption schedules for financial assets and securities with contractual maturities as of December 31, 2014 and 2013 are summarized as follows:

				Millions of yen
				2014
	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	**¥213,867**	**¥ —**	**¥—**	**¥—**
Long-term loans receivable	**—**	**112**	**42**	**—**
Total	**¥213,867**	**¥112**	**¥42**	**¥—**

				Millions of yen
				2013
	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	¥212,821	¥ —	¥—	¥—
Long-term loans receivable	—	154	53	4
Total	¥212,821	¥154	¥53	¥ 4

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 December 31, 2014 and 2013 are summarized as follows:

	Millions of yen			
	2014			
	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	¥ 30,637	¥ —	¥ —	¥ —
Current portion of long-term loans payable	60,093	—	—	—
Current portion of bonds	10,000	—	—	—
Lease obligations (current)	621	—	—	—
Bonds payable	—	8,000	—	—
Long-term loans payable	—	142,235	17,537	—
Lease obligations (noncurrent)	—	1,887	1,811	1,358
Total	¥101,351	¥152,122	¥19,348	¥1,358

	Millions of yen			
	2013			
	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	¥38,324	¥ —	¥ —	¥ —
Current portion of long-term loans payable	41,486	—	—	—
Current portion of bonds	5,000	—	—	—
Lease obligations (current)	664	—	—	—
Bonds payable	—	8,000	—	20,000
Long-term loans payable	—	168,540	11,722	—
Lease obligations (noncurrent)	—	1,948	1,813	1,637
Total	¥85,474	¥178,488	¥13,535	¥21,637

Note 18:

Derivative Financial Instruments

The Group has entered into various foreign currency forward contracts, currency options and swaps, interest rate options and swaps, and commodity swaps.

Foreign currency forward contracts and currency options and swaps are entered into to hedge the effects of exchange rate changes on receivables and payables or anticipated transactions denominated in foreign currencies. Interest rate options and swaps are entered into to hedge the effects of interest rate changes and to reduce financing cost. Commodity swaps are entered into to hedge the effects of commodity price changes of fuel. Loans denominated in foreign currencies are entered into to hedge a part of risks associated with the fluctuations of exchange rate for investments in foreign entities.

The Group does not use derivative instruments for trading or speculative purposes. Derivative transactions performed by the Group have risks due to fluctuations of exchange rates, interest rates and other factors.

Because these transactions are executed with creditworthy financial institutions, the Group does 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 December 31, 2014 and 2013

(1) Currency related

	Millions of yen			
	2014			
	Contract/notional amount	Contract/notional amount due after one year	Fair value	Unrealized gain/loss
Currency swaps: (Note 1)				
(Payment in H.K.$ and receipt in U.S.$)	¥ 878	¥878	¥ (37)	¥ (37)
(Payment in Korean won and receipt in Japanese yen)	654	—	(2)	(2)
Other	247	—	(1)	(1)
Currency options: (Note 1)				
Selling				
Euro	10,178	—	464	(412)
Buying				
Euro	8,687	—	193	171
U.S.$	1,516	—	57	50
Foreign currency forward contracts: (Note 2)				
Selling				
Canadian $	1,760	—	(5)	5
Russian ruble	2,943	—	(138)	123
Other	2,242	—	29	49
Buying				
Euro	617	—	30	27
U.S.$	2,993	—	9	8
Other	23	—	1	1
Total	¥32,738	¥878	¥ 600	¥ (18)

	Millions of yen			
	2013			
	Contract/notional amount	Contract/notional amount due after one year	Fair value	Unrealized gain/loss
Currency swaps: (Note 1)				
(Payment in H.K.$ and receipt in U.S.$)	¥ 770	¥770	¥(33)	¥ (33)
Currency options: (Note 1)				
Selling				
Euro	13,590	—	(99)	91
GB pound	960	—	(40)	37
Buying				
Euro	9,600	—	48	43
U.S.$	2,364	—	7	7
Foreign currency forward contracts: (Note 2)				
Selling				
Canadian $	1,916	—	3	(3)
Buying				
Euro	1,150	—	58	54
U.S.$	9,837	—	(17)	(16)
Other	36	—	7	7
Total	¥40,223	¥770	¥(66)	¥187

Notes: 1. The fair value of currency swaps and currency options is measured using the quoted price obtained from financial institutions. Currency options used are called collar options, which effectively limit the risk arising from the changes in 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

	Millions of yen			
	2014			
	Contract/notional amount	Contract/notional amount due after one year	Fair value	Unrealized gain/loss
Interest rate swaps: (Note)				
(Fixed rate payment, floating rate receipt)	¥10,000	¥—	¥(39)	¥(39)
Total	¥10,000	¥—	¥(39)	¥(39)

Note: The fair value of interest rate swaps is measured using the quoted price obtained from financial institutions.

There is no interest-related derivative transaction to which hedge accounting is not applied at December 31, 2013.

Derivative transactions to which hedge accounting is applied at December 31, 2014 and 2013
(1) Currency related

	Millions of yen			
		2014		
	Hedged item	Contract/notional amount	Contract/notional amount due after one year	Fair value
Currency swaps: (Note 1)				
(Payment in Australia $ and receipt in Singapore $)	Long-term loans receivable	¥ 643	¥ 193	¥80
(Payment in New Zealand $ and receipt in Singapore $)		324	—	(5)
Foreign currency forward contracts: (Note 1)				
Selling				
Euro	Forecast transaction	288	—	(4)
Buying				
U.S.$	Accounts payable—trade	283	—	7
Chinese yuan		1,409	—	12
H.K.$		491	—	6
Foreign currency forward contracts: (Notes 1 and 2)				
Selling				
U.S.$	Accounts receivable—trade	3,191	—	
Euro		432	—	
Buying				
Chinese yuan	Accounts payable—trade	124	—	
Currency swaps: (Notes 1 and 2)				
(Payment in Japanese yen and receipt in U.S.$)	Long-term loans payable	11,847	11,847	
Total		¥19,032	¥12,040	¥96

	Hedged item	Contract/notional amount	Contract/notional amount due after one year	Fair value
				Millions of yen 2013
Currency swaps: (Note 1)				
(Payment in Australia $ and receipt in Singapore $)	Long-term loans receivable	¥ 623	¥ 413	¥ 84
(Payment in New Zealand $ and receipt in Singapore $)		381	—	(11)
Foreign currency forward contracts: (Note 1)				
Selling				
U.S.$	Forecast transaction	758	—	(27)
Euro		179	—	(9)
Buying				
U.S.$	Accounts payable—trade	97	—	8
Chinese yuan		1,352	—	33
H.K.$		239	—	6
Foreign currency forward contracts: (Notes 1 and 2)				
Selling				
U.S.$	Accounts receivable—trade	2,749	—	
Euro		417	—	
Buying				
Chinese yuan	Accounts payable—trade	4	—	
Currency swaps: (Notes 1 and 2)				
(Payment in Japanese yen and receipt in U.S.$)	Long-term loans payable	11,847	11,847	
Total		¥18,646	¥12,260	¥ 84

Notes: 1. The fair value of currency swaps and foreign currency forward contracts is measured using the quoted price obtained from financial institutions.

2. Exchange contracts and currency swaps appropriated to specific debts and credits are settled together with either accounts receivable–trade, accounts payable–trade or long-term loans payable subject to hedged transaction. Accordingly, the fair value of such exchange contracts is reflected in accounts receivable–trade, accounts payable–trade or long-term loans payable.

(2) Interest related

	Hedged item	Contract/notional amount	Contract/notional amount due after one year	Fair value
				Millions of yen **2014**
Interest rate swaps: (Note 1) (Fixed rate payment, floating rate receipt)	Bonds payable, long-term loans payable	**¥ 10,754**	**¥ 754**	**¥(118)**
Interest rate options: (Note 2) Buying	Long-term loans payable	**18,410**	**7,246**	**(246)**
Interest rate swaps: (Note 3)	Bonds payable, long-term loans payable			
(Fixed rate payment, floating rate receipt)		**65,046**	**31,946**	
(Floating rate payment, floating rate receipt)		**6,000**	**6,000**	
Total		**¥100,210**	**¥45,946**	**¥(364)**

	Hedged item	Contract/notional amount	Contract/notional amount due after one year	Fair value
		Millions of yen		
		2013		
Interest rate swaps: (Note 1) (Fixed rate payment, floating rate receipt)	Bonds payable, long-term loans payable	¥ 21,127	¥ 21,127	¥(257)
Interest rate options: (Note 2) Buying	Long-term loans payable	18,127	18,127	(495)
Interest rate swaps: (Note 3) (Fixed rate payment, floating rate receipt) (Floating rate payment, floating rate receipt)	Bonds payable, long-term loans payable	77,108 6,500	62,108 3,000	
Total		¥122,862	¥104,362	¥(752)

Notes: 1. The fair value of interest rate swaps is measured using the quoted price obtained from 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 bonds payable and long-term loans payable.

(3) Commodity related

	Hedged item	Contract/notional amount	Contract/notional amount due after one year	Fair value
		Millions of yen		
		2014		
Commodity swaps: (Note) (Fixed price payment, floating price receipt)	Fuel	**¥346**	**¥103**	**¥(89)**
Total		**¥346**	**¥103**	**¥(89)**

	Hedged item	Contract/notional amount	Contract/notional amount due after one year	Fair value
		Millions of yen		
		2013		
Commodity swaps: (Note) (Fixed price payment, floating price receipt)	Fuel	¥277	¥88	¥(3)
Total		¥277	¥88	¥(3)

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

Note 19:

Commitments and Contingent Liabilities

Contingent liabilities at December 31, 2014 are as follows:

	Millions of yen
	2014
Trade notes endorsed	**¥253**
Trade notes discounted with banks	**10**
Liabilities for guarantee and other	**446**
Total	**¥709**

In the opinion of management, the eventual settlement of pending lawsuits in which any of the companies in the Group is the defendant will not have a material effect on the consolidated financial position or consolidated results of operations of the Group.

Note 20:

Other Comprehensive Income

Each component of other comprehensive income and related tax effects (including those on minority interests) for the fiscal years ended December 31, 2014 and 2013 comprises the following:

	Millions of yen	
	2014	2013
Valuation difference on available-for-sale securities:		
Gains (losses) arising during the year	¥ 1,435	¥ 2,352
Reclassification adjustments to profit or loss	(4)	—
Amount before income tax effect	1,431	2,352
Income tax effect	(505)	(772)
Total	926	1,580
Deferred gains or losses on hedges:		
Gains (losses) arising during the year	508	421
Reclassification adjustments to profit or loss	(194)	107
Amount before income tax effect	314	528
Income tax effect	(54)	(127)
Total	260	401
Foreign currency translation adjustment:		
Adjustments arising during the year	23,974	40,319
Reclassification adjustments to profit or loss	6	39
Amount before income tax effect	23,980	40,358
Total	23,980	40,358
Remeasurements of defined benefit plans:		
Adjustments arising during the year	(7,919)	(11,424)
Reclassification adjustments to profit or loss	3,722	1,430
Amount before income tax effect	(4,197)	(9,994)
Income tax effect	1,960	2,687
Total	(2,237)	(7,307)
Share of other comprehensive income of associates accounted for using equity method:		
Gains (losses) arising during the year	2,003	2,522
Reclassification adjustments to profit or loss	4	21
Total	2,007	2,543
Total other comprehensive income	¥24,936	¥ 37,575

Note 21:

Subsequent Events

(1) At the Company's annual meeting of shareholders held on March 26, 2015, the shareholders approved the following appropriations of retained earnings:

	Millions of yen
Cash dividends, ¥3.00 per share	¥2,886
Total	¥2,886

(2) The Company made a contract to sell its real estate on February 13, 2015.

Reasons for sale

The Suita Plant, the Company's manufacturing base of printing inks and colorants, was closed in September 2012 and the vacant site was idle. As a result of competitive bidding, the Company decided to sell it.

Outline of real estate

Property name and address	Current status
34-1, Kishibeminami 3-chome, Suita, Osaka, Japan Land: 75,333.72 square meters	Idle assets (vacant factory site)

Note: The information of buyer is not disclosed by the contract. The sales price is an appropriate market price decided by competitive bidding.

Buyer's profile

The name and other information of the buyer, a special purpose company set up by the domestic real estate company, cannot be provided by the contract. However, in addition to the buyer's past substantial business activities in its industry, the Company has concluded from its interview and corroboration from a third party that the company has no dealings with anti-social forces and elements and has a healthy ongoing business. As a result, the Company has deemed the special purpose company appropriate as the buyer.

There are no investment relationships, personal relationships or transactional relationships between the Company, its related persons and related companies, and the buyer and its related persons. Also, the buyer and its related persons are not the Company's related persons.

Sales schedule

Contract date	February 13, 2015
Delivery date of real estate	Late December 2015 (estimated)

Impact on the financial statements

The Company will record ¥12.2 billion as "Gain on sales of noncurrent assets" in the consolidated financial statements for the fiscal year ending December 31, 2015.

Note 22: 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 seven product divisions, namely "Printing Inks," "Fine Chemicals," "General Polymers," "Specialty Polymers," "Liquid Compounds," "Solid Compounds" and "Processed Products," and each product division conducts its business.

The product divisions are aggregated into four reportable segments, namely "Printing Inks," "Fine Chemicals," "Polymers" and "Application Materials," based on the similarity of the products and services.

"Printing Inks" mainly consists of gravure inks, offset inks and news inks. "Fine Chemicals" mainly consists of organic pigments and liquid crystal materials. "Polymers" mainly consists of synthetic resins, such as acrylic, polyurethane, epoxy and polystyrene resins. "Application Materials" mainly consists of polyphenylene sulfide (PPS) compounds, plastic colorants and industrial adhesive tapes.

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 Policies."

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

	2014						
	Reportable Segment						
	Printing Inks	Fine Chemicals	Polymers	Application Materials	Total	Others	Total
Sales:							
Sales to customers	¥415,674	¥102,583	¥187,619	¥123,040	¥828,916	¥ 1,162	¥830,078
Intersegment sales	—	35,679	3,195	—	38,874	—	38,874
Total sales	415,674	138,262	190,814	123,040	867,790	1,162	868,952
Segment profit	17,277	13,848	7,789	7,144	46,058	(178)	45,880
Segment assets	¥344,240	¥110,991	¥189,694	¥114,072	¥758,997	¥45,056	¥804,053
Others:							
Depreciation and amortization	14,265	4,571	7,476	6,462	32,774	389	33,163
Amortization of goodwill	120	76	157	12	365	42	407
Investments in affiliates	1,586	1,357	15,353	2,345	20,641	5,633	26,274
Increase in property, plant and equipment and intangibles	9,731	6,885	7,833	7,258	31,707	872	32,579

Millions of yen

	2013						
	Reportable Segment						
	Printing Inks	Fine Chemicals	Polymers	Application Materials	Total	Others	Total
Sales:							
Sales to customers	¥373,594	¥ 86,704	¥142,321	¥100,743	¥703,362	¥ 2,285	¥705,647
Intersegment sales	—	30,162	3,293	—	33,455	—	33,455
Total sales	373,594	116,866	145,614	100,743	736,817	2,285	739,102
Segment profit	18,402	10,384	8,573	6,455	43,814	(106)	43,708
Segment assets	¥337,408	¥ 99,432	¥173,926	¥108,388	¥719,154	¥41,529	¥760,683
Others:							
Depreciation and amortization	11,781	3,821	4,897	4,589	25,088	376	25,464
Amortization of goodwill	52	147	122	9	330	11	341
Investments in affiliates	3,610	1,145	14,834	4,103	23,692	5,169	28,861
Increase in property, plant and equipment and intangibles	7,955	3,208	6,586	7,763	25,512	1,418	26,930

Note: Owing to changes in segmentation of some products effective from January 1, 2014, certain figures for the fiscal year ended December 31, 2013 have been restated to conform to the new segmentation.

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

Millions of yen

	2014	2013
Sales:		
Reportable segment total	¥867,790	¥736,817
Sales in "Others"	1,162	2,285
Elimination of intersegment transactions	(38,874)	(33,455)
Sales in consolidated financial statements	¥830,078	¥705,647

Millions of yen

	2014	2013
Profit:		
Reportable segment total	¥46,058	¥43,814
Profit in "Others"	(178)	(106)
Corporate expenses	(4,804)	(3,527)
Operating income in consolidated financial statements	¥41,076	¥40,181

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

	Millions of yen	
	2014	2013
Assets:		
Reportable segment total	¥758,997	¥719,154
Assets in "Others"	45,056	41,529
Elimination between segments	(38,200)	(36,417)
Corporate assets	37,850	37,424
Assets in consolidated financial statements	¥803,703	¥761,690

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

Other items are as follows:

	Millions of yen							
	2014				2013			
	Reportable Segments	Others	Adjustments	Consolidated	Reportable Segments	Others	Adjustments	Consolidated
Depreciation and amortization	¥32,774	¥ 389	¥ 659	¥33,822	¥25,088	¥ 376	¥461	¥25,925
Amortization of goodwill	365	42	—	407	330	11	—	341
Investments in affiliates	20,641	5,633	—	26,274	23,692	5,169	—	28,861
Increase in property, plant and equipment and intangibles	31,707	872	1,007	33,586	25,512	1,418	172	27,102

Notes: 1. The adjustments for depreciation and amortization are mainly depreciation and amortization related to the DIC Central Research Laboratories that cannot be allocated to any reportable segment.
2. The adjustments for increase in property, plant and equipment and intangible assets are mainly capital investments of the DIC Central Research Laboratories that cannot be allocated to any reportable segment.

(2) Related information

Information about geographical areas

	Millions of yen			
	2014			
	Japan	USA	Others	Total
Net sales (Note)	¥303,496	¥102,786	¥423,796	¥830,078
Property, plant and equipment	119,166	32,753	90,018	241,937

	Millions of yen			
	2013			
	Japan	USA	Others	Total
Net sales (Note)	¥235,480	¥94,503	¥375,664	¥705,647
Property, plant and equipment	120,025	30,284	83,450	233,759

Note: Net sales is based on customer location and is classified by country.

Information about major customers

Not applicable for the fiscal years ended December 31, 2014 and 2013 because there is no single customer which accounts for more than 10% of net sales shown on the consolidated statement of income.

(3) Impairment loss of assets by reportable segment

	Millions of yen						
	2014						
	Printing Inks	Fine Chemicals	Polymers	Application Materials	Others	Corporate and eliminations	Consolidated
Impairment loss	¥169	¥—	¥882	¥—	¥—	¥—	¥1,051

	Millions of yen						
	2013						
	Printing Inks	Fine Chemicals	Polymers	Application Materials	Others	Corporate and eliminations	Consolidated
Impairment loss	¥764	¥—	¥23	¥—	¥—	¥—	¥787

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

Millions of yen

	2014						
	Printing Inks	Fine Chemicals	Polymers	Application Materials	Others	Corporate and eliminations	Consolidated
Amortization	¥120	¥ 76	¥157	¥12	¥ 42	¥—	¥ 407
Unamortized balances	228	447	555	15	120	—	1,365

Millions of yen

	2013						
	Printing Inks	Fine Chemicals	Polymers	Application Materials	Others	Corporate and eliminations	Consolidated
Amortization	¥ 52	¥147	¥122	¥ 9	¥11	¥—	¥ 341
Unamortized balances	302	548	712	28	76	—	1,666

(5) Gain on bargain purchase by reportable segment

Millions of yen

	2014						
	Printing Inks	Fine Chemicals	Polymers	Application Materials	Others	Corporate and eliminations	Consolidated
Gain on bargain purchase	¥—	¥—	¥371	¥—	¥—	¥—	¥371

Note: Gain on bargain purchase comes from the acquisition of a subsidiary.

There was no gain on bargain purchase for the fiscal year ended December 31, 2013.

Note 23:

Related-Party Transactions

(1) Related-party transactions with the Company

Related-party transactions with directors, corporate auditors, major individual shareholders and others of the Company for the fiscal years ended December 31, 2014 and 2013 are as follows:

Millions of yen

2014

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 where directors and their close relatives owned majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Direct 5.53% Indirect 7.69%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	1,789	Security deposit	1,718
							Payment for insurance fee (Note 5)	31	Prepaid expenses for insurance fee	8
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	Owned Direct 4.43%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 6)	624	Trade accounts payable	216
							Sales of merchandise and finished goods (Note 7)	49	Trade notes and accounts receivable	19
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	Owned Direct 3.26%	Purchase of raw materials and others	Purchase of raw materials and others (Note 8)	6,616	Trade notes and accounts payable	1,330
							Sales of merchandise and finished goods (Note 7)	3,588	Trade accounts receivable	1,029

Notes: 1. Excluding consumption taxes

2. Including consumption taxes

3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially 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 based on an arms-length transaction in the neighboring area.

5. Insurance fee is determined based on an arms-length transaction upon consultation with an insurance company.

6. Purchase price of metallic containers and others is determined based on an arms-length transaction.

7. Sales price of merchandise and finished goods is determined on an arms-length transaction.

8. Purchase price of raw materials and others is determined on an arms-length transaction.

Millions of yen

								2013		
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 where directors and their close relatives owned majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Direct 5.81% Indirect 8.08%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	1,360	Security deposit	1,720
							Payment for insurance fee (Note 5)	5	Prepaid ex-penses for insurance fee	6
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	Owned Direct 4.66%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 6)	482	Trade accounts payable	245
							Lease payments (Note 7)	33	—	—
							Sales of merchandise and finished goods (Note 8)	42	Trade notes and accounts receivable	48
	Nissin Trading Co., Ltd.	Chiyoda-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)	4,976	Trade notes and accounts payable	1,643
							Sales of merchandise and finished goods (Note 8)	2,817	Trade accounts receivable	1,178

Notes: 1. Excluding consumption taxes
2. Including consumption taxes
3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially 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 based on an arms-length transaction in the neighboring area.
5. Insurance fee is determined based on an arms-length transaction upon consultation with an insurance company.
6. Purchase price of metallic containers and others is determined based on an arms-length transaction.
7. Amount of lease payments is determined through negotiations on an arms-length transaction.
8. Sales price of merchandise and finished goods is determined on an arms-length transaction.
9. Purchase price of raw materials and others is determined on an arms-length transaction.

(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 fiscal years ended December 31, 2014 and 2013 are as follows:

Millions of yen

2014

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 where directors and their close relatives owned majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Indirect 13.22%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	28	Security deposit	15
							Acquisition of business (Note 5)	150	—	—
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	Owned Indirect 4.43%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 6)	721	Trade accounts payable and other accounts payable	143
							Sales of merchandise and finished goods, and offering of services (Note 7)	65	Trade notes and accounts receivable	23
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	Owned Indirect 3.26%	Purchase of raw materials and others	Purchase of raw materials and others (Note 8)	1,030	Trade notes and accounts payable	232
							Sales of merchandise and finished goods, and offering of services (Note 7)	395	Accounts receivable	102

Notes: 1. Excluding consumption taxes

2. Including consumption taxes

3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially 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 based on an arms-length transaction in the neighboring area.

5. Insurance agency business previously owned by Nissei Real-Estate Co., Ltd. was transferred to DIC Estate Co., Ltd., a fully owned company of DIC Corporation dated May 1, 2014. The fee in relation to the business transfer is determined on a contract basis based on an arms-length transaction upon the appraisal value of third parties.

6. Purchase price of metallic containers and others is determined based on an arms-length transaction.

7. Sales price of merchandise and finished goods and of services offered is determined based on an arms-length transaction.

8. Purchase price of raw materials and others is determined based on an arms-length transaction.

Millions of yen

2013

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 where directors and their close relatives owned majority of the shares (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others, insurance agency business	Owned Indirect 13.89%	Rental of buildings, insurance agency business and others	Payment of rent for buildings and others (Note 4)	22	Security deposit	15
							Payment for insurance fee (Note 5)	47	Prepaid expenses for insurance fee	35
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	Owned Indirect 4.66%	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 6)	568	Trade accounts payable and other accounts payable	284
							Sales of merchandise and finished goods, and offering of services (Note 7)	61	Trade notes and accounts receivable	27
	Nissin Trading Co., Ltd.	Chiyoda-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 8)	855	Trade accounts payable	254
							Sales of merchandise and finished goods, and offering of services (Note 7)	315	Trade and other accounts receivable	147

Notes: 1. Excluding consumption taxes

2. Including consumption taxes

3. Yoshihisa Kawamura, who is a director of the Company, and his close relatives substantially 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 based on an arms-length transaction in the neighboring area.

5. Insurance fee is determined based on an arms-length transaction upon consultation with an insurance company.

6. Purchase price of metallic containers and others is determined based on an arms-length transaction.

7. Sales price of merchandise and finished goods and of services offered is determined based on an arms-length transaction.

8. Purchase price of raw materials and others is determined based on an arms-length transaction.

Management's Report on Internal Control

1. Basic framework for internal control over financial reporting

Yoshiyuki Nakanishi, Representative Director, President and CEO, and Masayuki Saito, Representative Director, Senior Managing Executive Officer and CFO of DIC Corporation (the "Company"), are responsible for designing and operating internal control over the Company's financial reporting and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)," issued by the Business Accounting Council of the Financial Services Agency of Japan.

Internal control aims to achieve its objectives to a reasonable extent with the organized and integrated function of basic individual elements of internal control as a whole. Accordingly, due to the inherent limitations, there is a possibility that 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 control over financial reporting for fiscal year 2014 was conducted as of December 31, 2014, which is the end of this fiscal year. The assessment was performed in accordance with relevant assessment standards generally accepted in Japan for internal control over financial reporting.

In conducting this assessment, we began by evaluating internal control which may have a material impact on overall consolidated financial reporting ("company-level controls") and, based on the results of this assessment, business processes to be assessed were selected. 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 control.

We determined the required scope of assessment of internal control over financial reporting for the Company and its consolidated subsidiaries and equity-method affiliates from the perspective of materiality or the degree to which it may affect the reliability of financial reporting. Materiality of the impact which may affect the reliability of financial reporting is determined based on potential quantitative and qualitative impact on financial reporting. In light of the results of assessment of company-level controls, we reasonably determined the scope of assessment of process-level controls. Consolidated subsidiaries and equity-method affiliates which were concluded as immaterial taking into account the degree of quantitative and qualitative impact are not included in the scope for assessment of company-level controls.

With regard to the process-level controls, significant locations and business units to be tested were selected based on the changes 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 reached approximately 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 manufacturing facilities included in property, plant and equipment 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 the assessment, we concluded that as of the end of the fiscal year ended December 31, 2014, the Company's internal control over financial reporting was effectively maintained.

Yoshiyuki Nakanishi
Representative Director, President and CEO
DIC Corporation

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of DIC Corporation:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of DIC Corporation (the "Company") and its consolidated subsidiaries as of December 31, 2014, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its consolidated subsidiaries as of December 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As explained in Note 21 to the consolidated financial statements, the Company made a contract to sell its real estate on February 13, 2015 and will record ¥12.2 billion as "Gain on sales of noncurrent assets" in the consolidated financial statements for the fiscal year ending December 31, 2015.

Our opinion is not qualified in respect of this matter.

Report on Internal Control

We have audited management's report on internal control over financial reporting of the consolidated financial statements of DIC Corporation as of December 31, 2014.

Management's Responsibility for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our audit. 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 from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 December 31, 2014 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Deloitte Touche Tohmatsu LLC

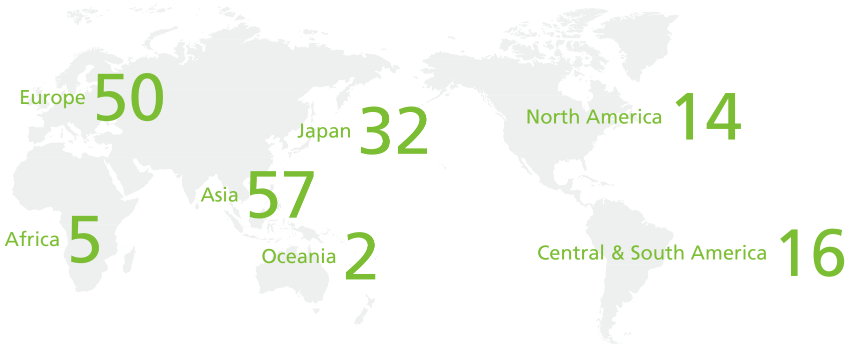
March 26, 2015

Major Subsidiaries and Affiliates

(As of December 31, 2014)

Global Network

The DIC Group comprises more than 170 companies in 63 countries and territories.



Printing Inks

Domestic

Company	Percent of Ownership
DIC Color Coatings, Inc. *Manufacture and sale of coatings for plastics and specialty coatings (pattern coatings)*	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%
Topic Co., Ltd. *Manufacture and sale of precise photomask products and printed circuit board (PCB) pattern design*	100%

Overseas

Company	Country/Region	Percent of Ownership
DIC Australia Pty Ltd. *Manufacture and sale of printing inks*	Australia	100%
DIC Fine Chemicals Private Limited *Manufacture of printing inks*	India	100%
DIC Graphics Chia Lung Corp. *Manufacture and sale of printing inks*	Taiwan	100%
DIC Graphics (Guangzhou) Ltd. *Manufacture of printing inks*	PRC	100%
DIC Graphics (Hong Kong) Ltd. *Manufacture and sale of printing inks*	PRC	100%
DIC Graphics (Thailand) Co., Ltd. *Manufacture and sale of printing inks*	Thailand	96.3%
DIC India Ltd. *Manufacture and sale of printing inks*	India	71.8%
DIC Lanka (Private) Ltd. *Manufacture and sale of printing inks*	Sri Lanka	100%
DIC (Malaysia) Sdn. Bhd. *Manufacture and sale of printing inks, sale of synthetic resins and chemicals*	Malaysia	93.5%
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%
DIC (Vietnam) Co., Ltd. *Manufacture and sale of printing inks*	Vietnam	100%
Nantong DIC Color Co., Ltd. *Manufacture 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 Co., Ltd. *Manufacture and sale of printing inks*	PRC	90%

Sun Chemical Group

Manufacture and sale of printing inks and supplies and pigments

Company	Country/Region	Percent of Ownership
Benda-Lutz Corporation	U.S.	100%
Benda-Lutz Skawina Sp. z.o.o.	Poland	100%
Benda-Lutz Volzhsky ooo	Russia	90%
Benda-Lutz Werke GmbH	Austria	100%
Coates Brothers (Caribbean) Ltd.	Trinidad and Tobago	100%
Coates Brothers (East Africa) Ltd.	Kenya	100%
Coates Brothers (West Africa) Ltd.	Nigeria	59.9%
Coates Screen Inks GmbH	Germany	100%
Hartmann D.O.O.	Slovenia	100%
Hartmann Druckfarben GmbH	Germany	100%
Hartmann-Sun Chemical EOOD	Bulgaria	100%
Inmobiliaria Sunchem, S.A. de C.V.	Mexico	100%
Lorilleux Maroc S.A.	Morocco	50%
Parker Williams Design Ltd.	U.K.	100%
Sinclair de Centroamerica S.A.	Costa Rica	100%
Sinclair S.A.S.	Colombia	100%
Sun Branding Solutions Ltd.	U.K.	100%
Sun Chemical A/S	Denmark	100%
Sun Chemical A/S	Norway	100%
Sun Chemical AB	Sweden	100%
Sun Chemical AG	Austria	100%
Sun Chemical AG	Switzerland	100%
Sun Chemical Albania SHPK	Albania	100%
Sun Chemical B.V.	Netherlands	100%
Sun Chemical (Chile) S.A.	Chile	100%
Sun Chemical Corporation	U.S.	100%
Sun Chemical de Centro America, S.A. de C.V.	El Salvador	50%
Sun Chemical Delta B.V.	Netherlands	51%
Sun Chemical de Panama, S.A.	Panama	100%
Sun Chemical do Brasil Ltda.	Brazil	100%
Sun Chemical Group Coöperatief U.A.	Netherlands	100%
Sun Chemical Group S.p.A.	Italy	100%
Sun Chemical (Hai'an) Limited	PRC	100%
Sun Chemical Holding (Hong Kong) Ltd.	PRC	100%
Sun Chemical Inks A/S	Denmark	100%
Sun Chemical Inks Ltd.	Ireland	100%
Sun Chemical Inks S.A.	Argentina	100%

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

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 Unipes-soal Ltda.	Portugal	100%
Sun Chemical Printing Ink d.o.o.	Serbia	100%
Sun Chemical S.A.	Spain	100%
Sun Chemical S.A. de C.V.	Mexico	100%
Sun Chemical S.A.S.	France	100%
Sun Chemical (South Africa) (Pty) Ltd.	South Africa	100%
Sun Chemical Sp. z.o.o.	Poland	100%
Sun Chemical s.r.l.	Romania	100%
Sun Chemical, s.r.o.	Czech Republic	100%
Sun Chemical, s.r.o.	Slovakia	100%
Sun Chemical Ukraine Ltd.	Ukraine	100%
Sun Chemical ZAO	Russia	100%
Tintas S.A.S.	Colombia	100%

Fine Chemicals

Domestic

	Percent of Ownership
Japan Formalin Company, Inc. *Manufacture and sale of formalin*	50%

Overseas

	Country/Region	Percent of Ownership
DIC Alkylphenol Singapore Pte., Ltd. *Manufacture of alkylphenols*	Singapore	100%
DIC Korea Liquid Crystal Co., Ltd. *Manufacture of and technical services related to liquid crystal (LC) materials*	Republic of Korea	55%
Lianyungang DIC Color Co., Ltd. *Manufacture and sale of organic pigments*	PRC	100%
Qingdao DIC Liquid Crystal Co., Ltd. *Manufacture of base components for LC materials*	PRC	100%
Suzhou Lintong Chemical Science Corporation *Manufacture and sale of intermediates for pigments and dyestuffs*	PRC	22.9%

Polymers

Domestic

	Percent of Ownership
DH Material Inc. *Manufacture and sale of unsaturated polyester resin*	100%
DIC Bayer Polymer Ltd. *Sales, marketing and manufacturing of thermoplastic polyurethane (TPU)*	50%
DIC Kako, Inc. *Manufacture of fiber-reinforced plastic (FRP) molding compounds and molded products*	100%
DIC Kitanihon Polymer Co., Ltd. *Manufacture of synthetic resins*	100%
DIC Kyushu Polymer Co., Ltd. *Manufacture of synthetic resins*	100%
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, resins for printing inks and reprographic products*	54.5%
SUNDIC Inc. *Manufacture and sale of biaxially oriented polystyrene sheet (OPS)*	50%

Overseas

	Country/Region	Percent of Ownership
Aekyung Chemical Co., Ltd. *Manufacture and sale of synthetic reins*	Republic of Korea	50%
Changzhou Huari New Material Co., Ltd. *Manufacture and sale of synthetic reins*	PRC	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, and fiber and textile colorants*	PRC	100%
Kangnam Chemical Co., Ltd. *Manufacture and sale of synthetic resins*	Republic of Korea	50%
Lidye Chemical Co., Ltd. *Manufacture and sale of synthetic resins*	Taiwan	51%
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	93.2%
TOA-DIC Zhangjiagang Chemical Co., Ltd. *Manufacture and sale of UV-curable monomers and related products*	PRC	40%

Application Materials

Domestic

Company	Percent of Ownership
Cast Film Japan Co., Ltd. *Manufacture and sale of plastic films*	50%
DIC Color Design, Inc. *Color-focused consulting, graphic design, and processing and sale of adhesive materials*	100%
DIC Decor, Inc. *Printing and sale of decorative sheets and plastic films*	100%
DIC EP Corp. *Manufacture of PPS neat polymers*	100%
DIC Interior Co., Ltd. *Manufacture of storage furniture and other interior housing materials*	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 and molding and processing equipment*	100%
Techno Science, Inc. *Manufacture of plastic precision filters and applied products, and physicochemical testing devices and related equipment*	50%
YD Plastics Co., Ltd. *Manufacture and sale of polyethylene terephthalate (PET) bottles*	50%

Overseas

Company	Country/Region	Percent of Ownership
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%
DIC Imaging Products USA, LLC *Manufacture and sale of toner and UV-curable coatings*	U.S.	100%
Earthrise Nutritionals, LLC. *Manufacture and sale of edible algae Spirulina*	U.S.	100%
Hainan DIC Microalgae Co., Ltd. *Manufacture and sale of edible algae Spirulina and blue colorants*	PRC	100%
PT DIC ASTRA Chemicals *Manufacture and sale of plastic colorants and compounds, and 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 Estate Co., Ltd. *Brokerage of real estate and provision of plant security, headquarters receptionist and postal services*	100%
Renaissance, Inc. *Planning and operation of sports clubs and schools*	47.7%

Overseas

Company	Country/Region	Percent of Ownership
DIC Asia Pacific Pte Ltd *Investment in related subsidiaries in Asia and Oceania, and manufacture and sale of DIC products*	Singapore	100%
DIC (China) Co., Ltd. *Administration of, investment in and provision of various management support services to subsidiaries in the PRC*	PRC	100%
DIC Europe GmbH *Sale of DIC products*	Germany	100%
DIC (Guangzhou) Co., Ltd. *Sale of DIC products*	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 (Shanghai) Co., Ltd. *Sale of DIC products*	PRC	100%
DIC (Taiwan) Ltd. *Sale of DIC products*	Taiwan	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 December 31, 2014)

Investor Information

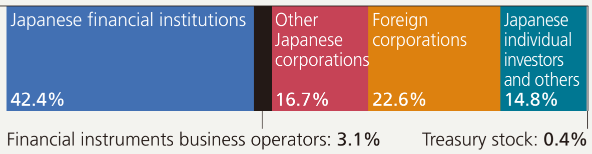
Common Stock

DIC common stock is listed and traded on the Tokyo stock exchanges. There were 42,777 shareholders of record on December 31, 2014. On the Tokyo Stock Exchange, the high and low prices for each quarter of the years 2014 and 2013 were as follows:

	2014		2013	
	High	Low	High	Low
Jan.–Mar.	**¥323**	**¥253**	¥219	¥155
Apr.–Jun.	**279**	**249**	271	176
Jul.–Sept.	**268**	**221**	283	243
Oct.–Dec.	**306**	**204**	328	257

Total Number of Shares Authorized	1,500,000,000 shares
Number of Unit Shares	1,000 shares
Paid-in Capital	¥96,556,692,787 (965,372,048 shares)
Independent Public Accountants	Deloitte Touche Tohmatsu LLC

Distribution of Shareholders



Major Shareholders

	Number of Shares Owned (Thousands)	Percentage of Total
Japan Trustee Services Bank, Ltd. (Trust Account)	92,319	9.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	71,218	7.40
Nissei Real-Estate Co., Ltd.	53,104	5.52
Dainichi Can Co., Ltd.	42,561	4.42
The Dai-ichi Life Insurance Company, Limited	35,000	3.64
Nissin Trading Co., Ltd.	31,277	3.25
Japan Trustee Services Bank, Ltd. (Trust Account 4)	26,592	2.76
Aioi Nissay Dowa Insurance Co., Ltd.	25,907	2.69
Nippon Life Insurance Company	19,000	1.98
BNP Paribas Securities Japan Ltd.	14,385	1.50
	411,363	42.76%

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

Meeting of Shareholders

Our annual meeting of shareholders is held in March 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) 6733-3033
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) 6733-3000
http://www.dic-global.com/

Principal Domestic Offices, Plants and Laboratories (Nonconsolidated)

Number of Branch Offices: 2
Number of Sales Offices: 6
Number of Plants: 9
Number of Laboratories: 1

Number of Employees

20,411

Date of Foundation

February 15, 1908

Date of Incorporation

March 15, 1937

Color & Comfort by Chemistry

DIC Corporation

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