



YUHO REPORT
Annual

Fiscal Year Ended	March 31, 2004
Traded	TSE1
Stock Code	4116



DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.

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This report is based on the Company's Japanese-language annual filing with the Financial Services Agency and supplemented with materials that facilitate comparison with the Company's peers. The materials from the annual filing with the Financial Services Agency have been edited and reorganized in a format more familiar to the international investment community. All information contained in this report has been obtained from sources believed to be reliable, but the accuracy of the data and the translation and the completeness and timeliness of the information are not warranted by the Company, Pacific Associates, or Asia Securities Printing. None of the above parties shall be responsible for any error or omission or for results obtained from the use of this information.

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Company Profile

Financial highlights

Years ended March 31; Millions of yen	2000	2001	2002	2003	2004	Change 2004/2000
Consolidated						
Net sales	130,522	135,161	125,331	130,825	134,933	103%
Ordinary profit	5,745	5,097	1,338	5,492	6,917	120%
Net income	2,625	(8,048)	(98)	2,767	3,998	152%
Shareholders' equity	34,501	22,625	21,940	23,680	27,620	80%
Total assets	151,643	156,178	147,291	138,301	140,463	93%
Shareholders' equity per share (Yen)	412.23	270.34	262.19	280.39	322.94	78%
Net income per share (Yen)	31.37	(96.17)	(1.17)	31.74	46.56	148%
Net income per share, fully diluted (Yen)	-	-	-	-	-	
Net cash provided by (used in) operating activities	2,131	4,364	6,157	6,481	7,110	
Net cash provided by (used in) investing activities	3,756	(3,368)	(2,180)	(490)	(2,260)	
Net cash provided by (used in) financing activities	(3,564)	(2,289)	(4,769)	(6,586)	(4,428)	
Cash and cash equivalents at term-end	13,640	12,502	12,082	11,502	11,795	
Employees	3,289	3,274	3,402	3,355	3,338	

Peer comparisons

Percent	2000	2001	2002	2003	2004
Net income / net sales	2.0	(6.0)	(0.1)	2.1	3.0
Peers	(0.1)	1.4	1.3	0.8	2.3
Ordinary profit / net sales	4.4	3.8	1.1	4.2	5.1
Peers	4.9	5.0	3.1	3.9	5.0
Net income / equity	7.0	-	-	12.1	15.6
Peers	3.0	3.6	1.2	2.2	3.6
Net income / assets	1.7	(5.2)	(0.1)	2.0	2.8
Peers	0.5	1.2	0.7	0.9	1.9
Ordinary profit / assets	3.8	3.3	0.9	4.0	4.9
Peers	3.8	4.2	2.7	3.3	4.2
Equity / assets	22.8	14.5	14.9	17.1	19.7
Peers	47.7	47.3	49.5	50.2	51.0

Peers include 43 chemical companies with stock codes from 4100 to 4229.

Common size statements

Years ended March 31; Percent	Consolidated		
	2002	2003	2004
Balance sheet			
Assets	100.0	100.0	100.0
Total current assets	52.2	53.5	53.6
Total tangible fixed assets	31.5	33.0	31.9
Total intangible fixed assets	0.6	0.6	0.6
Total investments and other assets	15.7	12.9	13.9
Total fixed assets	47.8	46.5	46.4
Liabilities, minority interests and shareholders' equity	100.0	100.0	100.0
Total current liabilities	57.5	56.5	54.8
Total long-term liabilities	25.9	25.7	25.1
Total liabilities	83.4	82.2	79.9
Minority interests	1.7	0.7	0.4
Common stock	6.8	7.3	7.2
Capital reserves	5.5	5.9	6.0
Retained earnings	7.8	8.8	10.6
Unrealized gains or losses on other securities	(0.0)	0.4	1.0
Foreign currency translation adjustments	(1.8)	(2.4)	(2.4)
Treasury stock	(0.0)	(2.9)	(2.7)
Parent company capital owned by subsidiaries	(3.4)	-	-
Total shareholders' equity	14.9	17.1	19.7
Statement of income			
Net sales	100.0	100.0	100.0
Total cost of sales	83.5	82.4	81.6
Gross profit	16.5	17.6	18.4
Selling, general and administrative expenses	14.3	13.1	13.2
Operating income	2.2	4.5	5.2
Total non-operating income	1.2	1.1	1.2
Total non-operating expenses	2.3	1.4	1.3
Ordinary profit	1.1	4.2	5.1
Extraordinary gains	0.2	3.1	0.9
Extraordinary losses	1.5	1.7	0.2
Income before income taxes	(0.2)	5.6	5.8
Income, enterprise and other taxes	(0.3)	3.0	2.6
Minority interest in income of consolidated subsidiaries	0.2	0.5	0.2
Net income	(0.1)	2.1	3.0

Business Overview

Contents of business

The corporate Group (the Company and its affiliates) comprises the Company (Dainichiseika Color & Chemicals Mfg. Co., Ltd.) and 57 affiliated companies.

The Company has consolidated 26 of its principal subsidiaries. Of the remaining 17 nonconsolidated subsidiaries and 14 affiliates, the Company incorporates the results of four into its consolidated accounts through use of the equity method.

During the fiscal year to March 2004, the Company added DAISECO Co., Ltd. to the Group as a new subsidiary.

The Group's principal businesses, and the relationships of the various companies to those businesses, are shown below.

Because the information below does not include segment-related information, it has been organized according to the Group's businesses.

Pigments

Group members participating in this business handle pigments, intermediate products, and other fine chemicals used in the production of inks, paints, rubber, synthetic resins, etc. The Company and Daicolorchem EU, S. A. are the principal manufacturers and marketers of these products. The Company and its affiliates transact a certain portion of the business related to products, raw materials, etc., among themselves.

Colorants and Printing Inks

Group members participating in this business handle colorants used for various synthetic resins, colorants applied to other materials, and final products such as ink used in printing. The Company and a number of its consolidated subsidiaries (including Hokkaido Dainichiseika Kogyo Co., Ltd.; Oyodo Dainichiseika Kogyo Co., Ltd.; Kyushu Dainichiseika Kogyo Co., Ltd.; and Kanto Dainichiseika Kogyo Co., Ltd.) are the principal manufacturers and marketers of these products. The Company and its affiliates transact a certain portion of the business related to products, raw materials, etc., among themselves.

Others

Other businesses include the sale of various synthetic resins; photoengraving film, presensitized plates and other printing-related materials; printing machines; and chemical products. The Company is the principal marketer of these products, and it deals with its affiliates in certain of these activities.

Group Information

Group companies

Millions of yen Thousands of foreign currencies	Common stock	Ownership (Percent)	
		(Indirect)	
Hokkaido Dainichiseika Kogyo Co., Ltd.	330	100	-
Oyodo Dainichiseika Kogyo Co., Ltd.	80	100	-
Kyushu Dainichiseika Kogyo Co., Ltd.	160	100	-
Kanto Dainichiseika Kogyo Co., Ltd.	480	100	-
Nagoya Kako Co., Ltd.	50	100	-
Hiroshima Kako Co., Ltd.	10	100	-
Dainichi PC Compound Co., Ltd.	240	100	-
Highbridge Co., Ltd.	20	50	-
UKIMA Chemicals & Color Mfg. Co., Ltd.	401	24.86	-
Hi-Tech Chemi Co., Ltd.	300	19.5	-
DSF Co., Ltd.	100	19.5	-
DAISECO Co., Ltd.	30	10	-
Daicolorchem EU, S.A.	EUR7,452	100	-
Dainichiseika (HK), Ltd.	HK\$3,500	100	-
Dainichiseika Chemical (Shenzhen) Factory Ltd.	HK\$27,300	100	100
Hi-Tech Color, Inc.	US\$5,000	100	-
Daicolor Italy S.R.L.	EUR1,500	100	-
Nicolor Co., Ltd.	US\$3,624	100	-
P. T. Hi-Tech Ink Indonesia	IDR5,587,000	100	9
Dainichiseika (HK) Coloring Co., Ltd.	HK\$83,000	90	25
Dongguan Dainichi Chemical Manufacturing Co., Ltd.	HK\$98,000	90	90
Dainichi Color (Thailand), Ltd.	Baht234,000	80	-
Daicolor Philippines, Inc.	PHP156,042	79.26	41.47
Advanced Polymer, Inc.	US\$500	70	-
Dainichiseika, Inc.	US\$29,935	50	-
Daicolor-Pope, Inc.	US\$154	50	50
Nonconsolidated companies accounted for under the equity method			
Osaka Kako Co., Ltd.	20	19.5	19.5
Affiliated companies accounted for under the equity method			
Tai Chin Chemical Industry Co., Ltd.	NT\$173,621	44.98	-
Sambo Fine Chemical Manufacturing Co., Ltd.	WON1,000,000	40	-
Plalloy MTD B.V.	EUR7,260	40	-

History

The Company was established as Saika Ganryo L.P. in 1931. In 1939, it was reorganized and renamed Saika Shikiso Kogyo Co., Ltd. It acquired two competitors in 1944 and changed its name to Dainichiseika Kogyo Kabushikigaisha (Dainichiseika Color & Chemicals Mfg. Co., Ltd.).

Year	Event
1939	Saika Shikiso Kogyo Co., Ltd., assumes the operations of its predecessor, Saika Ganryo L.P., which was founded in 1931. Begins manufacture of pigments.
1944	Two other companies in the industry acquired and Company name changed to Dainichiseika Kogyo Kabushikigaisha (Dainichiseika Color & Chemicals Mfg. Co., Ltd.).
1945	Operations commenced at Company headquarters (Chuo Ward, Tokyo) and at Tokyo plant (current manufacturing facility).
1947	Sapporo sales office and Sapporo factory (currently a consolidated subsidiary, Hokkaido Dainichiseika Kogyo Co., Ltd.) established. Highbridge Co., Ltd. (a consolidated subsidiary) established.
1948	A vinyl toner colorant for plastics developed and successfully produced domestically.
1950	Osaka sales office (current West Japan branch) established.
1953	Undiluted colorant for use with synthetic fibers and water-based colorant for use in textile printing developed and successfully produced domestically.
1957	Research institute (current Technical Research Center) established, creating a formal structure for pigment research. UKIMA Chemicals & Color Mfg. Co., Ltd. (a consolidated subsidiary) established.
1960	Osaka plant (current manufacturing facility) established.
1961	Shares listed on Second Section of the Tokyo Stock Exchange.
1962	Construction of new headquarters building completed. Hong Kong representative office (currently a consolidated subsidiary, Dainichiseika (HK) Ltd.) established.
1963	Narita plant (currently a consolidated subsidiary, Hi-Tech Chemi Co., Ltd.) established.
1964	Nagoya sales office (current Chubu branch) established. Taiyo Kako (current Osaka Kako Co., Ltd.) established.
1967	Manufacture of resins for use in synthetic leather and of surface finishing agents commenced.
1968	Tokai plant (current manufacturing facility) established. Oyodo plant (currently a consolidated subsidiary, Oyodo Dainichiseika Kogyo Co., Ltd.) established. Sendai office (current branch) opened. Kyoto office (current branch) opened.
1969	Shares listed on First Section of the Tokyo Stock Exchange. Kyushu sales office (currently a consolidated subsidiary, Kyushu Dainichiseika Kogyo Co., Ltd.) established. Nagoya Kako Co., Ltd. (a consolidated subsidiary) established.
1970	New York representative office (currently a consolidated subsidiary, Daicolor-Pope, Inc.) established. (Operations moved to New Jersey in 1978.)
1972	Kawaguchi plant (current manufacturing facility) established.
1973	Tai Chin Chemical Industry Co., Ltd., established.
1974	Revolutionary large-scale water-disposal system completed at Tokai plant. San Paulo representative office (current Daicolor do Brasil, Ind. E Com. Ltda.) established.
1977	Sambo Fine Chemical Manufacturing Co., Ltd. established.
1979	DAISECO Co., Ltd. (a consolidated subsidiary) established.

Year	Event
1984	Daicolor Italy S.R.L. (a consolidated subsidiary) established.
1985	Hokuriku sales office (current branch) established.
1986	Dainichiseika, Inc. (a consolidated subsidiary) established.
1987	Hiroshima Kako Co., Ltd. (a consolidated subsidiary) established.
1988	Hi-Tech Color, Inc. (a consolidated subsidiary) established.
1989	Intermedios Organicos S.A. (currently a consolidated subsidiary, Daicolorchem EU, S.A.) acquired.
	Dainichi Color (Thailand), Ltd. (a consolidated subsidiary) established.
	Kanto Dainichiseika Kogyo Co., Ltd. (a consolidated subsidiary) established.
	Dainichi PC Compound Co., Ltd. (a consolidated subsidiary) established.
	Dainichi System Finance (currently a consolidated subsidiary, DSF Co., Ltd.) established.
	Plalloy MTD. B.V. established.
1990	Advanced Polymer, Inc. (a consolidated subsidiary) established.
1992	Dainichiseika Chemical (Shenzhen) Factory, Ltd. (a consolidated subsidiary) established.
1993	Katano manufacturing facility established.
	Nicolor Co., Ltd. (a consolidated subsidiary) established.
1995	P.T. Hi-Tech Ink Indonesia (a consolidated subsidiary) established.
	Dongguan Dainichi Chemical Manufacturing Co., Ltd. (a consolidated subsidiary) established.
1996	Shiga manufacturing facility established.
1997	Dainichiseika (HK) Coloring Co., Ltd. (a consolidated subsidiary) established.
	Daicolor Philippines, Inc. (a consolidated subsidiary) established.

Risk factors

The following is a discussion of factors that could significantly affect judgments made by investors. It includes forward-looking statements, which reflect the opinions of the Company as of the day of submission of the filing with the Financial Services Agency. While seeking to avoid these kinds of risks, the Dainichiseika Group (the Company and its consolidated subsidiaries) is prepared to deal with such problems should they arise.

(1) Sharp increases in prices of raw material

- 1) Prices of crude oil and domestically manufactured naphtha are rising sharply due to the following:
 - Increasing demand for petrochemical derivatives from China
 - The growing intractability of the Middle East crises
- 2) Prices of petrochemical derivatives, a key raw material for the Group, are likely to rise.
- 3) Raw materials costs could therefore spiral upward, putting pressure on profit margins.

(2) Risk of non-payment of accounts

- 1) The risk of customer receivables becoming uncollectible, which would require additional write-offs or allowances for receivables or loans
- 2) The potential impact of such write-offs or allowances on the Group's operating results and financial standing

(3) Impairment losses on long-term assets

- 1) The following applicable accounting standards require recognition of impairment losses under certain circumstances, including declines in market prices of fixed assets by more than 50% of book value:
 - “Accounting for Impairment of Fixed Assets” (Business Accounting Council, August 9, 2002)
 - “Guidance for Accounting Standard for Impairment of Fixed Assets” (Accounting Standards Board of Japan, October 31, 2003)
- 2) Recognition of impairment losses would impact the Group's operating results and financial condition, with the extent of the impact depending on the following:
 - Specific amounts of impairment
 - Trends in land prices and returns on land assets

(4) Retirement benefit liabilities

- 1) The Company, its domestic subsidiaries, and its nonconsolidated equity-method domestic subsidiaries are disposing of their unfunded retirement benefit liabilities in accordance with generally accepted accounting principles
- 2) The Company could, however, be required to do the following:
 - Employ different assumptions for retirement systems and for calculation of retirement benefits (discount rates, expected rates of return, etc.)
 - Recognize actuarial differences in a deteriorating fund-management environment
- 3) In such instances, liabilities requiring expensing would increase, negatively affecting the Group's operating performance

(5) Natural disasters

- 1) The possibility of damage to the Group's manufacturing facilities by earthquakes and other natural disasters
- 2) Suspension of operations; delays in production and shipment schedules
- 3) Financial impacts
 - Lower sales
 - Extremely large costs of repairing or replacing facilities

Research and development

The Company and its affiliates have been pioneers in providing pigments and other colorant technologies to a wide spectrum of manufacturers that use color in their products. The Group has also developed an extensive line of fine chemicals and high-technology products.

The Group's research and development activities currently encompass the following:

1. Improving existing products; investigating new pigments and developing commercial applications for new pigments
2. Improving colorant technologies to meet the wide demand for colors in fields such as paints, printing inks, resins, fibers, and toys; developing and researching new colorants capable of sparking new demand
3. Development and applied research on urethane and polyester-based resins (polymers compounded through polycondensation)
4. Development and applied research on products to meet demand in fields incidental to color, including special resins, dispersion media and functional materials
5. Research and development of electronic products, recording media, and functional composites that utilize processes from organic and inorganic chemistry and technologies from synthetic high-polymer chemistry
6. Interdisciplinary research and development of functional materials by chemists and biochemists

The above activities are coordinated among the technical departments of the operating divisions, the Company's technical research center, and the engineering departments of the Company's affiliates.

The Group invested a total of 2,908 million yen on R&D during the fiscal year, which can be broken down by business as follows: Pigments, 381 million yen; Colorants and Printing Inks, 2,527 million yen.

Analysis of financial condition and results of operations

(1) Significant accounting policies and estimates

The Group's financial statements are prepared in accordance with generally accepted accounting principles in Japan

(2) Analysis of operating results (year-on-year percentage changes)

1) Domestic sales to external customers: +4.6% to 108,778 million yen

- In the pigments business, strong sales to automobile and ink manufacturers
- In the colorants business
 - Rapid growth in sales of colorants for resins used in electrical cables and in toiletries containers
 - Steady growth in sales of pigments for IT-related color filters, color filter colors, and ink for ink-jet printers

2) Overseas sales to external customers: -2.5% to 26,155 million yen

- Growth in sales of colorants for resins to manufacturers of office automation equipment and home electronics products
- Notable growth in Hong Kong, Thailand and China

3) Operating income: +20.1% to 7,061 million yen

- Impact of higher sales
- 0.8 point decrease in cost-of-sales ratio (with resulting 1,857 million yen increase in gross profit)

4) Ordinary profit: +25.9% to 6,917 million yen

- Increase in operating income
- Approximately 5 billion yen decrease in debt, with resulting 164 million yen decrease in interest expense

5) Net income: +44.4% to 3,998 million yen

- Increase in ordinary profit
- Reduction in minority interests

(3) Analysis of financial condition (comparisons are with year-earlier amounts)

Years ended March 31; Millions of yen	2003	2004	Increase/decrease
Total assets	138,301	140,463	2,161
Shareholders' equity	23,680	27,620	3,939
Equity ratio	17.1	19.7	2.6
Shareholders' equity per share (Yen)	280.39	322.94	42.55

- 1) Total assets: increased by 2,161 million yen to 140,463 million yen
 - Current assets: increased by 1,283 million yen, principally from trade receivables and inventory
 - Fixed assets: decreased by 768 million yen
 - Capital spending within amounts expensed for depreciation
 - Investments and other assets: increased by 1,681 million yen
 - Gains on valuation of investment securities
 - Increase in investment in subsidiaries other than joint stock corporations
 - Decrease in allowance for doubtful accounts
- 2) Total liabilities: decreased by 1,374 million yen
 - Current liabilities: decreased by 1,156 million yen
 - Trade payables increased by 722 million yen, but debt decreased by 4,130 million yen.
 - 1,559 million yen increase in accrued corporate and inhabitants taxes due to increased profits
 - Long-term liabilities: decreased by 218 million yen
 - 700 million yen increase in corporate bonds
 - 1,565 million yen decrease in long-term debt
- 3) 402 million yen decrease in minority interests
- 4) Shareholders' equity: increased by 3,939 million yen
 - Recognition of net income of 3,998 million yen
 - 853 million yen increase in unrealized gains or losses on other securities
 - Shareholders' equity per share: rose by 42.55 yen to 322.94 yen

(4) Factors exerting a significant impact on operating results

(See “Risk factors” section above.)

(5) Analysis of sources of funds and liquidity

Cash flow

Years ended March 31; Millions of yen	2003	2004	Increase/decrease
Net cash provided by (used in) operating activities	6,481	7,110	628
Net cash provided by (used in) investing activities	(490)	(2,260)	(1,770)
Net cash provided by (used in) financing activities	(6,586)	(4,428)	2,158
Effect of exchange rate changes	(84)	(142)	(57)
Net increase (decrease) in cash and cash equivalents	(679)	279	959
Cash and cash equivalents at beginning of term	12,082	11,502	(580)
Cash and cash equivalents accompanying new consolidation	98	13	(84)
Cash and cash equivalents at end of term	11,502	11,795	293

1) Net cash provided by operating activities amounted to 7,110 million yen.

- 477 million yen increase in net income before taxes and other adjustments
- 763 million yen increase in income tax and others, but offset by a decline in interest expense

2) Net cash used in investing activities amounted to 2,260 million yen.

- 2,367 million yen expended to acquire tangible fixed assets
- 344 million yen expended to acquire additional shares in subsidiaries
- 465 million yen in net proceeds from collection of loans

3) Net cash used in financing activities amounted to 4,428 million yen, primarily for the repayment of debt.

Cash flow forecasts for the year to March 2005

1) Net cash provided by operating activities: net income before taxes will be higher than in the March 2004 year.

2) Net cash used in investing activities

- Higher capital investment in Japan to increase production capacity and to rationalize plant and equipment
- Investments in overseas subsidiaries

3) Net cash used in financing activities: continued reduction of debt, albeit at slightly lower levels than in the March 2004 year

(Note)

The forecasts for cash flow are based on information that is available on the day of submission of the filing with the Financial Services Agency. In projecting cash flows, the Company makes assumptions regarding a number of uncertainties that could impact future operating results. Hence, actual cash flows could differ from the above forecasts for a variety of reasons.

Corporate governance

The Company views the task of improving corporate governance as an important means of enhancing trust among its shareholders and other stakeholders and of contributing to society.

Measures adopted with respect to corporate governance

- 1) 11-member Board of Directors (all internal, as of March 31, 2004)
 - Responsible for decision on all important issues related to Group management
 - To expedite decision-making and clarify responsibilities for operations, the Company has gradually reduced the size of the board over the past several years.
 - Internally, the Company has implemented a system of corporate executive officers.
- 2) Management Strategy Meeting
 - Structured along the lines of the Board of Directors; meets monthly
 - Composed of members ranked higher than senior managing director
 - Members discuss and decide matters related to overall Group management and submit proposals to the Board of Directors.
- 3) Specialist Management Meeting: weekly meetings of directors and general managers, held to discuss important issues not dealt with by the Board of Directors
- 4) Statutory auditors: comprising five members (of which three are external, as of March 31, 2004)
 - Establishes auditing policies in accordance with laws and ordinances and with the Articles of Incorporation
 - Issues auditors' opinion based on reports by individual auditors
- 5) A financial auditing agreement has been entered into with Yasumori Audit Corporation.

- Fair and equitable auditing of the Company's financial statements
- Agreement also entered into with an outside attorney to receive legal advice on matters concerning management and operations

Compensation for directors and auditors

The following amounts were paid as compensation to directors and auditors:

Compensation paid to directors:	299 million yen
Compensation paid to auditors:	80 million yen
Total:	379 million yen

(Notes)

1. *The Company's directors are all internal directors.*
2. *The above figures do not include salaries of 13 million yen that were paid to directors who continue to be employees.*
3. *Compensation paid to directors and auditors includes bonuses that have been paid out of profits*

Professional fees paid to financial auditors

Professional fees related to audit certification: 36 million yen

Directors and auditors

Title	Position	Name
President	Chairman of the Board	Osamu Takahashi
Vice President	Composite Printing Systems	Minoru Yamamoto
Senior Managing Director	Prepared Color & Chemicals Group	Mineo Tosa
Senior Managing Director	General Affairs & Personnel	Shigemitsu Yamazaki
Senior Managing Director	Assistant to the President Corporate Administration Department	Koji Takahashi
Senior Managing Director	Pigment & Synthetic Color Group	Shigeaki Yamamoto
Managing Director	Composite Printing Systems - Off-set	Keisuke Yamamoto
Managing Director	Technical Research Center & Technology Commercialization Office	Michiei Nakamura
Director	Finance, Sales and Manufacturing Director, Business Headquarters Office	Kazuhiko Arai
Director		Yoshihisa Makino
Standing Auditor		Hiroshi Murakami
Standing Auditor		Hisatsugu Kaiho
Auditor		Kazuo Fujikake
Auditor		Hideo Nagase

Employees

Consolidated	2004
Business segment	Number
Pigments	583
Colorants and printing inks	2,531
Corporate staff	224
	3,338
Parent	Total or average
Number	1,485
Average age	43.1
Average years of service	21.1
Average annual salary (Yen)	7,385,527

Union

As of March 31, 2004, the Company's labor union had 1,066 members and was affiliated with no external labor organization. Labor and management enjoy a harmonious relationship based on mutual trust.

Cash Flows

Consolidated statement of cash flows

Years ended March 31; Millions of yen	2002	2003	2004
Net cash provided by (used in) operating activities			
Net income (loss) before taxes and other adjustments	(288)	7,329	7,806
Depreciation	3,520	3,072	2,993
Increase (decrease) in allowance for doubtful accounts	102	554	(799)
Increase (decrease) in reserve for bonuses	(24)	(330)	14
Increase (decrease) in retirement benefits	156	209	287
Increase (decrease) in reserve for losses on guaranteed liabilities	(200)	(200)	-
Interest and dividend income	(275)	(267)	(194)
Interest expenses	1,762	1,360	1,196
Equity in earnings of nonconsolidated companies	(110)	(126)	(181)
Dividend income from nonconsolidated companies accounted for under the equity method	97	88	101
Loss (gain) on sales or valuation of marketable securities and gains from securities portfolio	136	114	(250)
Loss (gain) on sales or disposal of tangible fixed assets	74	283	40
Loss (gain) on sales or liquidation of investment securities	18	13	(641)
Loss (gain) on valuation of investment securities and other investments	986	1,092	36
Loss on liquidation of subsidiaries	-	44	-
Loss on valuation of fixed assets	606	287	-
Gain from return to government of "agency portion" obligations related to employees' welfare pensions	-	(3,598)	-
Revised profit carried forward from previous term	-	(130)	-
Decrease (increase) in trade receivables	7,411	(976)	(1,011)
Decrease (increase) in inventories	1,690	462	(194)
Decrease (increase) in accounts receivable - others	(355)	585	1
Increase (decrease) in trade payables	(6,438)	(1,104)	217
Increase (decrease) in accounts payable - others	-	(326)	345
Others	(252)	30	107
	8,617	8,470	9,875
Interest and dividend income	274	282	196
Interest expenses	(1,756)	(1,322)	(1,248)
Income tax and others	(977)	(949)	(1,712)
	6,157	6,481	7,110

DAINICHISEIKA

Years ended March 31; Millions of yen	2002	2003	2004
Net cash provided by (used in) investing activities			
Increase in time deposits	(234)	(375)	(183)
Proceeds from decrease in time deposits	118	468	232
Payments for purchase of marketable securities	(3,210)	(505)	(23)
Proceeds from sales and redemption of marketable securities	4,413	1,762	47
Payments for acquisition of tangible fixed assets	(2,777)	(3,328)	(2,367)
Proceeds from sales of tangible fixed assets	32	250	128
Payments for investment securities	(375)	(708)	(1,336)
Proceeds from sales of investment securities	19	209	1,093
Payments for additional acquisition of subsidiary shares	-	-	(344)
Payments for loans	(1,583)	(2,877)	(397)
Proceeds from collection of loans	1,818	4,150	863
Others	(400)	463	27
	(2,180)	(490)	(2,260)
Net cash provided by (used in) financing activities			
Proceeds from increase in short-term borrowings	69,190	74,296	53,613
Payments of short-term borrowings	(70,791)	(78,281)	(57,692)
Proceeds from increase in long-term debt	9,225	9,224	5,955
Payments of long-term debt	(10,098)	(10,319)	(7,285)
Proceeds from issuing of bonds	-	400	700
Payments for redemption of bonds	(1,500)	(1,000)	-
Acquisition and sales of treasury stock	(3)	(213)	825
Dividend payments	(752)	(585)	(496)
Dividend payments for minority interests	(39)	(107)	(47)
	(4,769)	(6,586)	(4,428)
Effect of exchange rate changes on cash and cash equivalents	259	(84)	(142)
Net increase (decrease) in cash and cash equivalents	(533)	(679)	279
Cash and cash equivalents at beginning of term	12,502	12,082	11,502
Cash and cash equivalents accompanying new consolidation	113	98	13
Cash and cash equivalents at end of term	12,082	11,502	11,795

Relationship between balance of cash and cash equivalents as of term-end and balance sheet items

Years ended March 31; Millions of yen	2002	2003	2004
Cash and deposits	12,316	11,643	11,887
Time deposits, etc., of 3 months and over	(234)	(140)	(91)
Cash and cash equivalents	12,082	11,502	11,795

Capital expenditures

The Dainichiseika Group invested 2,723 million yen in capital projects during the year, guided by a policy of “selectivity and concentration.” Its aim was to enhance its profit-earning capabilities and to develop new high-value-added products.

- 1) Pigments business: increased capacity in IT-related equipment at Tokai manufacturing center
- 2) Colorants and printing inks business: increased capacity in manufacturing capacity for colorants and IT-related products

Capital expenditure and disposal plans

Millions of yen	Budgeted amount	Expenditures to date	Date of commenced	Date completed
Major equipment installations				
Tokai manufacturing facility				
Manufacturing equipment for chemical compounds	330	-	2004/4	2005/3
Dainichi Color (Thailand), Ltd.				
Manufacturing equipment for colorants	135	-	2004/1	2004/7
Major repairs and improvements				
Tokai manufacturing facility				
Environmental protection	200	-	2005/3	2006/1

Dividend policy

The Company’s basic policy on dividends is to maintain a payout that provides substantial value to its shareholders while enabling it to prepare for future business expansion and to meet its needs for strengthening its operating foundation and building internal reserves.

The Company will pay a year-end dividend of 3 yen per share, which, together with the previously paid 3-yen interim dividend, results in a total dividend for the year of 6 yen per share.

Our intention is to continue building our internal reserves and strengthening our basic management resources in the future to foster greater sophistication of our corporate capabilities, to expand and develop our international businesses in response to increasing globalization, and to construct a solid operating foundation.

Operations

Consolidated statement of income

Years ended March 31; Millions of yen	2002	2003	2004
Sales	125,331	130,825	134,933
Cost of sales	104,619	107,811	110,061
Gross profit	20,711	23,013	24,871
Selling, general and administrative expenses	17,986	17,134	17,809
Operating income	2,724	5,879	7,061
Non-operating income			
Interest income	179	176	95
Dividend income	96	90	99
Rental income	437	315	351
Gains from equity investments in nonconsolidated companies	110	126	181
Gains from securities portfolio	-	-	250
Others	659	709	629
	1,483	1,418	1,608
Non-operating expenses			
Interest expenses	1,762	1,360	1,196
Loss on valuation of marketable securities	132	121	-
Expenses for rental assets	189	103	103
Foreign exchange losses	442	-	215
Others	342	219	237
	2,870	1,805	1,752
Ordinary profit	1,338	5,492	6,917
Extraordinary gains			
Gain on sales of fixed assets	12	33	23
Gain on sales of investment securities	0	-	720
Gain on reversal of provision for loss on loan guarantees	200	200	-
Gain from return to government of "agency portion" obligations related to employees' welfare pensions	-	3,598	-
Revised profit carried forward from previous term	-	130	-
Gain on reversal of allowance for doubtful accounts	-	-	419
Others	12	36	0
	224	3,997	1,163

DAINICHISEIKA

Years ended March 31; Millions of yen	2002	2003	2004
Extraordinary losses			
Loss on sales of fixed assets	6	125	1
Loss on disposal of fixed assets	79	190	62
Loss on sales of investment securities	16	11	78
Loss on valuation of investment securities	974	1,049	10
Valuation loss on shares in affiliates	-	39	25
Loss on liquidation of subsidiaries	-	44	-
Loss on valuation of other investments	12	3	-
Provision for allowance for doubtful accounts	34	326	73
Loss on valuation of fixed assets	606	287	-
Others	119	81	22
	1,851	2,161	274
Income before tax adjustments	(288)	7,329	7,806
Income, inhabitants and enterprise taxes	704	1,428	3,276
Deferred taxes	(1,122)	2,477	209
	(417)	3,905	3,485
Minority interest in income of consolidated subsidiaries	227	655	322
Net income	(98)	2,767	3,998

Consolidated statement of retained earnings

Years ended March 31; Millions of yen	2002	2003	2004
Retained earnings, beginning of term	12,423	-	-
Adjustment for tax effect on subsidiaries' retained earnings	-	-	-
	12,423	-	-
Increase in retained earnings			
Increase due to decrease in the number of consolidated subsidiaries	-	-	-
	-	-	-
Decrease in retained earnings			
Decrease due to increase in the number of consolidated subsidiaries	105	-	-
Cash dividends	752	-	-
Bonuses to directors and statutory auditors	41	-	-
[Bonuses to statutory auditors included]	[6]	-	-
	900	-	-
Net income	(98)	-	-
Balance at year-end	11,424	-	-
Capital reserves			
Capital reserves, beginning of term	-	8,137	8,137
Increase in capital reserves			
Gain on sale of treasury stock			343
			343
Capital reserves, end of term	-	8,137	8,480
Retained earnings			
Retained earnings, beginning of term	-	11,424	12,234
Increase in retained earnings			
Increase in earned surplus from merger between consolidated and nonconsolidated subsidiaries	-	482	-
Net income	-	2,767	3,998
	-	3,250	3,998
Reduction in retained earnings			
Reduction in retained earnings due to increase in number of consolidated subsidiaries	-	1,841	801
Dividends	-	585	496
Directors' bonuses	-	12	27
	-	2,439	1,325
Balance at year-end	-	12,234	14,907

Results of operations

Fiscal year ended March 31, 2004

Economic factors affecting operations

- 1) Improvement in domestic economy, but short of a full-fledged recovery
 - Gains in exports and private capital investment
 - Improvement in corporate profits and stock market recovery
 - But weak employment and sluggish personal income growth, dampening consumer spending
- 2) Rapid economic recovery in Asia, particularly China and Thailand
 - Spurred by end of SARS epidemic and by economic recovery in the United States
 - Increase in demand for IT goods and home electronics products

Key responses by the Company

- 1) Dual focus in sales activities
 - Cultivation of new demand in high-tech areas
 - Satisfying customer needs through environmentally responsive, high-performance products
- 2) Reductions in manufacturing costs
 - Through worldwide procurement of raw materials—utilizing the informational and organization resources of the group
 - Through wide-ranging cuts in expenses

Financial analysis (year-on-year percentage changes)

- 1) Net sales: +3.1%
 - Pigments business: -4.1% to 23,438 million yen
 - Colorants and printing inks business: +2.5% to 99,105 million yen
 - Others: +27.7% to 12,389 million yen
- 2) Operating income and ordinary profit: +20.1% and +25.9%, respectively
 - Effect of higher revenues
 - Gains from securities portfolio

3) Net income: +44.4%, also reflecting reductions in minority interests

Segment information by region (year-on-year percentage changes)

1) Japan: sales, +4.1% to 112,750 million yen; operating income, -2.5% to 5,551 million yen

- Strong sales of high-performance colorants for plastics to the consumer electronics industry
- Significant contribution from business of procuring and selling products from other manufacturers
- Offset, however, by higher sales-related expenses

2) Asia: sales, +1.9% to 17,264 million yen; operating income, +32.6% to 1,188 million yen

- Higher unit sales of colorants to manufacturers of office automation equipment, home electronics, and automobiles, offsetting price declines triggered by stiff competition
- Improved profit margins due to higher production volumes

3) Other regions: sales, -9.3% to 9,124 million yen; operating income, +322 million yen (compared to operating loss in previous term)

- Weakness in consumer spending in early part of term and continued pricing pressures, with resulting difficult operating environments in Europe and the United States
- Adoption of measures to restructure businesses in these markets
- Efforts to expand sales of aqueous ink, etc.

Fiscal year ended March 31, 2003

Economic factors affecting operations

1) Deflation and record rates of unemployment in domestic economy, leading to the following:

- Continued weakness in capital spending
- Deterioration of employment and income, dampening personal consumption and housing investment

2) Strong economic growth in China and other Asian countries, increasing exports and stimulating a recovery in industrial production in Japan

Company's response to adverse economic conditions

1) Cost reductions

- Through comprehensive and thorough rationalization
- Through Group-wide cost-cutting programs, including reduction of fixed costs

2) Product mix: expanded sales of products that offer both high-performance and environmental advantages

3) Manufacturing: increased efficiency through joint procurement of raw materials with other Group companies and consolidation of manufacturing sites

Financial analysis (year-on-year percentage changes)

1) 4.4% increase in consolidated sales, which can be broken down by business as follows:

- Pigments business: -3.4%, to 24,453 million yen
- Colorants and Printing Inks business: +4.9%, to 96,668 million yen
- Others: +23.3%, to 9,703 million yen

2) 115.8% increase in operating income, reflecting wide-ranging cost reductions

3) 310.5% increase in ordinary profit due to lower costs and improved financial balance

4) Net income of 2,767 million yen, which included the recognition of extraordinary gains from the Company's return to the government of certain obligations related to employees' welfare pensions (the so-called "agency portion" obligations that had been assumed on behalf of the government)

Segment information by region (year-on-year percentage changes)

1) Japan

Despite a deflationary economy, sales of high-performance colorants for plastics and other high-value-added products were strong, contributing to a 6% increase in sales to 108,354 million yen. Operating income, benefiting in part from Company-wide cost reductions, increased by 129.7% to 5,692 million yen.

2) Asia

Backed by the bustling economy of Southern China, sales of high-performance colorants for plastics and of pigments used by the automobile industry were strong, pushing up sales by 7.6% to 16,943 million yen and operating income by 125.5% to 896 million yen.

3) Other regions

Slower economic growth in Europe and the United States meant lower sales, while an influx of imports into both regions caused prices to decline. Sales consequently fell by 14.8% to 10,064 million yen, and this segment registered an operating loss of 708 million yen.

Segment information

Geographical segment information

Millions of yen	Japan	Asia	Others	Total	Eliminations	Consolidated
2004						
Sales						
External customers	108,778	17,192	8,962	134,933	-	134,933
Inter-area	3,971	71	161	4,205	(4,205)	-
	112,750	17,264	9,124	139,139	(4,205)	134,933
Operating expenses	107,198	16,076	8,801	132,077	(4,205)	127,871
Operating income	5,551	1,188	322	7,061	-	7,061
Identifiable assets	126,819	9,734	7,708	144,262	(3,798)	140,463
2003						
Sales						
External customers	104,010	16,853	9,961	130,825	-	130,825
Inter-area	4,343	89	103	4,536	(4,536)	-
	108,354	16,943	10,064	135,361	(4,536)	130,825
Operating expenses	102,661	16,047	10,773	129,482	(4,536)	124,945
Operating income	5,692	896	(708)	5,879	-	5,879
Identifiable assets	124,231	11,035	8,254	143,520	(5,219)	138,301

Overseas sales

Millions of yen	2003		2004	
	Overseas sales	As % of net sales	Overseas sales	As % of net sales
Asia	20,010	15.3	20,831	15.5
Others	10,888	8.3	9,758	7.2
	30,898	23.6	30,589	22.7
Consolidated sales	130,825		134,933	

Issues requiring action

Economic outlook

- 1) Continuation of gradual recovery in Japan, boosted by the following:
 - World economic recovery, led by the United States and Asia
 - Strong demand for IT and consumer electronics products
- 2) Outlook vulnerable to factors such as the following:
 - Greater than expected weakness in consumer spending
 - Excessive appreciation of the yen vs. the dollar

Key issues

- 1) Organizational reform
 - Company-wide restructuring to deal with continuing deflation
 - Reform of earnings structure with “speed and efficiency”
- 2) Achieving corporate mission
 - Sustaining innovation in the areas of color applications, polymers, biochemistry, IT and electronics, and multimedia
 - Through these efforts, solidifying position as integrated manufacturer of high-tech products and color-related chemicals

Production and sales

Production

Tons	2004	
	Amount	Year-on-year comparison (%)
Pigments	23,605	92.9
Colorants and printing inks	282,718	101.6
	306,323	100.9

Procurement

Millions of yen	2004	
	Amount	Year-on-year comparison (%)
Pigments	1,658	101.1
Colorants and printing inks	2,274	105.3
Others	22,612	112.0
	26,545	110.6

Sales by product

Millions of yen	2004	
	Amount	Year-on-year comparison (%)
Pigments	23,438	95.9
Colorants and printing inks	99,105	102.5
Others	12,389	127.7
	134,933	103.1

Selling, general and administrative expenses

Years ended March 31; Millions of yen	2002	2003	2004
Freight and transportation	2,901	2,978	3,031
Provision of allowance for doubtful accounts	56	160	121
Employees' salaries	6,259	5,649	5,838
Provision for employees' bonuses	779	635	660
Pension benefit expenses	795	696	851
Others	7,194	7,014	7,306
	17,986	17,134	17,809

Leases

Under generally accepted accounting principles in Japan, finance leases that do not transfer ownership are accounted for in the same manner as operating leases when “as if capitalized” information is disclosed.

Pro forma information on leased property is as follows:

Years ended March 31; Millions of yen	2002	2003	2004
Machinery and delivery equipment			
Acquisition cost	1,933	1,514	2,235
Accumulated depreciation	1,030	592	779
Net leased property	902	922	1,455
Tools, furniture and fixtures			
Acquisition cost	541	548	511
Accumulated depreciation	296	278	261
Net leased property	245	269	250
Others (intangible fixed assets)			
Acquisition cost	73	64	64
Accumulated depreciation	41	43	29
Net leased property	32	20	34
Total			
Acquisition cost	2,549	2,127	2,811
Accumulated depreciation	1,368	915	1,070
Net leased property	1,180	1,212	1,740
Future minimum lease payments (including interest portion)			
Due within one year	383	342	423
Due after one year	844	914	1,355
	1,227	1,256	1,779
Lease payments	579	436	491
Pro forma depreciation expenses (assuming straight-line method)	499	398	448
Pro forma interest expenses	56	42	56
Operating leases			
Due within one year	45	14	20
Due after one year	99	39	30
	144	54	51

Capital Structure

Consolidated balance sheet

Assets

Years ended March 31; Millions of yen	2002	2003	2004
Current assets			
Cash and deposits	12,316	11,643	11,887
Notes and accounts receivable, trade	39,211	40,111	41,019
Marketable securities	1,650	276	501
Inventories	19,775	19,013	19,342
Deferred tax assets	2,179	1,327	1,451
Others	2,111	1,918	1,241
Less allowance for doubtful accounts	(294)	(319)	(190)
	76,951	73,970	75,254
Fixed assets			
Tangible fixed assets			
Buildings and structures	31,513	32,240	32,776
Accumulated depreciation	18,065	18,769	19,861
	13,448	13,470	12,915
Machinery, equipment and vehicles	44,976	43,101	43,796
Accumulated depreciation	36,583	36,044	36,842
	8,393	7,057	6,953
Tools, furniture and fixtures	8,232	8,019	8,242
Accumulated depreciation	6,917	6,812	7,016
	1,314	1,206	1,225
Land	23,139	23,727	23,717
Construction in progress	90	167	48
	46,386	45,629	44,861
Intangible fixed assets			
Intangible fixed assets	908	822	788
Investments and other assets			
Investment securities	6,672	6,691	8,038
Investments in subsidiaries other than joint stock corporations	1,034	1,067	2,040
Long-term loans	3,447	2,993	3,101
Deferred tax assets	7,872	6,000	5,037
Others	5,253	4,317	3,871
Less allowance for doubtful accounts	(1,235)	(3,192)	(2,530)
	23,044	17,878	19,559
Total fixed assets	70,340	64,331	65,209
Total assets	147,291	138,301	140,463

Liabilities and shareholders' equity

Years ended March 31; Millions of yen	2002	2003	2004
Current liabilities			
Notes and accounts payable, trade	22,722	21,301	22,023
Short-term borrowings	46,727	42,768	38,650
Current portion of long-term debt	7,531	7,359	7,347
Bonds redeemable within 1 year	1,000	-	-
Accrued corporate and inhabitants taxes	514	1,003	2,562
Deferred tax liabilities	-	11	6
Accrued bonuses to employees	2,421	2,092	2,108
Others	3,808	3,629	4,311
	84,727	78,165	77,008
Long-term liabilities			
Corporate bonds	-	400	1,100
Long-term debt	17,868	18,650	17,084
Deferred tax liabilities	76	87	63
Employees' retirement benefits	18,821	15,458	15,747
Reserve for losses on guaranteed liabilities	497	-	-
Others	844	878	1,261
	38,108	35,474	35,256
	122,835	113,640	112,265
Minority interests	2,515	981	578
Shareholders' equity			
Common stock	10,039	-	-
Capital reserve	8,137	-	-
Retained earnings	11,424	-	-
Unrealized gains or losses on other securities	(37)	-	-
Foreign currency translation adjustments	(2,603)	-	-
Treasury stock	(4)	-	-
Parent company capital owned by subsidiaries	(5,015)	-	-
	21,940	-	-
Common stock	-	10,039	10,039
Capital reserves	-	8,137	8,480
Retained earnings	-	12,234	14,907
Unrealized gains or losses on other securities	-	546	1,399
Foreign currency translation adjustments	-	(3,306)	(3,444)
Treasury stock	-	(3,970)	(3,763)
Total shareholders' equity	-	23,680	27,620
Total liabilities, minority interests and shareholders' equity	147,291	138,301	140,463

Market value of securities

Marketable securities for trading purposes

2003		2004	
Millions of yen			
Book value	Unrealized gains or losses recognized at year-end	Book value	Unrealized gains or losses recognized at year-end
276	(121)	501	310

Other quoted securities

Millions of yen	2003			2004		
	Cost of acquisition	Book value	Unrealized gain (loss)	Cost of acquisition	Book value	Unrealized gain (loss)
Securities for which value on the consolidated balance sheet exceeds purchase cost						
Shares	800	2,033	1,233	2,515	4,909	2,393
Others	-	-	-	2	3	1
	800	2,033	1,233	2,517	4,912	2,395
Securities for which value on the consolidated balance sheet does not exceed purchase cost						
Shares	2,008	1,695	(313)	357	334	(22)
Others	7	6	(0)	81	78	(2)
	2,015	1,701	(313)	438	413	(25)
	2,816	3,735	919	2,956	5,326	2,369

The Company provided for permanent diminution in the value of "Other quoted securities—shares and others" in the amount of 1,020 million yen in the consolidated fiscal year 2003, and in the value of "Other quoted securities-shares" in the amount of 9 million yen in the consolidated fiscal year 2004. The Company recognizes permanent diminution for all securities whose market value as of the end of the term has declined by more than 50 percent of the acquisition cost. In instances where the rate of decline is more than 30 percent but less than 50 percent, the Company recognizes permanent diminution primarily on the basis of internal regulations entitled "Management Regulations Related to Transactions in Securities and Derivatives."

Other marketable securities sold during the years ended March 31, 2003 and 2004

2003			2004		
Millions of yen					
Amount sold	Total gain on sales	Total loss on sales	Amount sold	Total gain on sales	Total loss on sales
209	-	11	1,093	720	78

Major investment securities without market prices

Millions of yen	2003	2004
Bonds held to maturity		
Corporate bonds	-	5
Others	-	1
Other securities		
Unlisted stocks (excluding OTC stocks)	565	1,027

Scheduled redemptions of bonds with maturity dates and bonds being held to maturity (among holdings in the "other securities" account)

Millions of yen	2003				2004			
	Up to 1 year	Longer than 1 and up to 5 years	Longer than 5 and up to 10 years	Longer than 10 years	Up to 1 year	Longer than 1 and up to 5 years	Longer than 5 and up to 10 years	Longer than 10 years
Bonds								
Corporate bonds	-	5	-	-	-	5	-	-
Others	1	-	-	-	1	-	-	-
Others								
Securities investment trusts	-	-	2	-	-	3	-	-
	1	5	2	-	1	8	-	-

Fixed assets

Major facilities

Millions of yen	Buildings and structures	Machinery and equipment	Land		Others	Total	Number of employees
	Book value	Book value	Book value	Square meters	Book value		
Parent							
Tokyo manufacturing facility	1,959	1,451	504	33,577	484	4,400	382
Kawaguchi manufacturing facility	484	207	1,346	20,150	74	2,113	148
Tokai manufacturing facility	1,862	1,704	471	175,506	71	4,110	284
Osaka manufacturing facility	246	254	853	20,082	68	1,422	154
Shiga manufacturing facility	261	133	620	20,077	11	1,027	10
Headquarter (Tokyo)	1,274	50	2,965	5,142	193	4,485	350
West Japan branch	148	12	349	2,520	1	513	106
Chubu branch	79	15	1,039	13,810	2	1,135	51
Domestic subsidiaries							
UKIMA Chemicals & Color Mfg.	1,159	300	7,582	33,175	74	9,119	196
Others	1,908	766	3,242	97,516	104	6,034	498
Overseas subsidiaries	1,786	1,848	277	169,520	82	4,004	779

Debt

Bonds

Millions of yen	Date issued	Balance at beginning of term	Balance at end of term	Interest rate	Maturity
Unsecured corporate bonds	3/24/03	400	400	0.60%	3/24/08
Unsecured corporate bonds	9/10/03	-	200	0.79%	9/10/08
Unsecured corporate bonds	3/31/04	-	500	0.67%	3/31/08
	-	400	1,100	-	-

Borrowings

Millions of yen	Balance at beginning of term	Balance at end of term	Average rate	Maturity
Short-term borrowings	42,768	38,650	1.2%	-
Current portion of long-term debt	7,359	7,347	1.7%	-
Long-term debt (except current portion of long-term debt)	18,650	17,084	1.9%	2005 to 2036
Other interest-bearing liabilities	-	-	-	-
	68,778	63,082	-	-

Assets provided as collateral

Millions of yen	2003	2004
Assets provided as collateral		
Buildings and structures	5,503	5,218
Machinery and delivery equipment	3,232	3,367
Tools, furniture and fixtures	600	624
Land	7,537	7,099
Marketable securities	1,690	2,615
	18,565	18,925
	2003	2004
Liabilities for which collateral provided		
Claim for recovery based on guarantee agreement on unsecured bonds	412	410
Long-term debt	16,154	13,889
	16,566	14,299

Guarantees

Millions of yen	2003	2004
DAISECO Co., Ltd.	636	REGLUS Co., Ltd. 367
Presstek, Inc.	474	Dainichi Pla Board Co., Ltd. 217
REGLUS Co., Ltd.	397	Presstek, Inc. 198
16 other companies	1,424	13 other companies 783
	2,932	1,567

Retirement benefits

Summary of retirement benefit system

The Company, its domestic consolidated subsidiaries, and its nonconsolidated companies accounted for under the equity method offer pension annuity fund systems, qualified retirement pension systems, and lump-sum retirement benefits as defined retirement benefit plans. In addition to these defined retirement benefit plans, certain overseas subsidiaries have established defined contribution annuity plans. The Company has also established a retirement benefit investment trust.

On March 31, 2004, the Company, its domestic subsidiaries, and unconsolidated equity-method domestic subsidiaries received approval from the Minister of Health, Labor and Welfare to return to the government employees' pension assets that had previously been "outsourced" to them.

Items related to retirement benefit liabilities

Millions of yen	2003	2004
Retirement benefit liabilities	(28,417)	(27,894)
Pension assets	2,910	5,191
Unaccrued pension benefit liabilities	(25,507)	(22,702)
Unrecognized actuarial gains or losses	10,049	6,955
Net amount shown on consolidated balance sheet	(15,458)	(15,747)
Prepaid pension expenses	-	-
Allowance for retirement benefits	(15,458)	(15,747)

Items related to retirement benefit expenses

Millions of yen	2003	2004
Current service costs	1,026	1,128
Interest expenses	792	705
Expected earnings on pension fund assets	(124)	(42)
Expensing of differences based on actuarial calculations	372	707
Retirement benefit expenses	2,066	2,499
Gains or losses from return to government of obligations related to employees' welfare pensions	(3,598)	-
	(1,531)	2,499

Assumptions underlying the calculation of retirement benefit liabilities

	2003	2004
Method of allocating prospective retirement benefits to each period	Equal payments basis	Equal payments basis
Discount rate	2.5%	2.5%
Expected rate of return	2.5%	2.0%
Amortization period for actuarial gains or losses	15 years	15 years
	(Amortized using the straight-line method over a fixed number of years that is less than the average remaining period of service for employees in the consolidated fiscal year in which the gains or losses are accrued, with amortization beginning in the consolidated fiscal year following that in which the gains or losses are accrued)	(Same as 2003)

Deferred taxes

Millions of yen	2003	2004
Deferred tax assets	9,551	9,402
Deferred tax liabilities	(2,322)	(2,982)
Deferred tax assets - net	7,228	6,419

Percent	2003	2004
Legal effective tax rate	42.05	42.05
<Adjustment>		
Expenses not deductible for tax purposes (such as entertainment expenses)	2.89	3.06
Dividends receivable and other income permanently excluded from taxable income	(0.93)	(0.89)
Per capita rate of inhabitants' tax	0.49	0.48
Decrease in deferred tax assets resulting from change in tax rates	3.09	-
Differences in tax rates of overseas subsidiaries	(3.00)	(3.55)
Effect of increases in valuation-related provisions	7.92	2.69
Effect of consolidation elimination of dividends received	-	2.46
Special tax credits for testing and research expenses	-	(3.44)
Others	0.77	1.79
Income tax and others accompanying adoption of tax effect accounting	53.28	44.65

Nonconsolidated Statements

Nonconsolidated statement of income

Years ended March 31; Millions of yen	2002	2003	2004
Net sales			
Net sales - finished goods	86,177	90,521	92,458
Net sales - merchandise	20,886	23,322	24,464
	107,064	113,843	116,923
Cost of sales			
Inventory of finished goods and semi-finished goods, beginning of term	8,682	8,447	8,358
Production costs for the term	54,522	56,564	57,833
Purchase of finished goods for the term	19,089	19,311	19,684
	82,294	84,323	85,876
Inventory of finished goods and semi-finished goods, end of term	8,447	8,358	8,577
	73,847	75,965	77,298
Merchandise inventory, beginning of term	235	226	223
Purchase of merchandise for the term	19,832	22,220	23,384
	20,067	22,446	23,607
Merchandise inventory, end of term	226	223	225
	19,841	22,222	23,381
Total cost of sales	93,689	98,188	100,680
Gross profit	13,375	15,655	16,243
Selling, general and administrative expenses			
Packing and shipping expenses	1,975	2,299	2,318
Business entertainment expenses	243	247	256
Provision for allowance for doubtful accounts	86	117	122
Payroll expenses	4,184	3,958	4,015
Reserve provision for bonuses	589	537	540
Employee benefit expenses	1,137	1,156	1,217
Pension benefit expenses	706	601	729
Travel and transportation expenses	356	396	397
Depreciation expenses	79	70	69
Rental expenses	993	977	1,029
Research and development expenses	-	966	1,050
Others	2,413	1,529	1,543
	12,765	12,857	13,290
Operating income	609	2,797	2,952

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Years ended March 31; Millions of yen	2002	2003	2004
Non-operating income			
Interest income	69	71	75
Dividend income	380	424	390
Rental income	746	526	497
Cash discounts on purchases	28	27	26
Others	346	401	388
	1,572	1,451	1,377
Non-operating expenses			
Interest expenses	641	562	517
Loss on sale of notes	-	124	113
Expenses for assets leased to others	455	301	269
Others	247	46	67
	1,344	1,035	968
Ordinary profit	838	3,213	3,362
Extraordinary gains			
Gain on sales of fixed assets	0	0	-
Gain on sales of investment securities	0	-	699
Gain on reversal of allowance for doubtful accounts	-	-	7
Gain on reversal of provision for loss on loan guarantees	200	200	122
Gain from liquidation of affiliated company	279	-	-
Gain from return to government of "agency portion" obligations relating to employees' welfare pensions	-	2,758	-
Revised profit carried forward from previous term	-	130	-
Others	-	-	0
	479	3,088	829
Extraordinary losses			
Loss on sales of fixed assets	5	124	0
Loss on disposal of fixed assets	66	169	44
Loss on sales of investment securities	16	14	78
Loss on valuation of investment securities	961	1,025	10
Loss on valuation of securities of affiliated companies	595	43	-
Loss on liquidation of investment securities	-	1	-
Loss on liquidation of shares of affiliated companies	0	-	-
Loss on liquidation of affiliates	-	44	-
Loss on valuation of other investments	12	3	-
Provision for allowance for doubtful accounts	34	558	791
Losses on doubtful accounts	-	19	-
Reserve provision for losses on guaranteed liabilities	613	791	144
Directors' retirement allowances	34	8	-
Others	-	-	3
	2,341	2,806	1,072

Years ended March 31; Millions of yen	2002	2003	2004
Income before income taxes	(1,023)	3,496	3,118
Income, inhabitants and enterprise taxes	280	460	2,033
Deferred taxes	(1,513)	1,452	(574)
	(1,233)	1,912	1,459
Net income	210	1,583	1,659
Unappropriated retained earnings brought forward	2,369	1,860	2,829
Interim dividends	372	279	278
Disposition of reserve for retirement allowances	34	8	-
Unappropriated retained earnings at year-end	2,241	3,173	4,209

Nonconsolidated appropriation of retained earnings

Millions of yen	June 27, 2002	June 27, 2003	June 29, 2004
Unappropriated retained earnings, fiscal year-end	2,241	3,173	4,209
Disposition of voluntary reserves			
Reversal of reserve for reduction entry of acquisition costs	3	8	-
	3	8	-
	2,244	3,181	4,209
Appropriation of retained earnings			
Cash dividends	372	279	278
Bonuses to directors and statutory auditors	12	27	40
Voluntary reserves			
Reserve for reduction entry of acquisition costs	-	45	-
Special reserves	-	-	1,000
	384	352	1,319
Unappropriated retained earnings carried forward	1,860	2,829	2,889

Cost of goods sold

Years ended March 31; Millions of yen	2002	%	2003	%	2004	%
Cost of raw materials	33,905	61.9	36,393	64.1	37,260	64.2
Labor costs	9,627	17.6	8,808	15.5	9,134	15.7
Expenses	11,227	20.5	11,591	20.4	11,681	20.1
(Subcontracted processing expenses)	(6,279)	(11.5)	(6,936)	(12.2)	(7,200)	(12.4)
(Depreciation expenses)	(1,575)	(2.9)	(1,378)	(2.4)	(1,275)	(2.2)
(Other manufacturing expenses)	(3,372)	(6.1)	(3,276)	(5.8)	(3,205)	(5.5)
Total manufacturing overhead	54,759	100.0	56,794	100.0	58,077	100.0
Work-in-process inventory, beginning of term	181		196		214	
	54,940		56,991		58,291	
Work-in-process inventory, end of term	196		214		219	
Transfers to other accounts	221		212		238	
Production and semi-finished goods costs for term	54,522		56,564		57,833	

Nonconsolidated balance sheet

Assets

Years ended March 31; Millions of yen	2002	2003	2004
Current assets			
Cash and time deposits	9,033	6,680	6,319
Notes receivable, trade	8,203	7,208	7,116
Accounts receivable, trade	26,519	28,564	30,418
Marketable securities	1,250	-	-
Merchandise	226	223	225
Finished products	7,052	7,008	7,204
Semi-finished goods	1,395	1,349	1,373
Raw materials	2,187	2,057	2,212
Work in process	196	214	219
Supplies	178	171	161
Advance to supplier	46	92	284
Prepaid expenses	259	236	233
Short-term loans	1,890	1,605	1,451
Deferred tax assets	1,405	646	911
Others	1,012	288	176
Less allowance for doubtful accounts	(139)	(136)	(126)
	60,717	56,212	58,184
Fixed assets			
Tangible fixed assets			
Buildings	18,245	18,633	19,003
Accumulated depreciation	11,485	11,828	12,290
	6,760	6,805	6,713
Structures	3,775	3,825	3,900
Accumulated depreciation	2,943	2,971	3,069
	832	854	830
Machinery and equipment	30,528	28,863	29,287
Accumulated depreciation	26,106	25,133	25,468
	4,421	3,730	3,819
Vehicles and delivery equipment	894	873	866
Accumulated depreciation	765	770	750
	129	103	115
Tools, furniture and fixtures	6,235	6,058	6,210
Accumulated depreciation	5,275	5,176	5,305
	960	882	905
Land	9,035	9,120	9,121
Construction in progress	73	79	43
	22,212	21,575	21,548

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Years ended March 31; Millions of yen	2002	2003	2004
Intangible fixed assets			
Leaseholdings	163	163	163
Software	1	2	14
Others	55	52	49
	219	218	227
Investments and other assets			
Investment securities	4,402	4,235	6,142
Capital stock of affiliated companies	7,682	7,943	7,913
Equity investments	-	-	73
Other equity investments of affiliated companies	1,582	1,582	2,236
Long-term loans	0	-	-
Long-term loans to employees	956	800	711
Long-term loans to affiliated companies	150	4,157	4,446
Cash value of insurance for officers	1,256	1,410	1,580
Long-term accounts receivable	1,015	980	972
Rights to assets in liquidation or reorganization	287	110	103
Long-term prepaid expenses	92	86	87
Lease deposits	1,269	-	-
Deferred tax assets	6,313	5,216	4,952
Others	462	1,385	1,171
Less allowance for doubtful accounts	(1,104)	(2,173)	(2,708)
	24,369	25,734	27,683
Total fixed assets	46,801	47,528	49,459
Total assets	107,518	103,740	107,644

Liabilities and shareholders' equity

Years ended March 31; Millions of yen	2002	2003	2004
Current liabilities			
Notes payable, trade	3,368	2,263	2,376
Accounts payable, trade	19,063	18,196	18,922
Short-term borrowings	20,138	17,918	16,638
Current portion of long-term debt	5,674	4,650	6,129
Accounts payable, other	1,691	1,486	1,737
Accrued expenses	174	130	311
Accrued consumption taxes	206	231	173
Accrued corporate and residents taxes	332	347	1,863
Advances from customers	88	20	313
Deposits received	152	132	136
Accrued bonuses to employees	1,682	1,467	1,513
Notes payable, construction	118	73	262
Others	77	72	72
	52,767	46,989	50,449
Long-term liabilities			
Long-term debt	11,098	14,323	12,694
Employees' retirement benefits	14,422	11,722	11,882
Reserve for losses on guaranteed liabilities	1,110	1,088	1,110
Others	92	96	86
	26,724	27,231	25,774
Total liabilities	79,491	74,221	76,224
Shareholders' equity			
Common stock	10,039	-	-
Capital reserves	8,137	-	-
Legal reserves	2,224	-	-
Retained earnings			
Reserve for officers' retirement	604	-	-
Reserve for reduction entry of acquisition costs	1,951	-	-
Reserve for dividends	-	-	-
Special reserves	2,870	-	-
Total voluntary reserves	5,425	-	-
Unappropriated retained earnings	2,241	-	-
	7,667	-	-
Unrealized gains or losses on other securities	(36)	-	-
Treasury stock	(4)	-	-
Total shareholders' equity	28,027	-	-

DAINICHISEIKA

Years ended March 31; Millions of yen	2002	2003	2004
Common stock	-	10,039	10,039
Capital reserves			
Additional paid-in capital	-	8,137	8,137
	-	8,137	8,137
Retained earnings			
Legal income reserves	-	2,224	2,224
Voluntary reserves - total			
Reserve for retirement allowances	-	595	595
Reserve for asset reduction entries	-	1,948	1,985
Special reserve	-	2,870	2,870
Unappropriated retained earnings, fiscal year-end	-	3,173	4,209
	-	10,811	11,884
Unrealized gains or losses on other securities	-	549	1,384
Treasury stock	-	(18)	(27)
Total shareholders' equity	-	29,519	31,419
Total liabilities and shareholders' equity	107,518	103,740	107,644

Trade credits

Notes receivable — trade

Millions of yen	2004
Kimura Fine Tsusho Co., Ltd.	582
Yamamoto Ink Co., Ltd.	376
Meiwa Packs Co., Ltd.	268
Chuwa Kagaku Yakuin Co., Ltd.	192
TAKADA Printing Co., Ltd.	160
Others	5,536
	7,116
April 2004	528
May 2004	920
June 2004	2,564
July 2004	2,035
August 2004	843
September 2004 and later	224
	7,116

Accounts receivable — trade

Millions of yen	2004
DSF Co., Ltd.	2,079
Nihon Polypro	1,167
INCTEC INC.	899
Oyodo Dainichiseika Kogyo Co., Ltd.	752
Polyplastics Co., Ltd.	664
Others	24,854
	<u>30,418</u>

Turnover of accounts receivable

Millions of yen	2004
Beginning balance	28,564
Increase	122,288
Collected	120,433
Ending balance	30,418
Turnover	79.8%
Average months for collection	2.89

Notes payable — trade

Millions of yen	2004
Shoei Chemical Inc.	334
Komori Corporation	313
SK Eki Seizou Co., Ltd.	135
Kobundo	86
New Fine Chemical Co., Ltd.	81
Others	1,425
	<u>2,376</u>
April 2004	868
May 2004	597
June 2004	501
July 2004	343
August 2004	65
September 2004 and later	-
	<u>2,376</u>

Accounts payable — trade

Millions of yen	2004
Hi-Tech Chemi Co., Ltd.	1,800
Nihon Polypro	1,029
UKIMA Chemicals & Color Mfg. Co., Ltd.	902
Nagase & Co., Ltd.	841
Mitsubishi Chemical Corp.	548
Others	13,799
	18,922

Marketable and investment securities

Millions of yen		
Stocks		
	Number of shares	Book value
Investment securities		
Other securities		
Sumitomo Mitsui Financial Group, Inc. (8316)	590	454
UFJ Holdings, Inc. (8307)	833	551
Mizuho Financial Group, Inc. (8411)	401	179
Mitsubishi Tokyo Financial Group, Inc. (8306)	200	206
Mizuho Trust & Banking (8404)	850,327	193
Achilles Corporation (5142)	555,000	123
WE'LL CORPORATION	40,000	256
Kansai Paint (4613)	245,828	143
Sompo Japan Insurance Inc. (8755)	100,000	111
Taisei Lamick Co., Ltd. (4994)	191,500	489
Nissha Printing (7915)	165,653	279
Nihon Tokushu Toryo (4619)	219,615	150
Nippon Paint (4612)	401,356	152
Mitsui Mutual Life Insurance	4,000	200
Mitsubishi Pencil (7976)	357,884	282
Others (133 shares)	6,013,523	2,364
	9,146,710	6,137
Bonds	Total face value	Book value
Investment securities		
Bonds being held to maturity		
KITANIHON Printing	5	5
	5	5

Tangible fixed assets

Millions of yen	Beginning of term	Increase	Decrease	End of term	Depreciation		End of term, net
					Accumulated	Current	
Tangible fixed assets							
Buildings	18,633	444	74	19,003	12,290	518	6,713
Structures	3,825	79	5	3,900	3,069	102	830
Machinery and equipment	28,863	865	441	29,287	25,468	735	3,819
Vehicles and delivery equipment	873	50	57	866	750	34	115
Tools, furniture and fixtures	6,058	216	64	6,210	5,305	188	905
Land	9,120	0	-	9,121	-	-	9,121
Construction in progress	79	701	738	43	-	-	43
	67,456	2,359	1,381	68,433	46,885	1,579	21,548
Intangible fixed assets							
Leaseholdings	-	-	-	163	-	-	163
Software	-	-	-	15	1	0	14
Other intangible fixed assets	-	-	-	76	27	2	49
	-	-	-	256	28	3	227
Long-term prepaid expenses	148	11	8	151	64	9	87

Reserves

Millions of yen	Beginning of term	Increase	Decrease	End of term
Allowance for doubtful accounts	2,309	918	392	2,834
Accrued bonuses to employees	1,467	1,513	1,467	1,513
Reserve for losses on guaranteed liabilities	1,088	144	122	1,110

Accounting Policies

Summary of accounting policies: Consolidated

Basis of presentation	Japanese GAAP
Marketable securities and investments in securities	Trading securities: market value method (calculated primarily using the moving-average cost method) Bonds held to maturity: cost amortization method (straight-line) Other securities: Quoted securities: market value method, based on market prices, etc., on the day of closing of consolidated accounts (The Company debits or credits valuation differences entirely to shareholders' equity, calculating the cost of shares sold using the moving-average method.) Unquoted securities: valued at cost using the moving-average method
Derivatives	Market value method
Monetary trusts for investment purposes	Market value method
Inventories	Valued at cost, computed on a periodic average basis
Depreciation	Tangible fixed assets: declining-balance method and straight-line method Intangible fixed assets: straight-line method Software for internal use is amortized on a straight-line basis (based on the length of the internal useful life).
Allowance for doubtful accounts	To provide for doubtful accounts that arise in relation to trade receivables, loans, etc., the Company and its consolidated subsidiaries in Japan recognize allowances for nonspecific receivables on the basis of a statutory deduction ratio. For problematic and other specified receivables, allowances are recognized on the basis of analyses of individual accounts. By contrast, the Company's overseas subsidiaries recognize allowances for specified receivables primarily on the basis of estimated uncollectible amounts.
Reserve for bonuses	Accrual of 100% of the amount deductible for income tax purposes
Reserve for retirement benefits	To provide for employees' retirement benefits, the Company recognizes an amount based on retirement benefit liabilities and estimated pension assets as of the end of the consolidated fiscal year to March 2004.
Significant hedge accounting methods	Hedging instruments and risks hedged: Hedging instruments: foreign exchange forward contracts and interest rate swaps Risks hedged: foreign currency-denominated monetary claims and obligations and provisional foreign currency-denominated transactions and borrowings Hedging policy: The Company enters into hedging transactions in accordance with internal regulations which regulate authority regarding derivative transactions and which place limits on amounts that may be transacted. Method of evaluating the effectiveness of hedging: In principle, the Company evaluates the effectiveness of transactions to hedge cash-flow fluctuation risks caused by interest rate fluctuations on floating-rate borrowings by performing a ratio analysis of the total of the interest rate fluctuation amount on the underlying borrowing and the interest rate fluctuation amount on the interest rate swap transaction. This evaluation is carried out at least once every six months, including at the fiscal year-end. However, the Company does not evaluate the effectiveness of interest rate swaps that meet conditions established for exceptional treatment (tokurei shori).
Opinion of independent auditors	Auditors: Yasumori Audit Corporation Opinion: unqualified

Summary of accounting policies: Nonconsolidated

Basis of presentation	Japanese GAAP
Marketable securities and investments in securities	<p>Bonds held to maturity: cost amortization method (straight-line)</p> <p>Shares in subsidiaries and affiliated companies: valued at cost using the moving-average method</p> <p>Other securities:</p> <p>Quoted securities: market value method, based on market prices, etc., on the day of closing of consolidated accounts (The Company debits or credits valuation differences entirely to shareholders' equity, calculating the cost of shares sold using the moving-average method.)</p> <p>Unquoted securities: valued at cost using the moving-average method</p>
Derivatives	Market value method
Inventories	Valued at cost, computed on a periodic average basis
Depreciation	<p>Tangible fixed assets: declining-balance method and straight-line method</p> <p>Intangible fixed assets: straight-line method</p> <p>Software for internal use is amortized on a straight-line basis (based on the length of the internal useful life).</p>
Allowance for doubtful accounts	<p>To provide for doubtful accounts that arise in relation to trade receivables, loans, etc., the Company and its consolidated subsidiaries in Japan recognize allowances for nonspecific receivables on the basis of a statutory deduction ratio.</p> <p>For problematic and other specified receivables, allowances are recognized on the basis of analyses of individual accounts.</p> <p>By contrast, the Company's overseas subsidiaries recognize allowances for specified receivables primarily on the basis of estimated uncollectible amounts.</p>
Reserve for bonuses	Accrual of 100% of the amount deductible for income tax purposes
Reserve for retirement benefits	To provide for employees' retirement benefits, the Company recognizes an amount based on retirement benefit liabilities and estimated pension assets as of the end of the consolidated fiscal year to March 2004.
Reserve for guarantees of obligations	In order to reserve for losses arising from the performance of guarantees of obligations, the required amount is estimated and reserved, taking into consideration the detailed financial condition of each guaranteed party.
Significant hedge accounting methods	<p>Hedging instruments and risks hedged:</p> <p>Hedging instruments: foreign exchange forward contracts and interest rate swaps</p> <p>Risks hedged: foreign currency-denominated monetary claims and obligations, and provisional foreign currency-denominated transactions and borrowings</p> <p>Hedging policy: The Company enters into hedging transactions in accordance with internal regulations which regulate authority regarding derivative transactions and which place limits on the amounts that may be transacted.</p> <p>Method of evaluating the effectiveness of hedging: In principle, the Company evaluates the effectiveness of transactions to hedge cash-flow fluctuation risks caused by interest rate fluctuations on floating-rate borrowings by performing a ratio analysis of the total of the interest rate fluctuation amount on the underlying borrowing and the interest rate fluctuation amount on the interest rate swap transaction.</p> <p>This evaluation is carried out at least once every six months, including at the fiscal year-end.</p> <p>However, the Company does not evaluate the effectiveness of interest rate swaps that meet conditions established for exceptional treatment (tokurei shori).</p>
Opinion of independent auditors	<p>Auditors: Yasumori Audit Corporation</p> <p>Opinion: unqualified</p>

Share-related Information

Shares in issue

Class of shares	Common
Registered or bearer	Registered
Number of shares authorized	250,000,000
Issued	
As of March 31, 2004	93,065,554
As of June 29, 2004	93,065,554
Stock exchange listings or registration	Tokyo Stock Exchange, First Section
Comments	-

Changes in common stock and number of shares outstanding

Millions of yen Shares Date	Shares outstanding		Common stock		Additional paid-in capital		Remarks
	Increase or decrease	Balance	Increase or decrease	Balance	Increase or decrease	Balance	
1997/4/1-1998/3/31	279,190	93,065,554	120	10,039	120	8,137	Exercise of warrants

Shareholders by type of investor

Type of investor	Number of shareholders	Shares Thousands	% owned
National and local government agencies	-	-	-
Financial institutions	46	42,317	45.72
Securities companies	23	1,400	1.51
Business and other corporations	222	22,426	24.23
Non-residents	37	1,727	1.87
[Non-residents—individuals included]	[2]	[5]	[0.00]
Individuals and others	3,500	24,688	26.67
	3,828	92,558	100.00
Shares less than one unit (shares)	-	507,554	-

Largest shareholders

Name	Thousands of shares owned	Held in trust accounts	% of shares outstanding
Japan Trustee Services Bank (Trust Account)	6,695	5,588	7.19
UKIMA Chemicals & Color Mfg.	5,887		6.32
Sumitomo Mitsui Banking	4,412		4.74
UFJ Bank	3,806		4.08
Sompo Japan Insurance	3,765		4.04
Mitsui Mutual Life Insurance	3,273		3.51
Employees' shareholders association	3,204		3.44
Mizuho Corporate Bank	2,903		3.11
Mizuho Trust & Banking	2,750		2.95
Hi-Tech Chemi	2,735		2.93
	39,430		42.36

Share information

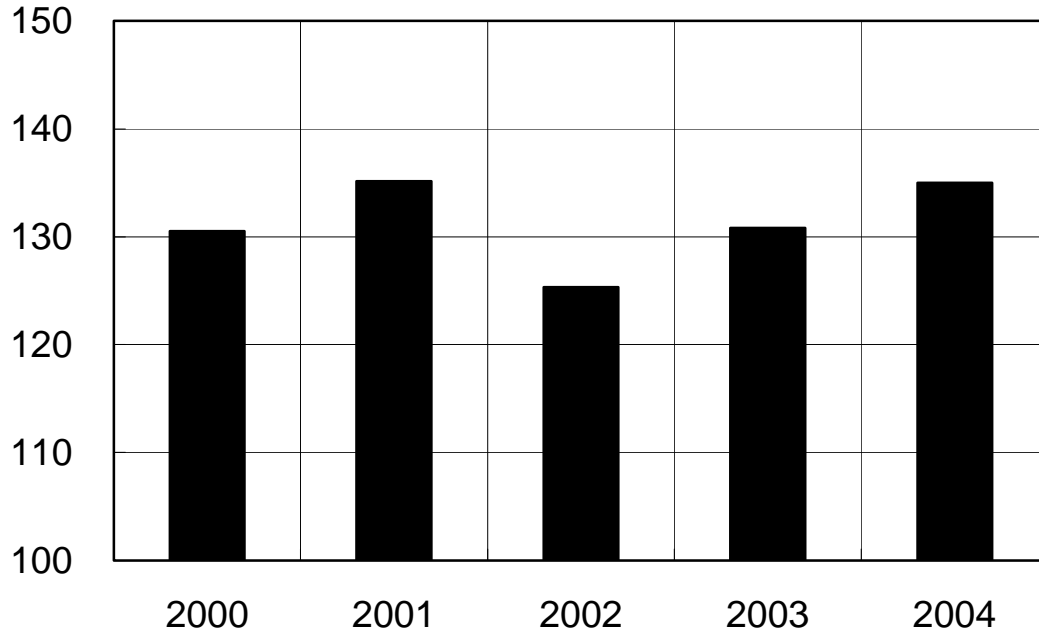
Fiscal year-end	March 31
Ex-rights date	March 31
Ex-rights date for interim dividend	September 30
Closing of shareholder register	-
Annual general meeting of shareholders	June
Trading unit	1,000 shares
Types of share certificates	1, 10, 50, 100, 500, 1,000, and 5,000 shares Stock certificates for fractional shares of less than 100
Transfer agent	Mizuho Trust & Banking, 1-2-1, Yaesu, Chuo-ku, Tokyo, Japan
Publication of record	<i>Nihon Keizai Shimbun</i>

(Whereas we previously published its balance sheets and income statements in the *Nihon Keizai Shimbun*, it is now making these available on the Company's homepage at: <http://www.daicolor.co.jp/>.)

Performance in Graphs

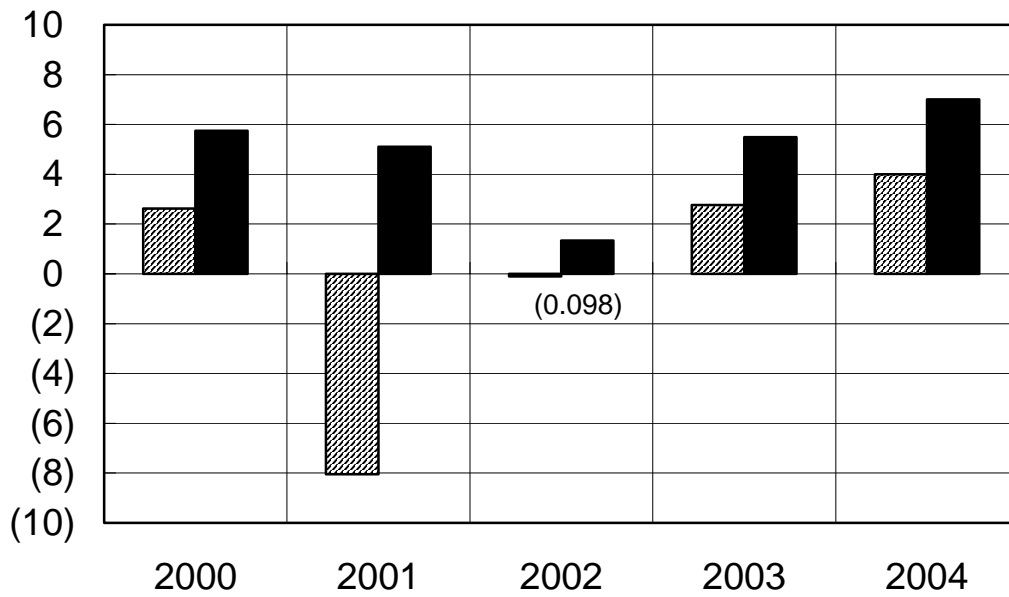
Net Sales

Billion yen



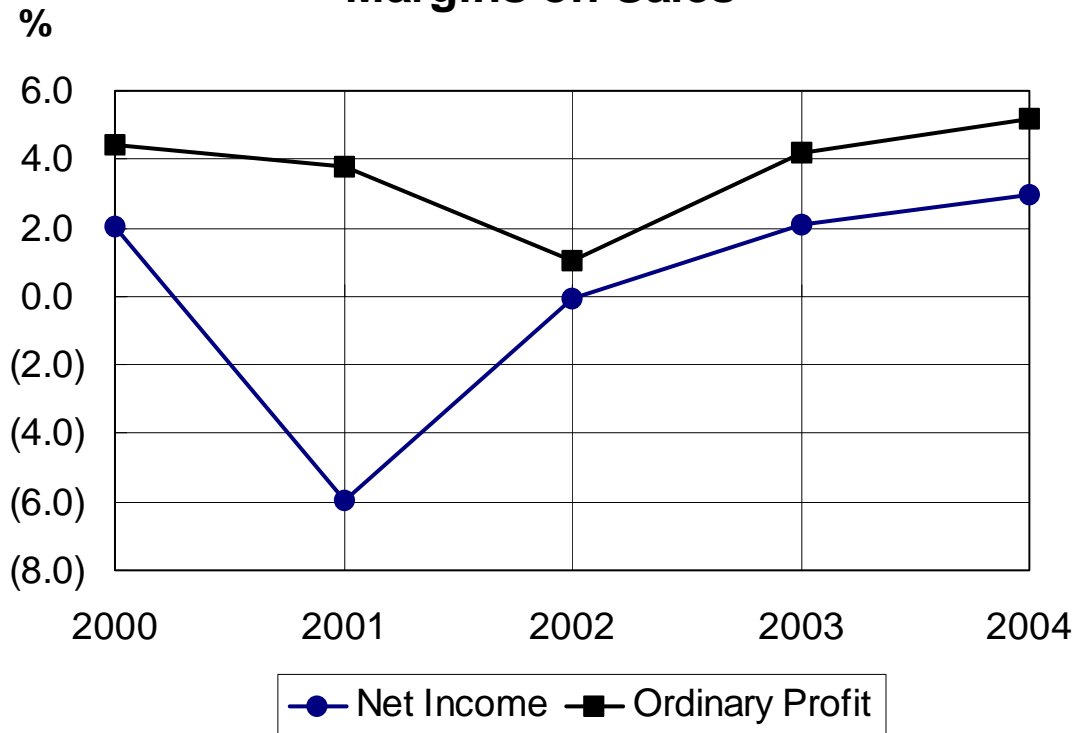
Ordinary Income and Net Profit

Billion yen

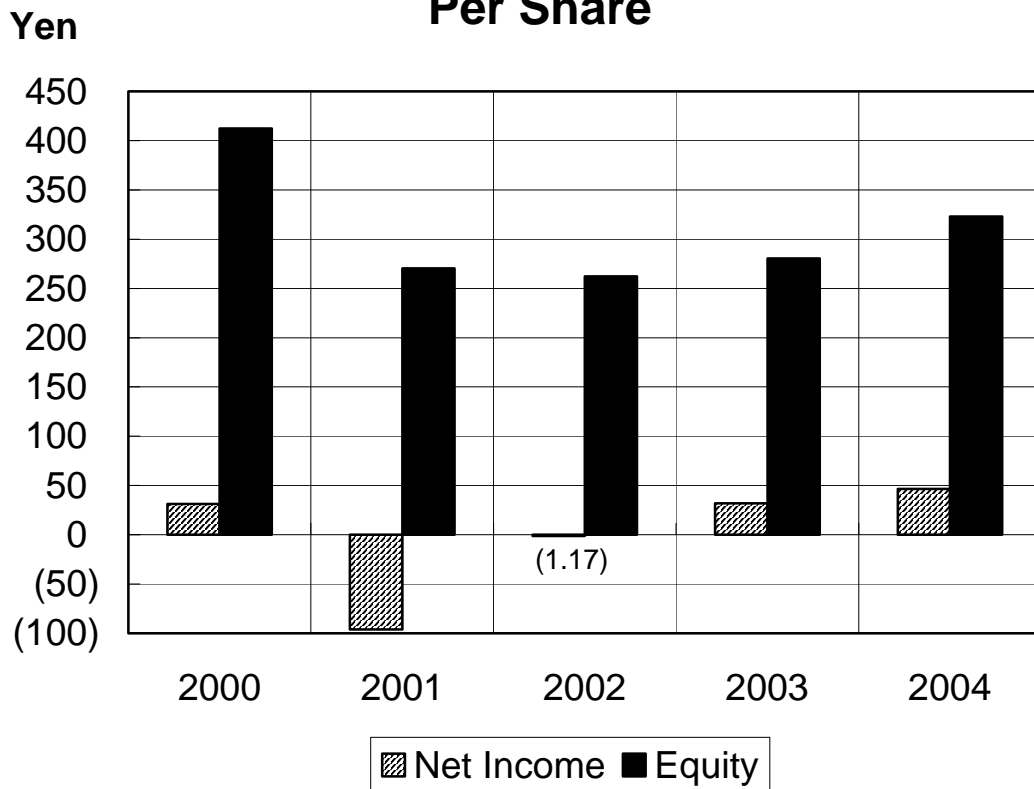


▨ Net Income ■ Ordinary Profit

Margins on Sales

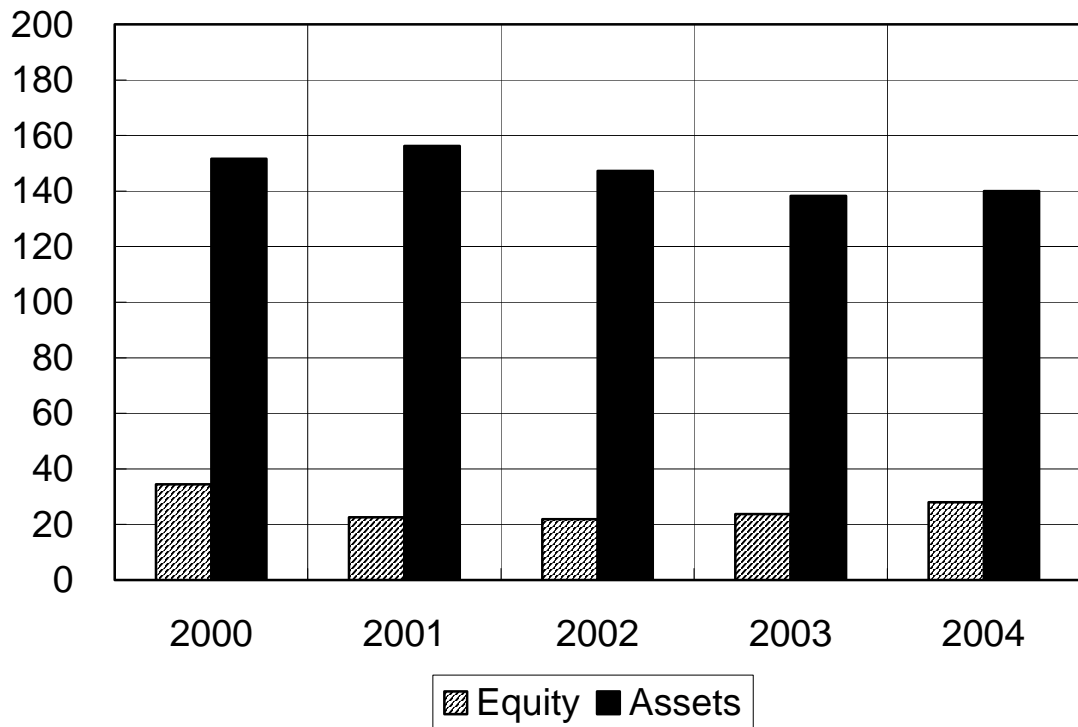


Per Share



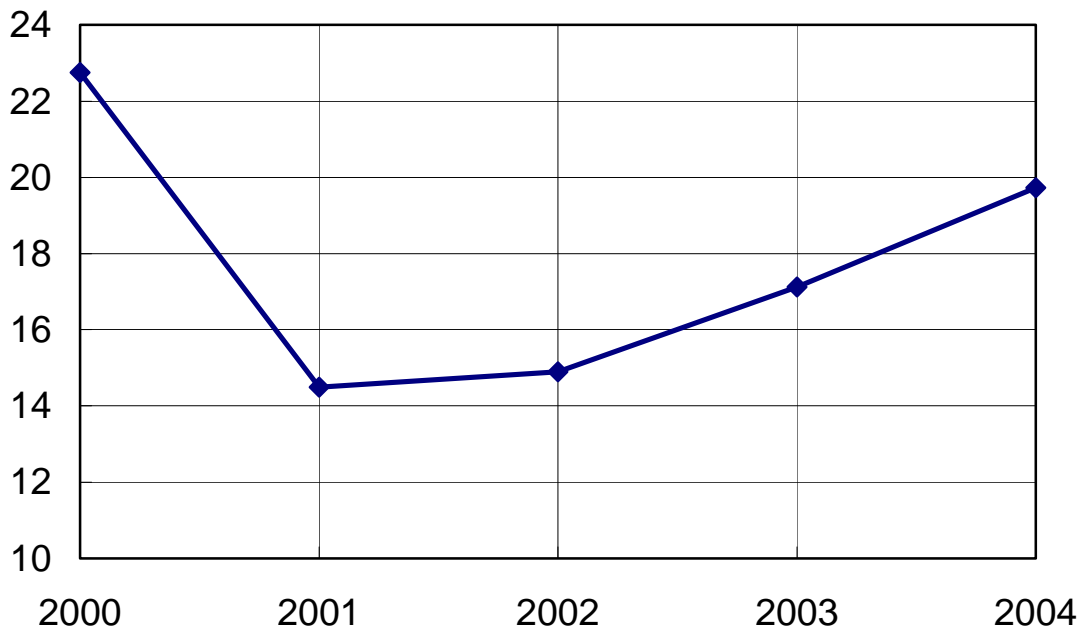
Equity and Assets

Billion yen

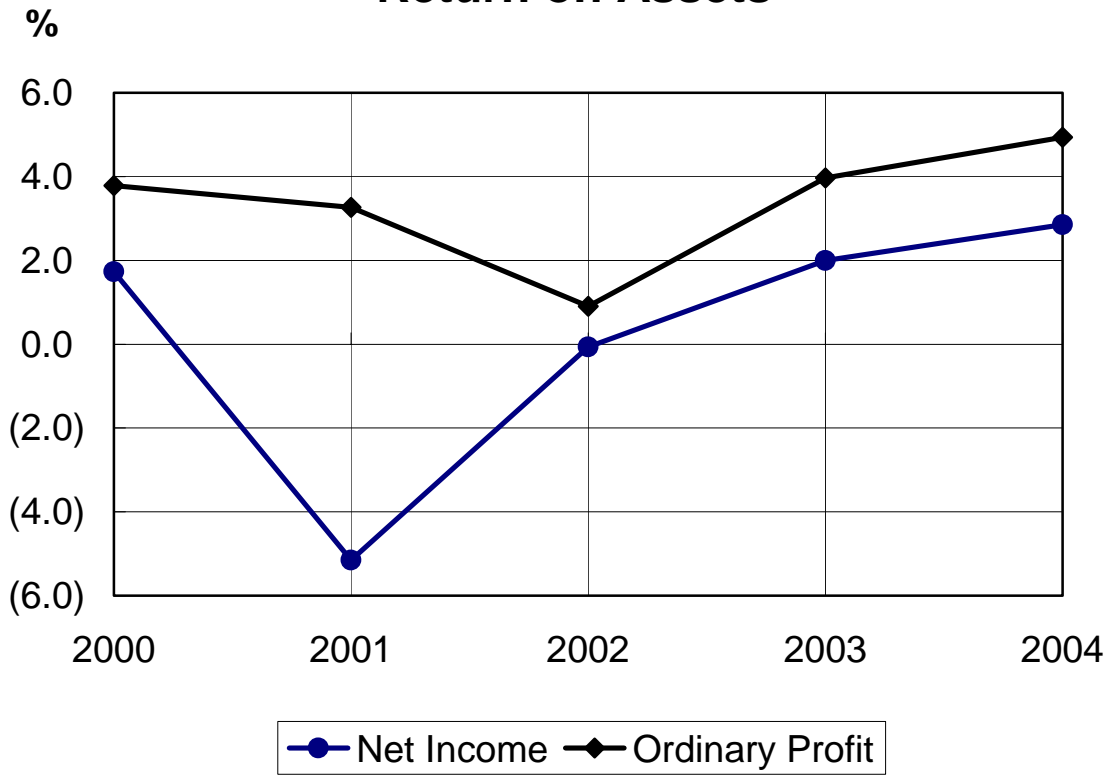


Equity / Assets

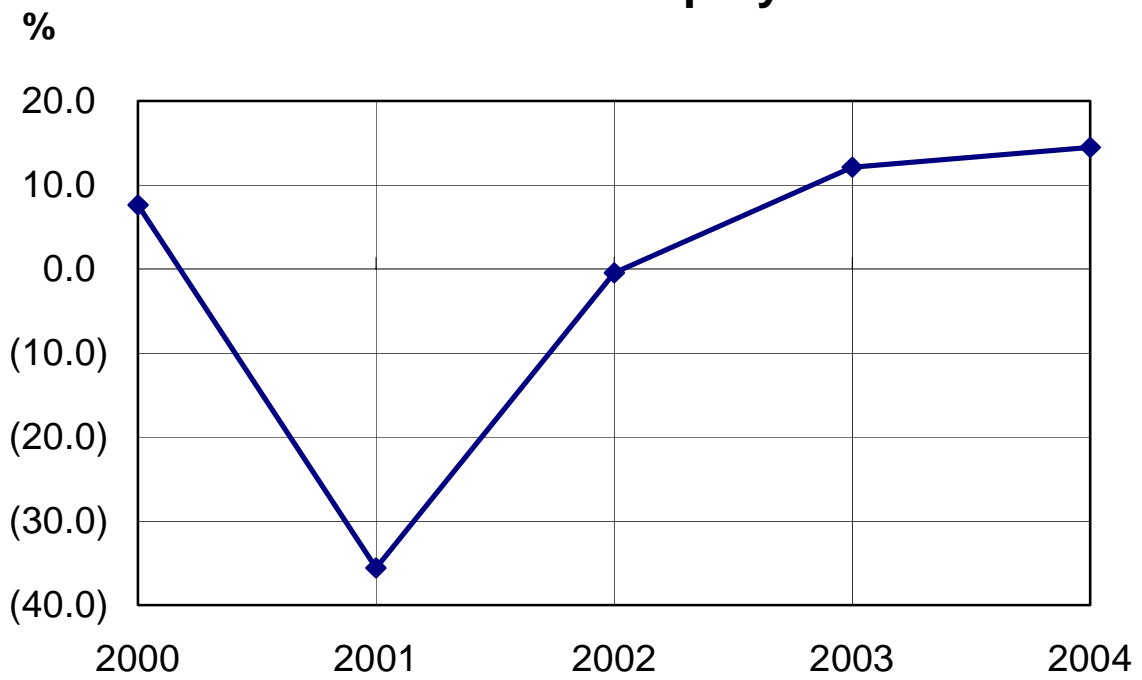
%



Return on Assets



Return on Equity



Contact

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