

Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2011

August 6, 2010

Name of Listed Company: TOYO INK MFG, CO., LTD. Listings: Tokyo Stock Exchange
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 Scheduled date of submission of quarterly report: August 11, 2010
 Scheduled date of commencement of dividend payments: –
 Supplementary documents for quarterly results: None
 Quarterly results briefing: None

1. Consolidated business results for the first quarter of fiscal 2010 ending March 31, 2011

(From April 1, 2010 to June 30, 2010)

(Amounts of less than million yen are omitted.)

(1) Business results (cumulative totals)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter, Fiscal 2010	59,573	14.9	4,911	217.6	4,986	206.8	2,962	347.1
First Quarter, Fiscal 2009	51,849	-15.1	1,546	-28.8	1,625	-33.1	662	-15.4

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
First Quarter, Fiscal 2010	9.93	–
First Quarter, Fiscal 2009	2.19	–

(2) Financial position

	Total assets	Net assets	Net worth/Total assets	Net worth per share
	Million yen	Million yen	%	Yen
First Quarter, Fiscal 2010	268,378	143,004	51.8	465.53
Fiscal 2009	266,463	144,943	52.2	466.41

(Note): Net worth: First Quarter, Fiscal 2010: 138,920 million yen
 Fiscal 2009: 139,186 million yen

2. Dividends

(Date of standard)	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2009	–	4.50	–	5.50	10.00
Fiscal 2010	–				
Fiscal 2010 (Forecast)		5.50	–	5.50	11.00

(Note) Revision in dividend forecasts for the quarter under review: No

3. Forecasts for the year ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	122,500	12.9	9,200	83.0	9,200	82.6	5,100	134.9	17.09
Full-year	250,000	10.6	14,000	5.0	14,000	2.9	7,000	6.8	23.46

(Note) Revision in consolidated business performance forecasts for the quarter under review: Yes

* The Company has determined to keep consolidated full-year earnings forecasts previously announced (on May 17, 2010) unchanged, because the outlook of the demand trends, exchange rates, raw material prices and product prices is currently unclear.

4. Others (For details, please refer to "Other Information" on page 6 of the accompanying materials.)

(1) Important changes of subsidiaries during the term: No

(Note) Any changes in specific subsidiaries accompanied by a change in the scope of consolidation during the quarter under review

(2) Application of simplified accounting treatment and special accounting treatment: No

(Note) Adoption of simplified accounting methods or accounting methods unique to the preparation of quarterly consolidated financial statements

(3) Changes in accounting policies and/or the method of presentation

(i) Changes due to the modification in accounting methods: Yes

(ii) Any other changes: No

(Note) Any changes in the policies, procedures, or presentation method of the accounting methods for the preparation of quarterly consolidated financial statements included in "Changes in the basis for preparing quarterly consolidated financial statements"

(4) Numbers of shares issued (common shares)

(i) Numbers of shares issued (including treasury shares):

First quarter, fiscal 2010: 303,108,724 shares

Fiscal 2009: 303,108,724 shares

(ii) Numbers of treasury shares at the end of the terms:

First quarter, fiscal 2010: 4,692,565 shares

Fiscal 2009: 4,687,741 shares

(iii) Average numbers of shares issued during the terms (consolidated accumulation periods):

First quarter, fiscal 2010: 298,417,138 shares

First quarter, fiscal 2009: 302,448,571 shares

Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been reviewed at the time of the announcement of this financial summary.

* Explanations about the proper use of financial forecasts and other important notes

1. Of consolidated earnings forecasts announced on May 17, 2010, those for the first half of the fiscal year under review have been revised in this document. For details of these forecasts, please refer to (3) Qualitative Information on the Consolidated Earnings Forecasts of 1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2010 on page 3 of the accompanying materials, and the Announcement of the Revision of Earnings Forecasts announced today.

2. The above forecasts are based on the information available on the date these materials are released and incorporate assumptions about uncertainties that may affect future earnings. Actual earnings could differ materially from these forecasts due to various factors in the future. For notes about assumptions of earnings forecasts and the use of earnings forecasts, refer to "(3) Qualitative Information on the Consolidated Earnings Forecasts" of "1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2010" on page 6 of the accompanying materials.

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1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2010

(1) Qualitative information on the consolidated results

During the consolidated first quarter under review, the global economy staged a gradual recovery, supported by strong domestic demand in emerging economies, such as China. However, there remain risks for the reemergence of the economic downturn, such as the credit crunch in Western countries and the worsening employment situation. The Japanese economy also benefited from improved business confidence and corporate earnings, although capital spending and the employment situation remained severe.

In this challenging environment, although sales remained weak, reflecting a continued slump in the printing market in Japan, profits increased on the back of higher sales of high-function products and the impact of cost-cutting initiatives. Overseas sales and profits rose significantly compared with the same period in the previous fiscal year, given the continued recovery in China and Southeast Asia, as well as the fact that, due to a difference in the accounting period, the period a year ago fell during the period when the results were most severely affected by the global recession.

As a result, the Company recorded higher sales and profits with sales of ¥59,573 million, up 14.9% year on year, operating income of ¥4,911 million, rising 217.6%, recurring income of ¥4,986 million, an increase of 206.8%, and net income of ¥2,962 million, up 347.1%.

Results by segment are as follows:

(i) Printing and Information Business

Failing to overcome the structural recession of the printing market, the performance of offset inks remained weak, despite special demand for mainstay sheet-fed inks, web offset inks, and newspaper inks from the national elections and the soccer World Cup. Meanwhile, in China, overcoming the impact of the suspension of operations during Chinese New Year, demand continued to grow, while sales in inland areas also increased. In Southeast Asia, demand also recovered and sales grew in India. In addition, sales of ink-jet materials expanded, especially in South Korea.

Sales of graphic arts machinery, including small and large machines for commercial and newspaper printing, remained stagnant in the face of the sluggish domestic offset printing market. Sales of graphic arts supplies were also weak.

As a result of the above factors, sales of the overall Printing and Information Business stood at ¥18,774 million, and operating income amounted to ¥547 million.

(ii) Packaging Business

In Japan, sales of gravure inks for printing remained sluggish, but demand for mainstay gravure inks for food packaging held firm, while sales of eco-friendly non-toluene and water inks rose steadily. Demand for gravure inks for construction materials continued to hold steady, given the strong demand for printing materials for exports, reflecting a recovery in the overseas economy. Overseas, demand for gravure inks for food packaging grew in China and Southeast Asia, and sales of eco-friendly inks expanded in the same manner as in Japan. In addition, demand for gravure inks for construction materials started to grow in North America.

The gravure cylinders business in Japan remained steady, reflecting a recovery in demand for food packaging. However, sales of equipment were sluggish, as customers reduced capital spending.

As a result of the above factors, sales in the overall Packaging Business stood at ¥12,943 million, and operating income amounted to ¥739 million.

(iii) Polymer and Coating Business

Sales of can coatings (finishes) for drink cans were weak in Japan, reflecting the cold spring weather. However,

sales were strong in Southeast Asia, given the strong economic growth in the area. With respect to resins, sales of high-function products increased, but sales of resins for construction purposes remained sluggish in Japan.

For adhesives, demand for packaging remained steady in Japan, South Korea and Southeast Asia. Sales of eco-friendly products also grew. Demand for adhesives for labels remained steady, and sales of products for displays for industrial materials and electronics remained strong. Sales of coating materials for electronics expanded in South Korea, China and Taiwan. Meanwhile, to strengthen its adhesives business, in June 2010, the Company acquired all shares of Toyo-Morton, Ltd., a consolidated subsidiary (the Company formerly held 50% of the voting rights), which has subsequently become the Company's wholly owned subsidiary.

As a result of the above factors, sales in the overall Polymer and Coating Business were ¥12,874 million, and operating income amounted to ¥1,213 million.

(iv) Color and Functional Materials Business

Sales of commodity-type pigments for printing inks remained lethargic in Japan, but those for automobiles continue to recover. Overseas, sales of commodity-type pigments, including those for printing inks, remained strong.

Sales of plastic colorants for consumer electronics and office automation equipment both in Japan and overseas recovered to previous robust levels. While demand for plastic colorants for automobiles recovered at a considerable pace, sales of those for electronics also increased.

Sales of high-function pigments and materials for LCD color filters generally remained strong. This performance owed to strong demand for television sets in emerging countries, such as China, and rising demand in Japan inspired by the launch of new types of television sets and the introduction of digital terrestrial broadcasting, as well as a recovery in demand for medium-to-small panels used for personal computers and mobile phones.

As a result of the above factors, sales in the overall Color and Functional Materials Business stood at ¥15,146 million, and operating income reached ¥2,271 million.

(2) Qualitative information on the consolidated financial position

Total assets at the end of the first quarter of the fiscal year under review stood at ¥268,378 million, an increase of ¥1,915 million from the level at the beginning of the fiscal year. Liabilities at the end of the first quarter of the fiscal year under review were ¥125,374 million, an increase of ¥3,854 million from the level at the beginning of the fiscal year. Net assets at the end of the first quarter under review stood at 143,004 million, a decrease of ¥1,938 million from net assets at the beginning of the fiscal year.

Given robust sales, notes and accounts receivable, inventories and notes and accounts payable increased, but investments in securities and net unrealized gains on available-for-sale securities declined, as a result of sluggish stock prices. Property, plant and equipment also fell, reflecting a restraint in capital spending.

(State of cash flows)

Cash and cash equivalents ("cash") at the end of the first quarter under review stood at ¥20,991 million, down ¥45 million from the level at the beginning of the fiscal year.

Cash provided by operating activities stood at ¥5,798 million. This is primarily due to cash inflows from income before income taxes and minority interests, and cash outflows from the payments of income taxes. In addition, there have been changes in cash associated with the increase in notes and accounts receivable, inventories and notes and accounts payable.

Cash used in investment activities were ¥4,058 million, mainly reflecting the payments to make Toyo-Morton a wholly owned subsidiary, in addition to the acquisition of property, plant, and equipment.

Cash used in financial activities stood at ¥1,932 million, mainly attributable to dividends paid.

(3) Qualitative information on the consolidated earnings forecasts

During the first quarter of the fiscal year under review, the printing inks market remained sluggish in Japan. However, sales of the high-function products of the Polymer and Coating Business and the Color and Functional Materials Business remained steady, and cost cutting advanced. In the second quarter, although income is expected to be pressured by the appreciation of the yen and higher raw materials prices, demand is expected to remain the same as that in the first quarter.

Taking the above factors into account, the Company has adjusted its consolidated forecasts for the first half of the fiscal year under review, to sales of ¥122,500 million, operating income of ¥9,200 million, recurring income of ¥9,200 million, and net income of ¥5,100 million.

Meanwhile, the Company has decided to keep the consolidated full-year earnings forecasts previously announced (on May 17, 2010) unchanged, since the outlook of demand trends, exchange rates, raw material prices and product prices is currently unclear.

2. Other Information

(1) Important changes of subsidiaries

Not applicable.

(2) Application of simplified accounting treatment and special accounting treatment

Not applicable.

(3) Changes in accounting policies and/or the method of presentation

Changes in matters associated with accounting standards

1. Application of the Accounting Standards for Asset Retirement Obligations

The Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18 on March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008) were applied from the first quarter under review.

As a result of the applications, operating income and recurring income decreased ¥0 million, and income before income taxes and minority interests declined ¥37 million. The amount of change in asset retirement obligations due to the application of these accounting standards was ¥30 million.

2. Application of the Accounting Standard for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The Accounting Standard for Equity Method of Accounting for Investments (Standards Board of Japan (ASBJ) Statement No. 16 on March 10, 2008, and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force (PITF) No. 24 on March 10, 2008) were applied from the first quarter under review. Accordingly, the Company made the necessary revisions to its consolidated financial results.

As a result of the applications, recurring income and income before income taxes and minority interests rose ¥1 million each.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

	End of the consolidated first quarter accounting period (As of June 30, 2010)	Summary of consolidated balance sheet for the end of the previous consolidated fiscal year (As of March 31, 2010)
(Million yen)		
(Assets)		
Current assets		
Cash and bank deposits	21,145	21,037
Notes and accounts receivable	80,571	78,520
Marketable securities	726	696
Goods and products	22,008	21,624
Work-in-process	1,268	1,323
Raw material and supplies	11,102	9,980
Deferred income tax assets	2,568	2,280
Others	2,725	2,159
Allowance for doubtful receivables	-741	-711
Total current assets	141,375	136,912
Fixed assets		
Property, plant and equipment		
Building and structures	82,155	81,388
Accumulated depreciation	-49,017	-48,467
Building and structures (net amount)	33,138	32,920
Machinery and vehicles	130,942	130,614
Accumulated depreciation	-108,532	-107,508
Machinery and vehicles (net amount)	22,409	23,106
Tools, furniture and fixtures	20,257	19,938
Accumulated depreciation	-17,565	-17,318
Tools, furniture and fixtures (net amount)	2,691	2,620
Land	26,758	26,674
Leased assets	101	77
Accumulated depreciation	-38	-32
Leased assets (net amount)	62	44
Construction in progress	981	1,294
Total property, plant and equipment	86,042	86,661
Intangible fixed assets	1,162	297
Investments and other assets		
Investment in securities	27,106	30,794
Deferred income tax assets	1,748	1,194
Others	11,586	11,273
Allowance for doubtful receivables	-641	-669
Total investments and other assets	39,798	42,592
Total fixed assets	127,003	129,551
Total assets	268,378	266,463

(Million yen)

	End of the consolidated first quarter accounting period (As of June 30, 2010)	Summary of consolidated balance sheet for the end of the previous consolidated fiscal year (As of March 31, 2010)
(Liabilities)		
Current liabilities		
Notes and accounts payable	39,459	36,610
Short-term loans payable	16,123	16,341
Accrued income taxes	1,633	1,365
Others	14,286	12,619
Total current liabilities	71,502	66,937
Long-term liabilities		
Long-term loans payable	50,317	50,317
Deferred income tax liabilities	1,479	2,225
Liability for employees' retirement benefits	1,336	1,325
Provision for environmental measures	339	339
Asset retirement obligations	30	–
Others	369	375
Total long-term liabilities	53,871	54,582
Total liabilities	125,374	121,519
(Net assets)		
Shareholders' equity		
Common stock	31,733	31,733
Capital surplus	32,920	32,920
Retained earnings	84,984	83,661
Treasury stock, at cost	-1,720	-1,718
Total shareholders' equity	147,917	146,596
Valuation and translation adjustment		
Net unrealized gains on available-for-sale securities	-2,396	-112
Foreign currency translation adjustments	-6,600	-7,297
Total valuation and translation adjustment	-8,996	-7,409
Minority interests	4,083	5,756
Total net assets	143,004	144,943
Total of liabilities and net assets	268,378	266,463

(2) Consolidated income statement

(Cumulative consolidated first quarter period)

(Million yen)

	Previous first quarter period (From April 1, 2009 to June 30, 2009)	First quarter under review (From April 1, 2010 to June 30, 2010)
Net sales	51,849	59,573
Cost of sales	40,710	45,182
Gross profit	11,138	14,391
Selling, general and administrative expenses		
Packing expenses and freight charge	1,321	1,443
Salaries and allowance	2,449	2,349
Bonuses	588	629
Welfare expenses	664	572
Depreciation expenses	324	265
Research and development expenses	640	742
Others	3,602	3,477
Total selling, general and administrative expenses	9,592	9,480
Operating income	1,546	4,911
Non-operating income		
Interest income	26	21
Dividend income	237	243
Gain on foreign currency exchange	114	–
Investment income according to the equity method	–	52
Others	160	330
Total non-operating income	538	648
Non-operating expenses		
Interest expenses	292	245
Foreign exchange losses	–	187
Investment loss according to the equity method	40	–
Others	126	139
Total non-operating expenses	459	573
Recurring income	1,625	4,986
Extraordinary profit		
Gain on sales of property, plant and equipment	7	–
Reversal of allowance for doubtful accounts	–	28
Others	1	1
Total extraordinary profit	8	30
Extraordinary loss		
Loss on sales of property, plant and equipment	64	59
Loss on valuation of investment securities	–	307
Others	22	61
Total extraordinary loss	86	428
Income before income taxes and minority interests	1,547	4,588
Income taxes, current	367	1,613
Income taxes, deferred	444	-169
Total income taxes	811	1,444
Income before minority interests	–	3,143
Minority interests	73	181
Net income	662	2,962

(3) Consolidated cash flow statement

(Million yen)

	Previous first quarter period (From April 1, 2009 to June 30, 2009)	First quarter under review (From April 1, 2010 to June 30, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	1,547	4,588
Depreciation and amortization	2,624	3,342
Interest and dividend income	-263	-265
Interest expenses	292	245
Loss on disposals of property, plant and equipment	34	25
Loss/gain on valuation of investment securities (- is gain)	-	307
Equity/loss in earnings of associated companies (- is equity)	40	-52
Increase/decrease in notes and accounts receivable (- is increases)	2,437	-1,577
Increase/decrease in inventories (- is increases)	1,357	-1,187
Increase/decrease in notes and accounts payable (- is decreases)	-668	2,135
Others	1,125	237
Subtotal	8,527	6,800
Interest and dividend received	258	305
Interest paid	-114	-83
Income taxes paid	-402	-1,224
Net cash provided by operating activities	8,268	5,798
Cash flows from investing activities		
Increase in time deposits	-43	-151
Income on certificate of deposit repayment	34	138
Purchases of property, plant and equipment	-1,585	-1,008
Proceeds from sales of property, plant and equipment	16	24
Purchases of investment securities	-172	-621
Proceeds from sales of investment securities	52	369
Purchase of investments in subsidiaries	-	-2,797
Others	129	-12
Net cash used in investing activities	-1,567	-4,058
Cash flows from financing activities		
Increase/decrease in short-term loans payable, net (- is decrease)	326	-370
Dividends paid	-1,256	-1,533
Dividends paid to minority interests	-55	-
Others	-30	-28
Net cash used in financing activities	-1,017	-1,932
Foreign currency translation adjustments on cash and cash equivalents	632	146
Net increase (decrease) in cash and cash equivalents (- is decrease)	6,316	-45
Cash and cash equivalents, beginning of period	12,468	21,037
Cash and cash equivalents, end of period	18,784	20,991

(4) Notes on assumption of going business

Not applicable

(5) Segment information

[Segment information by business group]

From April 1, 2009 to June 30, 2009

(Million yen)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Eliminations or corporate	Total consolidated
Net sales								
(1) Sales to customers	22,281	6,287	11,537	10,576	1,166	51,849	–	51,849
(2) Intersegment sales	145	15	371	261	310	1,105	(1,105)	–
Total sales	22,426	6,303	11,908	10,837	1,477	52,954	(1,105)	51,849
Operating income	1,286	132	1,344	1,149	41	3,955	(2,408)	1,546

(Notes) 1. Industry segments are divided mainly by business groups with consideration given to the similarity of markets.

2. Major products in respective segments:

(1) Printing inks:

Offset inks, gravure inks, and others

(2) Graphic arts machinery and supplies:

Printing presses, printing equipment, prepress systems, printing supplies, gravure cylinders, and others

(3) Polymer chemicals:

Inside and outside can coatings, metal printing inks, resins, adhesives, waxes, coating materials, and others

(4) Chemicals and media materials:

Organic pigments, processed pigments, master batch and plastic colorants, concentrated resin colors, color filter materials, electronics materials, ink-jet materials, and others

(5) Others:

Natural materials, service provision, and others

[Segment Information]

1. Overview of Reported Segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

Based on factors such as the type and similarity of operations, the Company has categorized its operations into four groups, reported segments. These are the Printing and Information Business, the Packaging Business, the Polymer and Coating Business, and the Color and Functional Materials Business. Each business unit operates by establishing comprehensive domestic and overseas strategies for each product and service.

The Printing and Information Business mainly manufactures and sells offset inks, metal printing inks, printing presses, printing equipment, prepress systems, printing supplies, and ink-jet materials. The Packaging Business mainly manufactures and sells gravure inks and gravure cylinders. The Polymer and Coating Business mainly manufactures and sells internal and external can coatings, resins, adhesives, waxes, coating materials, and natural materials. The Color and Functional Materials Business mainly manufactures and sells organic pigments, processed pigments, plastic colorants, concentrated resin colors, and color filter materials.

2. Information on net sales and profits or losses by reported segment

From April 1, 2010 to June 30, 2010

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Printing and Information Business	Packaging Business	Polymer and Coating Business	Color and Functional Materials Business	Total				
Net sales									
Sales to customers	18,665	12,692	12,446	14,560	58,365	1,208	59,573	–	59,573
Intersegment sales	109	250	427	585	1,373	626	2,000	(2,000)	–
Total sales	18,774	12,943	12,874	15,146	59,739	1,834	61,573	(2,000)	59,573
Segment profits (loss)	547	739	1,213	2,271	4,771	-13	4,757	153	4,911

- (Notes) 1. The Others segment is the business segment that is not included in reported segments. It includes service provision.
 2. An adjustment of ¥153 million in segment profits (loss) mainly represents the deduction of intersegment transactions.
 3. Segment profits (loss) have been adjusted with operating income recorded in the consolidated quarterly income statement.

(Additional information)

The Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008) were applied the first quarter under review.

(6) Notes on significant changes in the amount of shareholders' equity

Not applicable