

Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Half of the Fiscal Year Ending March 31, 2012

November 7, 2011

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange
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 Scheduled date of submission of quarterly report: November 14, 2011
 Scheduled date of commencement of dividend payments: December 5, 2011
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for institutional investors and securities analysts)

(Amounts of less than million yen are omitted.)

1. Consolidated business results for the first half of fiscal 2011 ending March 31, 2012

(From April 1, 2011 to September 30, 2011)

(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 Half, Fiscal 2011	123,072	0.8	7,361	-26.7	7,196	-27.4	3,533	-40.3
First Half, Fiscal 2010	122,122	12.4	10,048	99.4	9,914	96.8	5,913	172.4

(Note) Comprehensive income: First half, fiscal 2011: 2,534 million yen (77.4%) First half, fiscal 2010: 1,428 million yen (-%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
First Half, Fiscal 2011	11.84	-
First Half, Fiscal 2010	19.82	-

(2) Financial position

	Total assets	Net assets	Net worth/Total assets
	Million yen	Million yen	%
First Half, Fiscal 2011	277,917	146,511	51.3
Fiscal 2010	274,797	146,034	51.7

(Note) Net worth: First half, fiscal 2011: 142,632 million yen
 Fiscal 2010: 142,115 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 2010	-	6.00	-	6.00	12.00
Fiscal 2011	-	6.00	-	-	-
Fiscal 2011 (Forecast)	-	-	-	6.00	12.00

(Note) Revision to dividend forecasts published most recently: No

3. Forecasts for the year ending March 31, 2012 (From April 1, 2011 to March 31, 2012)

(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
Full-year	240,000	-2.4	17,000	-11.2	17,000	-10.5	9,500	-17.5	31.84

(Note) Revision to consolidated business performance forecasts published most recently: No

4. Others

- (1) Important changes of subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
- (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- (i) Changes in accounting policies due to the modification in accounting methods: No
 - (ii) Changes in accounting policies other than (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No
- (4) Numbers of shares issued (common shares)
- (i) Numbers of shares issued (including treasury shares):
 - First half, fiscal 2011: 303,108,724 shares
 - Fiscal 2010: 303,108,724 shares
 - (ii) Numbers of treasury shares at the end of the terms:
 - First half, fiscal 2011: 4,713,855 shares
 - Fiscal 2010: 4,711,810 shares
 - (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
 - First half, fiscal 2011: 298,394,768 shares
 - First half, fiscal 2010: 298,415,185 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. 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 Financial Results, etc. for the First Half Ended September 30, 2011” on page 4 of the accompanying materials.
2. The Company will hold a financial results briefing for investors as follows. Reference materials for financial results and forecasts used in the briefing will be posted on the Company’s website after the close of the briefing.
 - November 21, 2011 (Monday): Briefing for institutional investors and security analysts.

Accompanying Materials – Contents

1.	Qualitative Information on Financial Results, etc. for the First Half Ended September 30, 2011	2
	(1) Qualitative information on the consolidated results.....	2
	(2) Qualitative information on the consolidated financial position	4
	(3) Qualitative information on the consolidated earnings forecasts.....	4
2.	Matters Relating to Summary Information (Other)	4
	(1) Important changes of subsidiaries during the term	4
	(2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements.....	4
	(3) Changes in accounting policies and changes or restatement of accounting estimates.....	4
	(4) Additional information.....	4
3.	Consolidated Financial Statements.....	5
	(1) Consolidated balance sheet.....	5
	(2) Consolidated statements of income and consolidated statements of comprehensive income	7
	Consolidated statements of income	
	Consolidated first half.....	7
	Consolidated statements of comprehensive income	
	Consolidated first half.....	8
	(3) Consolidated statements of cash flows	9
	(4) Notes on assumption of going business	10
	(5) Segment information, etc.	10
	(6) Notes on significant changes in the amount of shareholders' equity.....	10

1. Qualitative Information on Financial Results, etc. for the First Half Ended September 30, 2011

(1) Qualitative information on the consolidated results

During the consolidated first half under review, the Japanese economy remained generally weak, given difficulty in procuring raw materials due to the effects of the Great East Japan Earthquake, weaker production activities resulting from uncertainty over the electric power supply, and sluggish consumer confidence. The global economy appeared to slow further with the sovereign debt crisis in Europe becoming more serious, violent fluctuations in exchange rates, and signs of adjustments in the economies of emerging countries.

With this challenging backdrop, the Toyo Ink Group also faced a difficult operating environment. Apart from certain businesses related to daily necessities or reconstruction efforts connected to the earthquake, demand remained stagnant in Japan, and prices of raw materials continued to surge both in Japan and overseas, which more than offset the Group's cost-cutting efforts.

Sales for the first half of the consolidated fiscal year under review reached ¥123,072 million, up 6.1% from the forecast and 0.8% year on year, thanks to stronger overseas sales. Profits, however, slumped, with operating income amounting to ¥7,361 million, falling 0.5% from the forecast and 26.7% year on year, recurring income standing at ¥7,196 million, a decrease of 2.7% and 27.4%, and net income declining to ¥3,533 million, down 13.8% and 40.3%.

Results by segment are as follows:

(i) Printing and Information Business

In offset inks, domestic demand declined significantly in both the printing and commercial printing markets, reflecting a structural recession resulting from the progress of digitization and voluntary advertising restraints due to the earthquake and power shortages. The newspaper market recovered slightly in the second half of the period, but the number of copies, pages, and color advertising dropped sharply in the wake of the earthquake. In these circumstances, the Group retained the domestic sales quantity by increasing market share through differentiation in services and expanding sales of sophisticated products, including products with high UV sensitivity. Nonetheless, income was adversely affected by rising raw material costs. Overseas sales expanded, mainly in China, Southeast Asia, and India, but overseas earnings were hurt by sluggish imports from Japan due to the sharp appreciation of the yen and a surge in raw material prices.

Sales of graphic arts machinery and supplies remained slow in the face of the sluggish domestic offset printing market.

As a result, the Company recorded lower sales and income in the overall Printing and Information Business, with sales amounting to ¥37,234 million, down 1.8% year on year, and operating income dropping to ¥625 million, a fall of 52.1%.

(ii) Packaging Business

In Japan, sales of gravure inks for printing remained weak, but demand for mainstay gravure inks for packaging related to daily necessities, including foods, beverages, and toiletries, was strong. Sales of gravure inks for construction materials were also robust, owing to demand related to reconstructing activities in the areas hit by the earthquake disaster. 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 remained strong in North America. However, income in this segment remained weak as in offset inks, reflecting the impact from a surge in raw material prices both in Japan and overseas and the use of high-cost materials to substitute for materials in short supply after the earthquake.

The gravure cylinders business in Japan remained sluggish, resulting from stagnant demand for changing packaging designs, due to the effects of the earthquake.

As a result of the above factors, sales in the overall Packaging Business rose 4.3% year on year, to ¥28,120 million. Operating income declined 41.9%, to ¥970 million.

(iii) Polymer and Coating Business

Sales of can coatings (finishes) for drink cans declined from a year ago, when it was extremely hot in Japan. However, those in Southeast Asia were strong, mainly reflecting the effects of sales promotion in the area. Sales of resins for construction purposes were solid, reflecting reconstruction demand in the areas hit by the disaster.

For adhesives, demand for packaging was strong in Japan, South Korea, and Southeast Asia. Sales of products for solar cells also rose. Demand for adhesive compounds for labels and displays was strong in the first half of the period but sluggish in the second half. In contrast, demand for adhesive compounds for automobiles was weak in the first half but recovered in the second half. Earnings from adhesives and adhesive compounds were sluggish, given a surge in raw material prices for both products. Sales of coating materials for advertising were stagnant in Japan, partly due to voluntary restraints from holding promotional events or other such activities. Sales of coating materials for displays and electronics were also weak, owing to the effects of the earthquake and the inventory correction that took place in the market.

As a result of the above factors, sales in the overall Polymer and Coating Business rose 3.1% year on year, to ¥26,752 million. Operating income declined 29.8%, to ¥1,573 million.

(iv) Color and Functional Materials Business

Demand for commodity-type pigments was sluggish both for printing and automobiles, but sales were solid, reflecting the Group's efforts to expand sales.

Sales of plastic colorants for consumer electronics and office automation equipment were robust overseas. In Japan, sales of plastic colorants for automobiles were weak in the first half of the period but recovered in the second half. In contrast, sales of plastic colorants for housing were strong in the first half but turned flat in the second half.

Sales of high-function pigments and materials for LCD color filters fell sharply in Japan and Taiwan during the entire first half and in China and South Korea in the second half of the period, reflecting continued inventory adjustments at liquid crystal panel manufacturers due to weak demand for televisions in Japan, Europe, and the United States, as well as sluggish growth in emerging countries, including China.

As a result of the above factors, sales in the overall Color and Functional Materials Business declined 0.3% year on year, to ¥31,366 million. Operating income fell 28.9%, to ¥3,329 million.

(2) Qualitative information on the consolidated financial position

Total assets at the end of the first half of the fiscal year under review stood at ¥277,917 million, an increase of ¥3,120 million from the level at the beginning of the fiscal year under review. Liabilities at the end of the first half of the fiscal year under review were ¥131,405 million, an increase of ¥2,642 million from the level at the beginning of the fiscal year under review. Net assets at the end of the first half under review stood at ¥146,511 million, an increase of ¥477 million from net assets at the beginning of the fiscal year under review.

Inventories and notes and accounts payable increased, reflecting the implementation of prior procurement of raw materials to deal with the unpredictable procurement situation after the Great East Japan Earthquake as well as prior production to respond to a potential shortage in the supply of electric power. Meanwhile, investments in securities declined, as a result of the sluggish stock market.

(State of cash flows)

Cash and cash equivalents (“cash”) at the end of the first half under review stood at ¥24,774 million, down ¥1,958 million from the level at the beginning of the fiscal year.

Cash provided by operating activities stood at ¥5,301 million. This is primarily a reflection of sharp increases in inventories and notes and accounts payable, and income taxes paid.

Cash used in investment activities was ¥5,895 million, mainly reflecting purchases of property, plant and equipment. Cash used in financial activities stood at ¥1,487 million, mainly attributable to dividends paid.

(3) Qualitative information on the consolidated earnings forecasts

Results for the first half of the fiscal year under review progressed roughly as planned at the beginning of the fiscal year under review. To retain earnings, the Toyo Ink Group is committed to executing all necessary measures: expanding sales of high-function products, cutting costs, and passing rising raw material prices on to selling prices appropriately. Thus the Group has not changed the full-year operating forecasts that were announced on May 13, 2011. However, uncertainty over the future of the economy remains. There is also concern over declining performance, reflecting prolonged inventory adjustments in the liquid crystal-related markets, rising raw material prices, the appreciation of the yen, and the effects of the flooding in Thailand, a key base for the Group. If the effect of these factors becomes obvious, the Group will revise its earnings forecasts promptly.

2. Matters Relating to Summary Information (Other)

(1) Important changes of subsidiaries during the term

Not applicable.

(2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting policies and changes or restatement of accounting estimates

Not applicable.

(4) Additional information

The Company has adopted the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24; December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24; December 4, 2009) for accounting changes or correction of past errors that

were made after the beginning of the first quarter of the consolidated fiscal year under review.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(Million yen)

	End of the previous consolidated fiscal year (As of March 31, 2011)	End of the consolidated first half accounting period (As of September 30, 2011)
(Assets)		
Current assets		
Cash and bank deposits	26,760	24,633
Notes and accounts receivable	80,172	80,437
Marketable securities	678	799
Goods and products	21,091	23,400
Work-in-process	1,223	1,119
Raw material and supplies	11,737	13,486
Deferred income tax assets	2,667	2,223
Others	3,894	3,782
Allowance for doubtful receivables	-681	-680
Total current assets	147,545	149,204
Fixed assets		
Property, plant and equipment		
Building and structures	80,253	81,129
Accumulated depreciation	-49,030	-49,990
Building and structures (net amount)	31,223	31,138
Machinery and vehicles	126,265	126,922
Accumulated depreciation	-106,409	-108,331
Machinery and vehicles (net amount)	19,856	18,591
Tools, furniture and fixtures	19,858	20,508
Accumulated depreciation	-17,345	-17,959
Tools, furniture and fixtures (net amount)	2,513	2,548
Land	26,660	26,678
Leased assets	165	166
Accumulated depreciation	-55	-69
Leased assets (net amount)	110	96
Construction in progress	2,251	3,118
Total property, plant and equipment	82,616	82,171
Intangible fixed assets	1,041	938
Investments and other assets		
Investment in securities	30,713	28,899
Deferred income tax assets	1,443	4,880
Others	12,093	12,436
Allowance for doubtful receivables	-657	-614
Total investments and other assets	43,593	45,602
Total fixed assets	127,251	128,713
Total assets	274,797	277,917

(Million yen)

	End of the previous consolidated fiscal year (As of March 31, 2011)	End of the consolidated first half accounting period (As of September 30, 2011)
(Liabilities)		
Current liabilities		
Notes and accounts payable	39,407	42,138
Short-term loans payable	20,129	30,482
Accrued income taxes	5,221	3,135
Others	15,050	14,074
Total current liabilities	79,809	89,829
Long-term liabilities		
Long-term loans payable	45,206	35,357
Deferred income tax liabilities	1,342	2,339
Liability for employees' retirement benefits	1,387	1,419
Provision for environmental measures	337	337
Asset retirement obligations	31	31
Others	646	2,090
Total long-term liabilities	48,953	41,575
Total liabilities	128,763	131,405
(Net assets)		
Shareholders' equity		
Common stock	31,733	31,733
Capital surplus	32,920	32,920
Retained earnings	91,749	93,491
Treasury stock, at cost	-1,727	-1,729
Total shareholders' equity	154,675	156,416
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	-1,862	-3,714
Foreign currency translation adjustments	-10,696	-10,069
Total accumulated other comprehensive income	-12,559	-13,783
Minority interests	3,918	3,878
Total net assets	146,034	146,511
Total of liabilities and net assets	274,797	277,917

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

Consolidated first half	(Million yen)	
	Previous first half period (From April 1, 2010 to September 30, 2010)	First half under review (From April 1, 2011 to September 30, 2011)
Net sales	122,122	123,072
Cost of sales	92,383	95,766
Gross profit	29,739	27,306
Selling, general and administrative expenses		
Packing expenses and freight charge	2,936	2,877
Salaries and allowance	4,742	4,829
Bonuses	1,264	1,213
Welfare expenses	1,211	1,201
Depreciation expenses	535	515
Research and development expenses	1,555	1,493
Others	7,444	7,814
Total selling, general and administrative expenses	19,691	19,945
Operating income	10,048	7,361
Non-operating income		
Interest income	47	45
Dividend income	251	297
Investment income according to the equity method	72	46
Others	437	319
Total non-operating income	808	708
Non-operating expenses		
Interest expenses	492	473
Foreign exchange losses	333	273
Others	117	126
Total non-operating expenses	942	873
Recurring income	9,914	7,196
Extraordinary profit		
Gain on sales of property, plant and equipment	6	6
Others	0	-
Total extraordinary profit	6	6
Extraordinary loss		
Loss on sales of property, plant and equipment	157	127
Loss on business withdrawal	-	1,198
Others	402	40
Total extraordinary loss	560	1,366
Income before income taxes and minority interests	9,360	5,836
Income taxes, current	3,248	2,939
Income taxes, deferred	-130	-802
Total income taxes	3,117	2,136
Income before minority interests	6,242	3,700
Minority interests	329	167
Net income	5,913	3,533

Consolidated statements of comprehensive income

Consolidated first half

(Million yen)

	Previous first half period (From April 1, 2010 to September 30, 2010)	First half under review (From April 1, 2011 to September 30, 2011)
Income before minority interests	6,242	3,700
Other comprehensive income		
Net unrealized gains on available-for-sale securities	-2,669	-1,852
Foreign currency translation adjustments	-2,051	672
Share of other comprehensive income of associates accounted for using equity method	-93	15
Total other comprehensive income	-4,814	-1,165
Comprehensive income	1,428	2,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,248	2,308
Comprehensive income attributable to minority interests	179	225

(3) Consolidated statements of cash flows

(Million yen)

	Previous first half period (From April 1, 2010 to September 30, 2010)	First half under review (From April 1, 2011 to September 30, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	9,360	5,836
Depreciation and amortization	4,751	4,498
Interest and dividend income	-298	-343
Interest expenses	492	473
Loss on disposals of property, plant and equipment	77	82
Equity/loss in earnings of associated companies (- is equity)	-72	-46
Loss on withdrawal from business	-	1,198
Increase/decrease in notes and accounts receivable (- is increases)	-3,936	229
Increase/decrease in inventories (- is increases)	-1,510	-3,727
Increase/decrease in notes and accounts payable (- is decreases)	3,472	2,248
Others	-394	-94
Subtotal	11,941	10,356
Interest and dividend received	346	369
Interest paid	-501	-472
Income taxes paid	-1,314	-4,952
Net cash provided by operating activities	10,472	5,301
Cash flows from investing activities		
Increase in time deposits	-226	-163
Income on certificate of deposit repayment	348	215
Purchases of property, plant and equipment	-2,746	-4,313
Proceeds from sales of property, plant and equipment	35	19
Purchases of investment securities	-1,483	-1,851
Proceeds from sales of investment securities	660	676
Purchase of long-term prepaid expenses	-21	-442
Others	-2,873	-35
Net cash used in investing activities	-6,308	-5,895
Cash flows from financing activities		
Increase/decrease in short-term loans payable, net (- is decrease)	485	257
Proceeds from long-term loans payable	-	149
Repayments of long-term loans payable	-44	-4
Dividends paid	-1,641	-1,790
Dividends paid to minority interests	-147	-80
Others	-16	-19
Net cash used in financing activities	-1,363	-1,487
Foreign currency translation adjustments on cash and cash equivalents	-406	123
Net increase (decrease) in cash and cash equivalents (- is decrease)	2,394	-1,958
Cash and cash equivalents, beginning of period	21,037	26,732
Cash and cash equivalents, end of period	23,431	24,774

(4) Notes on assumption of going business

Not applicable

(5) Segment information, etc.

Segment information

I. From April 1, 2010 to September 30, 2010

Information on net sales and profits or losses by reported segment

(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	37,736	26,459	25,169	30,179	119,544	2,578	122,122	–	122,122
Intersegment sales	168	510	773	1,267	2,720	990	3,711	(3,711)	–
Total sales	37,904	26,970	25,943	31,447	122,265	3,568	125,834	(3,711)	122,122
Segment profits (loss)	1,307	1,670	2,241	4,681	9,901	-140	9,760	287	10,048

(Notes) 1. The Others segment is the business segment that is not included in reported segments. It includes service provision.

2. An adjustment of ¥287 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.

II. From April 1, 2011 to September 30, 2011

Information on net sales and profits or losses by reported segment

(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	37,135	27,611	26,018	30,043	120,809	2,263	123,072	–	123,072
Intersegment sales	98	508	734	1,322	2,664	771	3,435	(3,435)	–
Total sales	37,234	28,120	26,752	31,366	123,473	3,034	126,508	(3,435)	123,072
Segment profits	625	970	1,573	3,329	6,499	764	7,264	96	7,361

(Notes) 1. The Others segment is the business segment that is not included in reported segments. It includes service provision.

2. An adjustment of ¥96 million in segment profits mainly represents the deduction of intersegment transactions.

3. Segment profits have been adjusted with operating income recorded in the consolidated quarterly income statement.

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

Not applicable