

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

February 9, 2012

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: February 14, 2012
 Scheduled date of commencement of dividend payments: –
 Supplementary documents for quarterly results: No
 Quarterly results briefing: No

(Amounts of less than million yen are omitted.)

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

(From April 1, 2011 to December 31, 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 Three Quarters, Fiscal 2011	185,596	0.2	10,941	-28.2	10,808	-28.7	5,833	-35.9
First Three Quarters, Fiscal 2010	185,242	10.0	15,247	50.5	15,148	48.5	9,094	79.9

(Note) Comprehensive income: First three quarters, fiscal 2011: 545 million yen (-90.0%)
 First three quarters, fiscal 2010: 5,436 million yen (-%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
First Three Quarters, Fiscal 2011	19.55	–
First Three Quarters, Fiscal 2010	30.48	–

(2) Financial position

	Total assets	Net assets	Net worth/Total assets
	Million yen	Million yen	%
First Three Quarters, Fiscal 2011	279,339	142,553	49.7
Fiscal 2010	274,797	146,034	51.7

(Note) Net worth: First three quarters, fiscal 2011: 138,939 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	245,000	-0.4	14,000	-26.9	13,800	-27.4	7,300	-36.6	24.46

(Note) Revision to consolidated business performance forecasts published most recently: Yes

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 three quarters, fiscal 2011: 303,108,724 shares
 - Fiscal 2010: 303,108,724 shares
 - (ii) Numbers of treasury shares at the end of the terms:
 - First three quarters, fiscal 2011: 4,716,376 shares
 - Fiscal 2010: 4,711,810 shares
 - (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
 - First three quarters, fiscal 2011: 298,394,114 shares
 - First three quarters, fiscal 2010: 298,412,882 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

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 Three Quarters Ended December 31, 2011” on page 4 of the accompanying materials.

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1. Qualitative Information on Financial Results, etc. for the First Three Quarters Ended December 31, 2011

(1) Qualitative information on the consolidated results

During the consolidated first three quarters under review, the Japanese economy remained 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. In addition, the second half saw a slowdown in the world economy, including the developing countries that had been the main drivers of global business, as flooding in Thailand disrupted supply chains again, the financial crisis in Europe deepened, and the yen strengthened sharply.

With this challenging backdrop, the Toyo Ink Group also faced a difficult operating environment as demand remained stagnant in Japan and overseas and prices of raw materials continued to surge, which more than offset the Group's cost-cutting efforts.

As a result, consolidated sales for the first three quarters under review were ¥185,596 million, up 0.2% year on year, similar to the level of last year, but profits were down with operating income at ¥10,941 million, down 28.2% year on year, recurring income at ¥10,808 million, down 28.7% year on year, and net income at ¥5,833 million, down 35.9% year on year.

Results by segment are as follows:

(i) Printing and Information Related Business

In offset inks, domestic demand remained weak 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. In the newspaper market, the number of copies, page, and the volume of color advertising were down sharply in the first half due to the earthquake. In these circumstances, the Group was able to maintain sales volume by increasing market share by differentiating its service and expanding sales of sophisticated products, including products with high UV sensitivity but profits were 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 with the sharp appreciation of the yen and a surge in raw materials prices.

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

As a result, the Printing and Information Related Business recorded lower sales and earnings for the period with sales of ¥57,330 million, down 0.9% year on year, and operating income of ¥998 million, down 59.5% year on year.

(ii) Packaging Materials Related Business

In Japan, gravure inks for printing remained weak but gravure inks used for wrappings for food, beverages, toiletries

and other daily necessities as well as for housing related construction materials showed sluggish growth in the second half but were positive overall. Demand for inks used for food wrapping was positive in China and Southeast Asia and sales of eco-friendly inks expanded. In addition, demand for inks used in construction materials showed steady improvement in North America. However, cost cutting and raising prices to appropriate levels were not enough to compensate for sharply higher prices of raw materials both in Japan and overseas so, as with offset inks, from a profits perspective, circumstances remained difficult.

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

As a result of the above factors, sales in the overall Packaging Materials Related Business were ¥41,964 million, up 2.0% year on year, but operating income was ¥1,337 million, down 49.9% year on year.

(iii) Polymers and Coatings Related Business

Can coatings (finishes) declined from a year ago, when it was extremely hot in Japan, but sales in Thailand, China, and the surrounding region were favorable thanks to sales promotion efforts. Sales of resins for construction purposes were solid, reflecting reconstruction demand in the areas hit by the disaster.

For adhesives, in addition to strong demand for packaging in Japan, South Korea, and Southeast Asia, sales of eco-friendly products expanded. 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. However, earnings for both adhesives and adhesive compounds were compressed as cost cutting and adjusting sales prices to appropriate levels were not enough to cover the sharp increase in raw materials costs. Sales of coating materials for advertising were stagnant in Japan, due to voluntary restraint from holding promotional events or other such activities while demand for coating materials used in displays and electronics remained weak.

As a result of the above factors, sales of the overall Polymers and Coatings Related Business were ¥39,696 million, up 1.5% year on year, but operating income was ¥2,170 million, down 34.8% year on year.

(iv) Colorants and Functional Materials Related 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 overseas saw sluggish growth in the second half but overall remained steady. In Japan, sales of plastic colorants to the auto industry, which had been weak, recovered in the second half while sales of plastic colorants to the housing industry, which had been strong, turned sluggish in the second half.

Sales of high-function pigments and materials for LCD color filters expanded in South Korea but fell sharply in Japan and Taiwan, 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 of the overall Colorants and Functional Materials Related Business were ¥47,644 million, up only 0.2% year on year but operating income was ¥5,174 million, down 23.4% year on year.

(2) Qualitative information on the consolidated financial position

Total assets at the end of the three quarter period under review stood at ¥279,339 million an increase of ¥4,542 million from the start of the fiscal year under review. Cash and bank deposits and notes and accounts receivable increased because of the holidays at the end of the three quarter period under review and inventories were higher because of advance purchases to prepare for possible difficulties in procuring raw materials and higher prices. On the other hand, the market value of investment in securities declined, reflecting the weak equity market.

Liabilities at the end of the three quarter period under review were ¥136,785 million, an increase of ¥8,022 million from the start of the fiscal year under review. Notes and accounts payable increased because of the holidays at the end of the three quarter period under review.

Net assets at the end of the three quarter period under review were ¥142,553 million, a decrease of ¥3,480 million from the start of the fiscal year under review. Retained earnings increased due to the recognition of profit from the three quarters under review but the decline in the market value of investment in securities mentioned above reduced the net unrealized gain on available-for-sale securities while the strong yen caused a decline in foreign currency translation adjustments.

(3) Qualitative information on the consolidated earnings forecasts

Sales for the three quarter period under review were slightly ahead of the original forecast but the recovery of the markets for LCDs, solar batteries, and electronics have recovered more slowly than expected and sales of high-functioning products to these markets has been much lower than forecast. The increase in raw materials prices and the appreciation of the yen have been greater than expected and, as a result, profit continues to lag behind the forecast.

Under these circumstances, the Group will expand sales of high-functioning products, develop products based on thorough cost cutting and target costing, appropriately adjust sales prices, and work to advance globalization but, in the remaining three months of the fiscal year, a further global slowdown is expected and it is anticipated that these plans will not be enough to offset the decline so the consolidated business results forecasts announced on May 13, 2011 have been revised as follows:

Revision of consolidated business results forecasts for the fiscal year ending March 2012

(April 1, 2011 – March 31, 2012)

	Net sales	Operating income	Recurring income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Forecast as of May 13, 2011 (A)	240,000	17,000	17,000	9,500	31.84
Revised forecast (B)	245,000	14,000	13,800	7,300	24.46
Difference (B–A)	5,000	-3,000	-3,200	-2,200	–
Percentage change (%)	2.1	-17.6	-18.8	-23.3	–
Reference: Last fiscal year ending (March 31, 2011)	245,958	19,145	19,002	11,517	38.60

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 three quarters accounting period (As of December 31, 2011)
(Assets)		
Current assets		
Cash and bank deposits	26,760	28,007
Notes and accounts receivable	80,172	83,312
Marketable securities	678	798
Goods and products	21,091	23,709
Work-in-process	1,223	770
Raw material and supplies	11,737	13,011
Deferred income tax assets	2,667	1,530
Others	3,894	4,020
Allowance for doubtful receivables	-681	-668
Total current assets	147,545	154,492
Fixed assets		
Property, plant and equipment		
Building and structures	80,253	80,315
Accumulated depreciation	-49,030	-50,231
Building and structures (net amount)	31,223	30,083
Machinery and vehicles	126,265	125,344
Accumulated depreciation	-106,409	-107,963
Machinery and vehicles (net amount)	19,856	17,381
Tools, furniture and fixtures	19,858	20,094
Accumulated depreciation	-17,345	-17,639
Tools, furniture and fixtures (net amount)	2,513	2,455
Land	26,660	26,465
Leased assets	165	184
Accumulated depreciation	-55	-75
Leased assets (net amount)	110	108
Construction in progress	2,251	3,746
Total property, plant and equipment	82,616	80,242
Intangible fixed assets	1,041	939
Investments and other assets		
Investment in securities	30,713	26,979
Deferred income tax assets	1,443	4,941
Others	12,093	12,347
Allowance for doubtful receivables	-657	-604
Total investments and other assets	43,593	43,664
Total fixed assets	127,251	124,847
Total assets	274,797	279,339

(Million yen)

	End of the previous consolidated fiscal year (As of March 31, 2011)	End of the consolidated first three quarters accounting period (As of December 31, 2011)
(Liabilities)		
Current liabilities		
Notes and accounts payable	39,407	47,262
Short-term loans payable	20,129	30,911
Accrued income taxes	5,221	3,057
Others	15,050	14,382
Total current liabilities	79,809	95,613
Long-term liabilities		
Long-term loans payable	45,206	35,336
Deferred income tax liabilities	1,342	2,001
Liability for employees' retirement benefits	1,387	1,408
Provision for environmental measures	337	337
Asset retirement obligations	31	31
Others	646	2,056
Total long-term liabilities	48,953	41,172
Total liabilities	128,763	136,785
(Net assets)		
Shareholders' equity		
Common stock	31,733	31,733
Capital surplus	32,920	23,920
Retained earnings	91,749	94,001
Treasury stock, at cost	-1,727	-1,729
Total shareholders' equity	154,675	156,925
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	-1,862	-5,111
Foreign currency translation adjustments	-10,696	-12,874
Total accumulated other comprehensive income	-12,559	-17,986
Minority interests	3,918	3,614
Total net assets	146,034	142,553
Total of liabilities and net assets	274,797	279,339

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

Consolidated statements of income

Consolidated first three quarters	(Million yen)	
	Previous first three quarters period (From April 1, 2010 to December 31, 2010)	First three quarters under review (From April 1, 2011 to December 31, 2011)
Net sales	185,242	185,596
Cost of sales	140,460	144,638
Gross profit	44,781	40,957
Selling, general and administrative expenses		
Packing expenses and freight charge	4,487	4,373
Salaries and allowance	7,064	7,134
Bonuses	1,870	1,808
Welfare expenses	1,796	1,800
Depreciation expenses	802	883
Research and development expenses	2,464	2,247
Others	11,047	11,766
Total selling, general and administrative expenses	29,533	30,015
Operating income	15,247	10,941
Non-operating income		
Interest income	69	65
Dividend income	502	589
Investment income according to the equity method	136	68
Others	584	497
Total non-operating income	1,293	1,220
Non-operating expenses		
Interest expenses	737	724
Foreign exchange losses	460	364
Others	195	265
Total non-operating expenses	1,392	1,353
Recurring income	15,148	10,808
Extraordinary profit		
Gain on sales of property, plant and equipment	19	69
Others	0	-
Total extraordinary profit	19	69
Extraordinary loss		
Loss on sales of property, plant and equipment	239	205
Loss on business withdrawal	-	1,198
Others	492	113
Total extraordinary loss	731	1,517
Income before income taxes and minority interests	14,436	9,360
Income taxes, current	5,144	3,610
Income taxes, deferred	-285	-330
Total income taxes	4,859	3,280
Income before minority interests	9,577	6,080
Minority interests	483	247
Net income	9,094	5,833

Consolidated statements of comprehensive income

Consolidated first three quarters

(Million yen)

	Previous first three quarters period (From April 1, 2010 to December 31, 2010)	First three quarters under review (From April 1, 2011 to December 31, 2011)
Income before minority interests	9,577	6,080
Other comprehensive income		
Net unrealized gains on available-for-sale securities	-1,302	-3,250
Foreign currency translation adjustments	-2,715	-2,201
Share of other comprehensive income of associates accounted for using equity method	-122	-82
Total other comprehensive income	-4,140	-5,535
Comprehensive income	5,436	545
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,240	405
Comprehensive income attributable to minority interests	195	139

(3) Notes on assumption of going business

Not applicable

(4) Segment information, etc.

Segment information

I. From April 1, 2010 to December 31, 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 Materials Business	Polymers and Coatings Business	Colorants and Functional Materials Business	Total				
Net sales									
Sales to customers	57,581	40,334	38,005	45,589	181,510	3,731	185,242	–	185,242
Intersegment sales	251	807	1,116	1,942	4,117	1,528	5,645	(5,645)	–
Total sales	57,833	41,141	39,122	47,531	185,628	5,259	190,888	(5,645)	185,242
Segment profits (loss)	2,467	2,671	3,329	6,752	15,221	-406	14,814	433	15,247

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

2. An adjustment of ¥433 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 December 31, 2011

Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Printing and Information Business	Packaging Materials Business	Polymers and Coatings Business	Colorants and Functional Materials Business	Total				
Net sales									
Sales to customers	57,082	41,190	38,701	45,252	182,226	3,369	185,596	–	185,596
Intersegment sales	247	774	995	2,392	4,410	1,210	5,620	(5,620)	–
Total sales	57,330	41,964	39,696	47,644	186,636	4,580	191,217	(5,620)	185,596
Segment profits	998	1,337	2,170	5,174	9,680	1,118	10,799	142	10,941

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

2. An adjustment of ¥142 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.

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

Not applicable

(6) Important subsequent events

On January 16, 2012, a meeting of the Board of Directors of the Company resolved that on April 1, 2012, the Company's wholly-owned subsidiary Oriental Kasei Co., Ltd. will succeed to the Colorants and Functional Materials Related Business of the Company's wholly-owned subsidiary, Toyochem Co., Ltd., through an absorption-type demerger and will merge with the Company's wholly-owned subsidiary, Toyo Plax Co., Ltd., through an absorption-type merger.

For details, please refer to the Announcement of Absorption-Type Demerger, Merger and Corporate Name Change among Consolidated Subsidiaries Involved with the Reorganization of the Group's Colorants and Functional Materials Related Business, issued on January 16, 2012.