Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2013

May 14, 2013

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange
Code: 4634 URL: http://schd.toyoinkgroup.com
Representative: Katsumi Kitagawa, President, CEO
Contact: Hiroya Aoyama, Director, CFO Tel: +81-3-3272-5731
Scheduled date of ordinary shareholders' meeting: June 27, 2013
Scheduled date of commencement of dividend payments: June 28, 2013
Scheduled date of submission of financial report: June 27, 2013
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts of less than million yen are omitted.)

1. Consolidated business results for the year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(1) Business results (cumulative totals) (Figures in percentages denote the year-on-year change.)

Year ended	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2013	248,689	1.4	17,547	28.6	18,468	37.4	8,714	20.4
March 2012	245,337	-0.3	13,648	-28.7	13,445	-29.2	7,238	-37.2

(Note) Comprehensive income: Fiscal 201218,169 million yen (270.6%) Fiscal 2011 4,902 million yen (-25.2%)

Year ended	Net income per share(Basic)	Net income per share (Diluted)	Return on equity	Recurring income/ Total assets	Operating income/Net sales
	Yen	Yen	%	%	%
March 2013	29.20	–	5.8	6.3	7.1
March 2012	24.26	–	5.1	4.8	5.6

(Note) Equity in earnings of associated companies: Fiscal 2012-18 million yen Fiscal 2011-8 million yen

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net assets per share
	Million yen	Million yen	%	Yen
March 2013	299,571	161,322	52.4	525.62
March 2012	283,144	146,913	50.6	479.71

(Note) Net worth: Fiscal 2012156,835million yen Fiscal 2011143,140 million yen

(3) Consolidated cash flow condition

Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
March 2013	17,460	-14,363	-1,465	35,333
March 2012	18,453	-10,354	-1,880	32,644

2. Dividends

	Dividends per share					Dividends total (annual)	Dividend payout ratio (consolidated)	Dividends/Net assets
	End of Q1	End of Q2	End of Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 2012	–	6.00	–	6.00	12.00	3,580	49.5	2.5
March 2013	–	6.00	–	6.00	12.00	3,580	41.1	2.4
March 2014 (Forecast)	–	6.00	–	6.00	12.00		35.8	

3. Forecasts for the year ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(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	130,000	5.3	9,500	18.3	9,500	19.7	5,000	26.5	16.76
Full-year	270,000	8.6	20,000	14.0	20,000	8.3	10,000	14.8	33.51

* Notes:
(1) Important changes of subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No

(2) Changes in accounting policies and changes or restatement of accounting estimates
  (i) Changes in accounting policies due to the modification in accounting methods: Yes
  (ii) Changes in accounting policies other than (i): No
  (iii) Changes in accounting estimates: Yes
  (iv) Restatement: No
  (Note) The Company has changed the depreciation method since the first quarter of the fiscal year under review, and the cases when changes in accounting methods that are difficult to distinguish from changes in accounting estimates are applicable. For details, please refer to 4. Consolidated Financial Statements, (5) Explanatory notes to consolidated financial statements (Basic and important matters in preparing the consolidated financial statements) on page 17 of the accompanying materials.

(3) Numbers of shares issued (common shares)
  (i) Numbers of shares issued (including treasury shares):
    Fiscal 2012: 303,108,724 shares
    Fiscal 2011: 303,108,724 shares
  (ii) Numbers of treasury shares at the end of the terms:
    Fiscal 2012: 4,727,008 shares
    Fiscal 2011: 4,718,072 shares

(iii) Average numbers of shares issued during the terms (consolidated accumulation periods)
:
    Fiscal 2012: 298,386,704 shares
    Fiscal 2011: 298,393,341 shares

Reference: Financial summary (non-consolidated) (Amounts of less than million yen are omitted.)
Non-consolidated business results for the year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)
(1) Results of operations (Percentages show year-on-year rates.)

Year ended	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2013	19,615	24.6	9,366	65.4	10,118	59.7	8,325	109.0
March 2012	15,745	–	5,662	–	6,336	–	3,984	–

Year ended	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
March 2013	27.90	–
March 2012	13.35	–

The Group adopted a holding company structure as a result of a company split effective April 1, 2011. With this shift, the Group's financial position and business results have fluctuated significantly from the year ended March 2012. Disclosure of percentage changes for the year ended March 2012 is omitted because of the inability to provide appropriate variance analysis.

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net assetsper share
	Million yen	Million yen	%	Yen
March 2013	181,594	138,854	76.5	465.36
March 2012	147,420	131,261	89.0	439.90

(Note) Net worth: Fiscal 2012138,854million yen Fiscal 2011131,261 million yen

* Status of audit procedures
This financial summary does not need to undergo audit procedures under the Financial Instruments and Exchange Act. As at the time of the announcement of this financial summary, the audit procedures for financial statements under the Financial Instruments and Exchange Act was being undertaken.

* 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. The forecasts do not constitute an assurance that the Company promises to achieve the 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) Forecasts for the next fiscal year" of "1. Analysis of Operating Results and Financial Position" on page 5 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.
  - May 20, 2013 (Monday): Briefing for institutional investors and security analysts.

Accompanying Materials – Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

(Million yen)

	Net sales	Operating income	Recurring income	Net income
March 2013	248,689	17,547	18,468	8,714
March 2012	245,337	13,648	13,445	7,238
Growth rate (%)	1.4	28.6	37.4	20.4

During the consolidated fiscal year under review, global economic growth slowed, mainly given the uncertain outlook of the fiscal crisis in Europe and economic deceleration in China, India and other emerging economies that had hitherto been the main engines of the world economy. The Japanese economy, meanwhile, remained at a standstill, with the monetary policies of the new government leading to a recovery in stock prices and a correction of the strong yen in the second half, but with this momentum not being reflecting in the real economy.

In this challenging business environment, Toyo Ink Group conducted the business activities summarized below in line with its FY2012 Group Management Policy to “Accelerate new product development to meet anticipated needs, global development and growth strategies in order to establish ourselves as the number one brand,” “Improve manufacturing capabilities and risk response,” and “Enhance corporate governance within the Group and upgrade systems to enable speedy execution.”

To “Accelerate growth strategies,”the Group developed and expanded sales of eco-friendly products such as Non VOC sheet-fed inks, highly UV sensitive inks, water-based inkjet inks, water-based gravure inks and water-based adhesives, and also focused on developing new markets including telecommunications, life sciences and energy-related markets.

The Group also sought to step up global development, expanding production bases in growth regions such as India, Indonesia and Vietnam, developing products suited to regional needs, and pursuing alliances in the pigment business with companies in China and India.

In addition, the Group participated in exhibitions such as drupa 2012, Tokyo International Packaging Exhibition, and Battery Japan 2013 and conducted promotional activities. In the fiscal year under review, the Group also held a private exhibition showcasing developments and new products of the Toyo Ink Group, and this led to proposals to customers and expansion in sales.

To “Improve manufacturing capabilities and risk response,”the Group implemented measures to strengthen the base for sustainable growth, including spreading supply risks for raw materials by widening the scope of international procurement activities and reviewing the Group’s complementary production system.

To “Enhance corporate governance within the Group and upgrade systems to enable speedy execution,” the Group reorganized group companies in Japan and overseas, including establishing Toyo Color Co., Ltd. It also implemented measures such as developing and revitalizing human resources, efficiently managing capital and increasing use of information systems.

The Group steadily implemented the measures outlined above. However, in December 2012, the Group incurred an extraordinary loss when it paid $45 million to the US Government to settle allegations that it violated the False Claims Act in connection with past sales of pigments to the US. The Group will again focus on activities in the United States to maintain and expand them.

The Group also took part in a redevelopment project in the Kyobashi district of Tokyo’s Chuo Ward, which is the location of its head office, and provisionally relocated its head office to a neighboring building in May 2013.

As a result of these activities, sales in the consolidated fiscal year under review stood at 248,689 million yen (a 0.5% decrease compared with the Group’s forecast and a 1.4% increase compared with the previous fiscal year). Consequently, profits were up, with operating income at 17,547 million yen (up 0.3% and up 28.6%), recurring income at 18,468 million yen (up 2.6% and up 37.4%), and net income at 8,714 million yen (up 8.9% and up 20.4%).

Results by segment are as follows:

(Million yen)

	Net sales			Operating income		
	Previous term	Term under review	Change (%)	Previous term	Term under review	Change (%)
Printing and Information Related Business	76,108	75,131	-1.3	1,367	3,329	143.6
Packaging Materials Related Business	55,562	56,160	1.1	1,735	2,174	25.3
Polymers and CoatingsRelated Business	52,541	51,010	-2.9	2,791	3,400	21.8
Colorants and Functional Materials Related Business	62,636	66,846	6.7	6,210	7,630	22.9
Others	6,073	5,895	-2.9	1,437	948	-34.0
Subtotal	252,921	255,044	0.8	13,541	17,484	29.1
Eliminations or corporate	-7,583	-6,355	–	106	63	–
Total consolidated	245,337	248,689	1.4	13,648	17,547	28.6

(i) Printing and Information Related Business

In offset inks, demand in Japan remained stagnant, reflecting the delayed recovery of the economy as well as a structural recession resulting from the progress of digitization. However, compared with the previous fiscal year, when business was affected by voluntary advertising restraints due to the earthquake, demand for commercial and newspaper printing recovered. In addition, sales of advanced products increased, including products with high UV sensitivity and hard coat products used in touchscreens and inks for rotary offset printing. Overseas, a slowdown of the economies in China and Southeast Asia, which had been growing markedly, resulted in sluggish sales growth, and earnings were hurt mainly by the escalating price competition and higher labor costs.

Sales of graphic arts equipment and supplies were weak in the face of sluggish demand related to equipment investment in the domestic offset printing market.

As a result, sales in the overall Printing and Information Business decreased to ¥75,131 million, down 1.3% year on year, but operating income increased to ¥3,329 million, up 143.6% year on year, as a result of cost-cutting measures and higher sales of advanced products.

(ii) Packaging Materials Related Business

As for gravure inks in Japan, demand for inks for printing continued to decline. Sales of mainstay gravure inks for packaging were also sluggish in the first half, reflecting weak consumption and the prolonged negative reaction from anticipatory demand in expectation of product shortages due to the earthquake, but demand recovered in the second half, especially for food. Overseas, sales of eco-friendly inks for packaging increased in China and Southeast Asia, and demand for gravure inks for construction materials also remained strong in North America.

The gravure cylinders business was also weak in the first half, with stagnant demand for new packaging designs. However, in the second half, it achieved expansion in sales and growth.

As a result of the above factors, sales in the overall Packaging Materials Related Business were 56,160 million yen, up 1.1% year on year.Operating income was 2,174 million yen, up25.3% year on year.

(iii) Polymers and CoatingsRelated Business

Sales of can coatings (finishes) remained on a downward trend in Japan. However, in Southeast Asia and China, sales of these products, mainly for food cans, remained strong. Sales of resins remained stagnant, reflecting an accident at the material manufacturer in the second half.

For adhesives, domestic sales of products for packaging remained sluggish, and those for solar cells were also stagnant. Sales of adhesive compounds also remained stagnant, given sluggish growth in demand, as well as the effects of the accident at the material manufacturer in the second half. For coating materials, sales of products for both advertising and those for electronics, including electromagnetic shielding films for smartphones, held firm.

As a result of the above factors, sales in the overall Polymers and Coatings Business declined 2.9% year on year, to ¥51,010 million, but operating income rose21.8%, to ¥3,400 million, the result of cost cutting measures and higher sales of advanced products.

(iv) Colorants and Functional Materials Related Business

Both in Japan and overseas, demand for commodity-type pigments for automobiles were on a recovery trend, but products for printing remained sluggish.

In Japan, sales of plastic colorants for the containers of mainly beverages remained strong, and those for products for solar cells also grew. Overseas, sales of products for office equipment and automobiles remained robust, but the continuous rise in raw material prices put pressure on operating income.

For high-function pigments and materials for LCD color filters, demand for products for TVs stagnated. However, sales of products for tablet terminals and smartphones were strong. By market, sales in Japan and Taiwan were weak in the first half and recovered in the second half , and sales in South Korea and China also increased.

As a result of the above factors, sales in the overall Colorants and Functional Materials Business increased to ¥66,846 million, up 6.7% year on year, andoperating income rose 22.9%, to ¥7,630 million.

(2) Analysis of financial position

(i) Assets, liabilities, and net assets

(Million yen)

	End of previous fiscal year	End of fiscal year under review	Change
Total assets	283,144	299,571	16,427
Liabilities	136,230	138,249	2,018
Net assets	146,913	161,322	14,408

Total assets at the end of the fiscal year under review stood at 299,571 million yen, an increase of 16,427 million yen from the level at the beginning of the fiscal year. Liabilities at the end of the fiscal year were 138,249 million yen, an increase of 2,018 million yen from the level at the beginning of the fiscal year. Net assets at the end of the fiscal year stood at 161,322 million yen, a rise of 14,408 million yen from the level at the beginning of the fiscal year.

In assets, investment in securities increased, and property, plant and equipment increased as a result of the reorganization of production and research and development bases in Japan and the expansion of production bases overseas.

In liabilities, long-term loans payable increased and short-term loan payable decreased as a result of refinancing.

In net assets, retained earnings increased as a result of the recognition of profit from the fiscal year under review. The weak yen caused an increase in foreign currency translation adjustments.

(ii) Cash flows (Million yen)

	Previous term	Term under review	Change
Cash flows from operating activities	18,453	17,460	-993
Cash flows from investing activities	-10,354	-14,363	-4,008
Cash flows from financing activities	-1,880	-1,465	414
Balance of cash and cash equivalents	32,644	35,333	2,689

Cash and cash equivalents (“cash”) at the end of the fiscal year under review stood at 35,333 million yen, up 2,689 million yen from the level at the beginning of the fiscal year.
Cash provided by operating activities stood at 17,460 million yen, a decline in cash inflows of 993 million yen year on year, mainly reflecting a decline in cash inflows due to a decrease in notes and accounts payable and an increase in income taxes paid, offsetting an increase in income before income taxes and minority interests、
Cash used in investment activities were 14,363 million yen, an increase in cash outflows of 4,008 million yen year on year, which reflects an increase in cash outflows for the purchases of property, plant and equipment and purchases of investment securities.
Cash used in financial activities stood at 1,465 million yen, a decline in cash outflows of 414 million yen from the previous fiscal year primarily reflecting refinancing of long-term loans payable.

Trends in Group cash flows are as follows:

	Term ended March, 2010	Term ended March, 2011	Term ended March, 2012	Term ended March, 2013
Capital adequacy ratio (%)	52.2	51.7	50.6	52.4
Market value-based capital adequacy ratio (%)	47.0	43.0	35.9	43.8
Ratio of interest-bearing debt to cash flows (years)	2.6	2.9	3.7	4.1
Interest coverage ratio (times)	24.1	23.7	18.8	18.8

Capital adequacy ratio: Shareholders’ equity / total assets
Market value-based capital adequacy ratio: Market capitalization / total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / cash flows
Interest coverage ratio: Cash flows / interest payments

(Notes) 1. Each indicator is calculated using consolidated financial data.
2. Market capitalization is computed based on the number of shares issued excluding treasury stock.
3. Cash flows denote cash flows from operating activities.
4. Interest-bearing debt denotes all debts and discounted notes receivable recorded in consolidated balance sheets that pay interest.

(3) Forecasts for the next fiscal year

(Million yen)

	Net sales	Operating income	Recurring income	Net income
Term ending March, 2014	270,000	20,000	20,000	10,000
Term ended March, 2013	248,689	17,547	18,468	8,714
Growth rate (%)	8.6	14.0	8.3	14.8

Looking ahead to the next consolidated fiscal year, the global economy is expected to stage a modest recovery. However, the outlook remains uncertain, given the unresolved European financial crisis.
Although the Group also expects to face a difficult operating environment, with higher raw material prices in addition to stagnant demand, it will continue to accelerate growth strategies and strengthen profitability. Consequently, we expect to post net sales of

270billion yen in the next consolidated fiscal year, up8.6% from a year earlier; operating income of 20billion yen, up 14.0% year on year; recurring income of 20billion yen, up8.3%; and net income of 10billion yen, up 14.8%.

2. Group Overview

The Toyo Ink Group is constituted of the Company, 59 consolidated subsidiaries and 11 equity method affiliate companies.

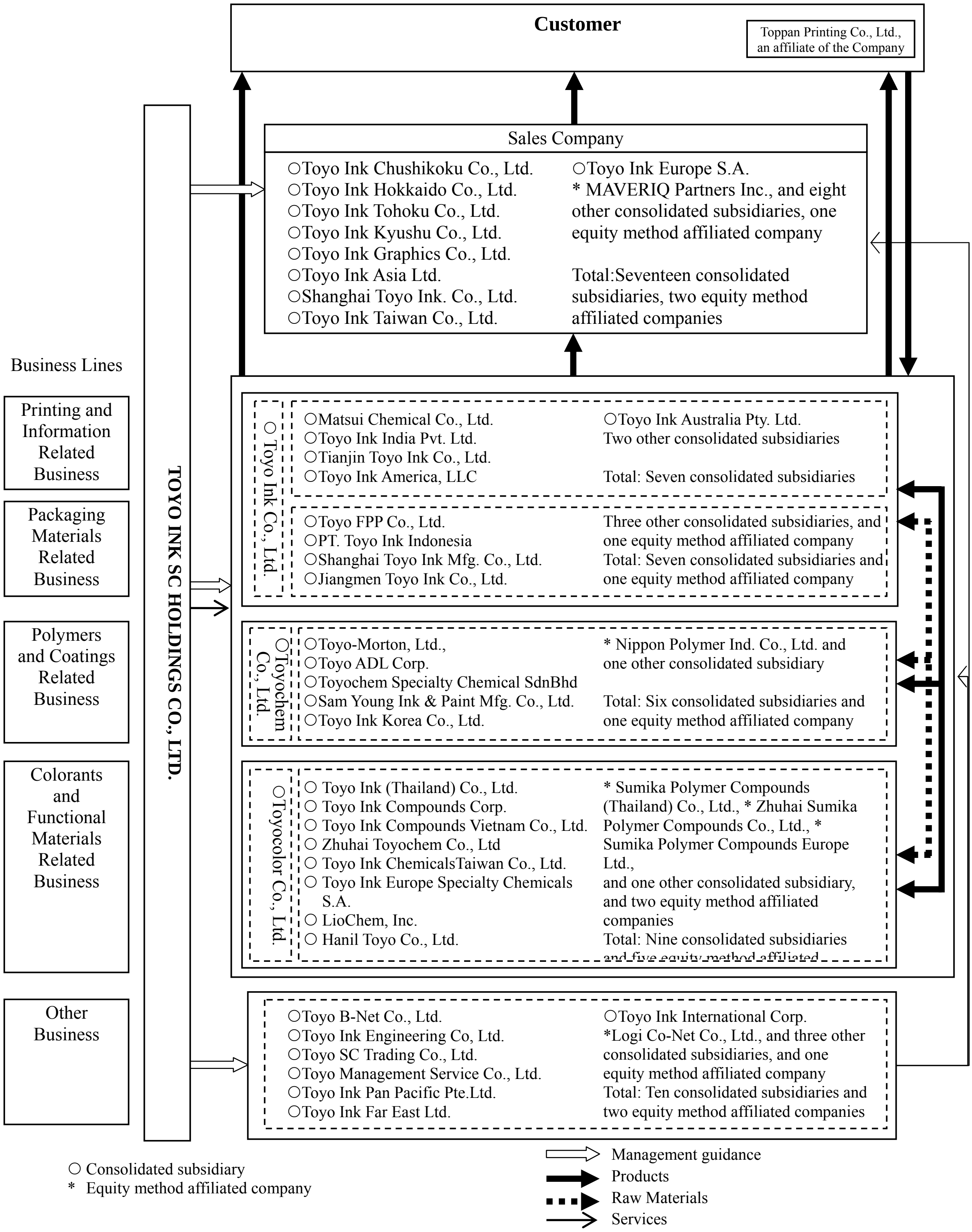
Regarding changes in major affiliated companies, on April 1, 2012, the Company’s wholly-owned subsidiary Oriental Kasei Co., Ltd. succeeded the Colorants and Functional Materials Related Business of the Company’s wholly-owned subsidiary, Toyochem Co., Ltd., through an absorption-type demerger and merged with the Company’s wholly-owned subsidiary, Toyo Plax Co., Ltd., through an absorption-type merger. Accordingly, Oriental Kasei Co., Ltd. changed its trade name to Toyocolor Co., Ltd. on the same day.

Business lines of the Group are as follows:

Business line	Major Business	Major Company	
Printing and Information Related Business	Offset inks, metal printing inks, printing machines, printing equipment, prepress systems, printing supplies ink-jet materials and others	Domestic	Toyo Ink Co., Ltd., Matsui Chemical Co., Ltd. and others
		Overseas	Tianjin Toyo Ink Co., Ltd., Toyo Ink America, LLC, Toyo Ink Australia Pty. Ltd. and others
Packaging Materials Related Business	Gravure inks, flexographic inks, gravure cylinders and others	Domestic	Toyo Ink Co., Ltd., Toyo FPP Co., Ltd. (Note) and others
		Overseas	Shanghai Toyo Ink Mfg. Co., Ltd., Jiangmen Toyo Ink Co., Ltd. and others
Polymers and CoatingsRelatedBusiness	Can coatings, resins, adhesives, adhesive compounds, coating materials, natural materials and others	Domestic	Toyochem Co., Ltd., Toyo-Morton, Ltd., Toyo ADL Corp. and others
		Overseas	Toyochem Specialty Chemical SdnBhd,Sam Young Ink & Paint Mfg. Co., Ltd. and others
Colorants and Functional Materials RelatedBusiness	Organic pigments, processed pigments, plastic colorants, color filter materials and others	Domestic	Toyocolor Co., Ltd.and others
		Overseas	Toyo Ink (Thailand) Co., Ltd., Toyo Ink Compounds Corporation,Toyo Ink Compounds Vietnam Co., Ltd., ZhuhaiToyochem Co., Ltd., Toyo Ink Chemicals Taiwan Co., Ltd.,Toyo Ink Europe Specialty Chemicals S.A.,LioChem, Inc. and others
Other Business	Service provision, real estate rental business management, holding company for subsidiaries and others	Domestic	Toyo Ink Co., Ltd.,Toyo B-Net Co., Ltd., Toyo Ink Engineering Co, Ltd. and others
		Overseas	Toyo Ink Pan Pacific Pte. Ltd., Toyo Ink Far East Ltd., Toyo Ink International Corp. and others
Sales Business	Sales of products handled by the Group companies	Domestic	Toyo Ink Chushikoku Co., Ltd., Toyo Ink Hokkaido Co., Ltd., Toyo Ink Tohoku Co., Ltd., Toyo Ink Kyushu Co., Ltd., Toyo Ink Graphics Co., Ltd. and others
		Overseas	Toyo Ink Asia Ltd., Shanghai Toyo Ink Co., Ltd., Toyo Ink Europe S.A. and others

The Toyo Ink Group deals with Toppan Printing Co., Ltd., an affiliate of the Group, in finished goods and merchandise.

The organization chart is as follows:
(Organization Chart)



3. Management Policy

(1) Basic management policy

All corporate activities of the Group are guided by a corporate philosophy of "People-oriented management," a corporate policy of "Aiming to be a company creating new values for human culture throughout the world," and guiding principles that call for customer satisfaction, employee satisfaction, and community satisfaction.

As a manufacturer in the 21st century, we will consistently propose and provide new value for ever-changing living from consumers' perspective, will consider harmony with the environment centered on the conservation of energy and materials, as well as a commitment to safety and security, and will fulfill the corporate social responsibility of a chemical corporation. Through these activities we will aspire to maximize the satisfaction of all stakeholders.

To this end, we will establish a healthy and robust operating base and enhance corporate value with the development of environmentally friendly products, the proactive disclosure of information in IR and PR activities, appropriate internal controls and corporate governance, and management focused on efficiency and performance.

(2) Target management indicators

The Group, which has entered its second century, has adopted the corporate visions set out in SCC2017, which describes the direction we seek to take over the period from fiscal 2008 to fiscal 2016, ending March 31, 2017. SCC stands for "Specialty Chemical maker Challenge." With this aim, we will continue to reform our business and profit structures to increase not only sales and profit but also ROA and ROE, as a company creating high added value.

(3) Medium- to long-term management strategy

Under SCC2017, we aim to evolve into a specialty chemical maker that is able to make a global contribution, based on a firm corporate policy. We will achieve the goals in SCC2017 in three three-year medium-term management plans, named SCC-I, II, and III.

In the period from fiscal 2011 to fiscal 2013, the Group is pursuing the medium-term management plan SCC-II as the second stage of SCC2017. This plan was revised to reflect the influence of the Great East Japan Earthquake and was renamed "Renaissance Plan," aiming at a strong recovery from the challenging industry environment. We will pursue the following three basic policies and implement related measures.

First, we will swiftly and tenaciously pursue product development, market exploration, and marketing-led business expansion, creating new revenue growth. With the launch of SCC-II, we will establish and operate four business domains (Living & Healthcare, Information & Communication, Fine Imaging & Printing and Energy & Environment) as strategic nucleuses for the development of new products and businesses. To support this, technologies possessed by the Group will be brought together as a technology platform that will be used for organic growth. Specifically, the platform will have three groups: specialty materials, materials processing, and material converting. Globally, we will rapidly develop our operations, especially in China, Southeast Asia, India, Brazil, and other emerging countries, by devising and executing sophisticated strategies and flexibly utilizing our management resources. Moreover, we will improve the Group's market share by consistently stepping up our activities to offer solutions to customers to respond to their needs and challenges and by raising the level of customer satisfaction.

Second, we aim to continue to boost revenue sources through innovation in manufacturing, by producing the right categories of products using the right materials in the right quantities at the right places. To ensure profitability, we will continue our efforts to achieve manufacture innovation and upgrade and expand global supply chain management (SCM) through collaboration between the production departments and the sales, technology, procurement, and distribution departments. This will be accompanied by business development in all areas, from materials to processed products, product upgrades for global competitiveness, response to changes in demand and to multi-line trends, improvement of quality assurance levels, and eco-friendly operations.

In April 2011, the Group adopted a holding company structure to strengthen the value creation functions of each of its businesses, while improving overall corporate value and maximizing Group synergy. The Group is committed to making the most of this new governance structure for business management, emphasizing speed and the flexible use of the Group's overall management resources. It also aims to strengthen "sustainable management" with an emphasis on harmony with the environment, risk response, global coexistence, and corporate social responsibility (CSR).

(4) Our challenges

We are positioning the following fiscal year, which is the final fiscal year of the medium-term management plan SCC-II, as one in which we will complete SCC-II and achieve substantial growth and progress toward achieving SCC2017.

The Group will implement measures to overcome its challenges in the following fiscal year, which are to "pursue growth strategies with emphasis on CS (customer satisfaction)," to strengthen the manufacturing base, and enhance profitability," and to "establish structures to support global business and speed in business."

In the Printing and Information Related Business, the Group will continue to develop and expand sales of products which will help reduce total cost to the customer and help reduce environmental impact. It will also seek to quickly tap into demand in growth regions by means such as achieving the early start-up of the manufacturing base under construction in Brazil and pushing ahead with the construction of a second plant in India.

In the Packaging Materials Related Business, we will expand sales and develop markets by offering differentiated new products such as advanced gravure inks and soft packaging flexographic printing inks, as well as products aimed at the largest market segment in growth regions. Once we have achieved stable operations at our newly established plants in India, Viet Nam and Inland China, we will also seek to further expand supply capacity in other growth regions.

In April 2013, the Group acquired all outstanding shares in ARETS International NV, a manufacturer of UV-curing inks operating mainly in Europe. UV-curing inks are products that could develop and dominate printing/information and package-related business, because they can shorten printing time since they harden instantaneously when exposed to UV radiation and because they can be used to print on diverse base materials. The Group aims to become the No. 1 brand and the global leader in this field, and has acquired ARETS International NV to expand its network and further maximize synergies.

In the Polymers and Coatings Related Business, the Group plans to develop markets and expand business by providing products targeting the largest market segment and expanding production capacity for the can coating and adhesives markets of Southeast Asia and China, where demand is growing, and by combining the Group's materials and technologies to develop advanced adhesives and coating products for telecommunication, energy, automobile and healthcare related markets.

In the Colorants and Functional Materials Related Business, we will shift our focus to high-function products and maintain the global SCM system to strengthen profitability. In high-function pigments and LCD color filter materials, we will expand production capacity, and work to increase our market share in Japan, South Korea and Taiwan and to expand sales in the China market. In the energy sector, which includes solar batteries and secondary batteries, we plan to develop and increase sales of products with functions that will support more widespread use of solar batteries and secondary batteries.

Furthermore, throughout the entire operation of these businesses, the Group will work to make business information available in a timely manner, to speed up business as the overseas sales ratio increases. We will make efficient use of capital, improve eco-friendliness and safety, increase global human resources, and foster and maintain compliance and risk management. In research and development activities, the Group will encourage researchers to be creative and strengthen development activities at overseas bases for strengthening the development capacity of next-generation products.

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(Million yen)

	As of March 31, 2012		As of March 31, 2013	
(Assets)				
Current assets				
Cash and bank deposits	*2	32,457		33,996
Notes and accounts receivable	*5	81,413	*5	82,733
Marketable securities		815		2,278
Goods and products		22,009		23,683
Work-in-process		1,248		1,158
Raw material and supplies		12,896		12,676
Deferred income tax assets		2,184		2,646
Others		3,253		3,379
Allowance for doubtful receivables		-568		-590
Total current assets		155,709		161,963
Fixed assets				
Property, plant and equipment				
Building and structures	*2	80,067	*2	82,735
Accumulated depreciation		-49,774		-50,666
Building and structures (net amount)		30,293		32,069
Machinery and vehicles	*2	125,980	*2	132,288
Accumulated depreciation		-108,295		-112,782
Machinery and vehicles (net amount)		17,684		19,506
Tools, furniture and fixtures		20,174		20,857
Accumulated depreciation		-17,732		-18,157
Tools, furniture and fixtures (net amount)		2,441		2,699
Land	*2	26,805	*2	28,043
Leased assets		184		259
Accumulated depreciation		-83		-117
Leased assets (net amount)		101		141
Construction in progress		3,424	*6	4,663
Total property, plant and equipment		80,752		87,124
Intangible fixed assets		895		736
Investments and other assets				
Investment in securities	*1	30,476	*1	35,816
Deferred income tax assets		3,882		1,053
Others		12,016		13,432
Allowance for doubtful receivables		-587		-554
Total investments and other assets		45,787		49,747
Total fixed assets		127,435		137,608
Total assets		283,144		299,571

(Million yen)

	As of March 31, 2012	As of March 31, 2013
(Liabilities)		
Current liabilities		
Notes and accounts payable	*5 44,766	*5 43,585
Short-term loans payable	35,306	34,822
Accrued income taxes	4,522	4,371
Others	14,531	15,220
Total current liabilities	99,127	98,000
Long-term liabilities		
Long-term loans payable	31,491	35,383
Deferred income tax liabilities	2,104	1,481
Liability for employees' retirement benefits	1,458	1,432
Provision for environmental measures	337	306
Asset retirement obligations	31	32
Others	1,678	1,611
Total long-term liabilities	37,103	40,248
Total liabilities	136,230	138,249
(Net assets)		
Shareholders' equity		
Common stock	31,733	31,733
Capital surplus	32,920	32,920
Retained earnings	95,406	100,540
Treasury stock, at cost	-1,729	-1,732
Total shareholders' equity	158,330	163,461
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	-2,919	-1
Foreign currency translation adjustments	-12,269	-6,623
Total accumulated other comprehensive income	-15,189	-6,625
Minority interests	3,772	4,487
Total net assets	146,913	161,322
Total of liabilities and net assets	283,144	299,571

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

Consolidated statements of income (Million yen)

		From April 1, 2011 to March 31, 2012		From April 1, 2012 to March 31, 2013
Net sales		245,337		248,689
Cost of sales	*1	191,821	*1	190,670
Gross profit		53,516		58,019
Selling, general and administrative expenses				
Packing expenses and freight charge		5,833		5,801
Salaries and allowance		9,482		9,558
Bonuses		2,395		2,426
Welfare expenses		2,384		2,498
Depreciation expenses		1,175		969
Research and development expenses	*1	3,007	*1	3,204
Others		15,587		16,011
Total selling, general and administrative expenses		39,868		40,472
Operating income		13,648		17,547
Non-operating income				
Interest income		98		117
Dividend income		597		643
Foreign exchange gains		–		988
Others		695		588
Total non-operating income		1,391		2,339
Non-operating expenses				
Interest expenses		986		895
Foreign exchange losses		186		–
Investment loss according to the equity method		8		18
Compensation for damage		87		209
Others		325		295
Total non-operating expenses		1,593		1,418
Recurring income		13,445		18,468
Extraordinary profit				
Compensation for removal		–	*3	1,994
Others		79		130
Total extraordinary profit		79		2,125
Extraordinary loss				
Loss on sales of property, plant and equipment	*2	284	*2	362
Settlement package		–	*4	3,824
Head office transfer cost		–		460
Others		1,513		301
Total extraordinary loss		1,797		4,948
Income before income taxes and minority interests		11,727		15,644
Income taxes, current		5,140		6,263
Income taxes, deferred		-978		290
Total income taxes		4,161		6,554
Income before minority interests		7,566		9,090
Minority interests		328		375
Net income		7,238		8,714

Consolidated statements of comprehensive income (Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Income before minority interests	7,566	9,090
Other comprehensive income		
Net unrealized gains on available-for-sale securities	-1,057	2,919
Foreign currency translation adjustments	-1,554	5,936
Share of other comprehensive income of associates accounted for using equity method	-50	223
Total other comprehensive income	*1 -2,663	*1 9,078
Comprehensive income	4,902	18,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,607	17,278
Comprehensive income attributable to minority interests	294	890

(3) Consolidated statements of changes in net assets

(Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Shareholders' equity		
Common stock		
Balance at the beginning of the period	31,733	31,733
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the period	31,733	31,733
Capital surplus		
Balance at the beginning of the period	32,920	32,920
Changes of items during the period		
Sales of treasury stock	-0	–
Total changes of items during the period	-0	–
Balance at the end of the period	32,920	32,920
Retained earnings		
Balance at the beginning of the period	91,749	95,406
Changes of items during the period		
Dividends from surplus	-3,580	-3,580
Net income	7,238	8,714
Sales of treasury stock	-0	-0
Total changes of items during the period	3,657	5,133
Balance at the end of the period	95,406	100,540
Treasury stock, at cost		
Balance at the beginning of the period	-1,727	-1,729
Changes of items during the period		
Purchases of treasury stock	-3	-3
Sales of treasury stock	1	0
Total changes of items during the period	-1	-3
Balance at the end of the period	-1,729	-1,732
Total shareholders' equity		
Balance at the beginning of the period	154,675	158,330
Changes of items during the period		
Dividends from surplus	-3,580	-3,580
Net income	7,238	8,714
Purchases of treasury stock	-3	-3
Sales of treasury stock	1	0
Total changes of items during the period	3,655	5,130
Balance at the end of the period	158,330	163,461

(Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities		
Balance at the beginning of the period	-1,862	-2,919
Changes of items during the period		
Net changes except for shareholders' equity	-1,057	2,918
Total changes of items during the period	-1,057	2,918
Balance at the end of the period	-2,919	-1
Foreign currency translation adjustments		
Balance at the beginning of the period	-10,696	-12,269
Changes of items during the period		
Net changes except for shareholders' equity	-1,573	5,645
Total changes of items during the period	-1,573	5,645
Balance at the end of the period	-12,269	-6,623
Total accumulated other comprehensive income		
Balance at the beginning of the period	-12,559	-15,189
Changes of items during the period		
Net changes except for shareholders' equity	-2,630	8,563
Total changes of items during the period	-2,630	8,563
Balance at the end of the period	-15,189	-6,625
Minority interests		
Balance at the beginning of the period	3,918	3,772
Changes of items during the period		
Net changes except for shareholders' equity	-145	714
Total changes of items during the period	-145	714
Balance at the end of the period	3,772	4,487
Total net assets		
Balance at the beginning of the period	146,034	146,913
Changes of items during the period		
Dividends from surplus	-3,580	-3,580
Net income	7,238	8,714
Purchases of treasury stock	-3	-3
Sales of treasury stock	1	0
Net changes except for shareholders' equity	-2,776	9,278
Total changes of items during the period	879	14,408
Balance at the end of the period	146,913	161,322

(4) Consolidated statements of cashflows

(Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	11,727	15,644
Depreciation and amortization	9,329	8,929
Interest and dividend income	-696	-761
Interest expenses	986	895
Gain/loss on sale of property, plant and equipment (- is gain)	-63	-68
Loss on disposals of property, plant and equipment	176	208
Equity/loss in earnings of associated companies (- is equity)	8	18
Compensation for transfer	–	-1,994
Settlement package	–	3,824
Relocation expenses	–	460
Increase/decrease in notes and accounts receivable (- is increases)	-2,107	2,089
Increase/decrease in inventories (- is increases)	-2,911	855
Increase/decrease in notes and accounts payable (- is decreases)	5,817	-3,384
Others	2,259	-532
Subtotal	24,525	26,184
Interest and dividend received	725	763
Interest paid	-979	-927
Proceeds from compensation for removal	–	1,994
Settlement package paid	–	-3,824
Income taxes paid	-5,817	-6,728
Net cash provided by operating activities	18,453	17,460
Cash flows from investing activities		

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Increase in time deposits	-440	-253
Income on certificate of deposit repayment	436	385
Purchases of property, plant and equipment	-8,796	-13,008
Proceeds from sales of property, plant and equipment	131	381
Purchases of investment securities	-2,098	-3,223
Proceeds from sales of investment securities	813	2,345
Purchase of investments in subsidiaries	-241	–
Purchase of long-term prepaid expenses	-129	-284
Payments for guarantee deposits	-202	-819
Proceeds from collection of guarantee deposits	167	138
Others	5	-24
Net cash used in investing activities	-10,354	-14,363
Cash flows from financing activities		
Increase/decrease in short-term loans payable, net (- is decrease)	1,677	-2,662
Proceeds from long-term loans payable	5,423	24,038
Repayments of long-term loans payable	-5,108	-19,039
Dividends paid	-3,580	-3,578
Dividends paid to minority interests	-266	-175

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Others	-25	-48
Net cash used in financing activities	-1,880	-1,465
Foreign currency translation adjustments on cash and cash equivalents	-307	1,057
Net increase (decrease) in cash and cash equivalents (- is decrease)	5,911	2,689
Cash and cash equivalents, beginning of period	26,732	32,644
Cash and cash equivalents, end of period	*1 32,644	*1 35,333

(5) Explanatory notes to consolidated financial statements

(Notes on assumption of going business)

Not applicable

(Basic and important matters in preparingthe consolidated financial statements)

1. Scope of consolidation

The Company had 59 consolidated subsidiaries; all of the subsidiaries were consolidated.

Names of major consolidated subsidiaries:

Toyo Ink Co., Ltd.;
Toyocolor Co., Ltd.;
Toyochem Co., Ltd.;
Matsui Kagaku Co., Ltd.;
Toyo-Morton, Ltd.;
Toyo B-Net Co., Ltd.;
Toyo Ink Chushikoku Co., Ltd.;
Tianjin Toyo Ink Co., Ltd.;
Toyo Ink (Thailand) Co., Ltd.;
Toyochem Specialty Chemical SDN.BHD.;
ZhuhaiToyochem Co., Ltd.;
Toyo Ink Chemicals Taiwan Co., Ltd.;
Toyo Ink America, LLC;
Toyo Ink Europe Specialty Chemicals S.A.

During the consolidated fiscal year under review, the Company consolidated one subsidiary and deconsolidated five subsidiaries.

- In the consolidated fiscal year under review, Chengdu Toyo Ink Co., ltd. was established, and became a consolidated subsidiary.
- Oriental Kasei Co., Ltd., which had been a consolidated subsidiary until the previous fiscal year, succeeded to the colorants and functional materials related business of the Company's consolidated subsidiary Toyochem Co., Ltd. through an absorption-type merger, and also merged with and absorbed Toyo Plax, Co., Ltd, which had been the Company's consolidated subsidiary, and changed its name to Toyo Color Co., Ltd. As a result, in the consolidated fiscal year under review, Toyo Plax Co., Ltd., which had been a consolidated subsidiary until the previous fiscal year, was excluded from the scope of consolidation.
- Toyo Human Asset Co., Ltd., which had been a consolidated subsidiary until the previous fiscal year, was liquidated in the consolidated fiscal year under review and was excluded from the scope of consolidation.
- Toyo Ink Mfg. America, LLC, which had been a consolidated subsidiary until the previous fiscal year, merged with Toyo Ink America, LLC in the consolidated fiscal year under review and was excluded from the scope of consolidation.
- Toyo Ink Europe S.A.S., which had been a consolidated subsidiary until the previous fiscal year, transferred its business to Toyo Ink Europe Specialty Chemicals S.A. and was liquidated in the consolidated fiscal year under review and was excluded from the scope of consolidation. Toyo Ink Europe (Paris) S.A.S, to which business was transferred, changed its name to Toyo Ink Europe S.A.S.
- Toyochem Ink Pte Ltd., which had been a consolidated subsidiary until the previous fiscal year, merged with Toyo Ink Pan Pacific Pte Ltd. in the consolidated fiscal year under review and was excluded from the scope of consolidation.

2. Application of the equity method

The equity method is applied to investments in eleven affiliates.

Names of major subsidiaries

NIPPON POLYMER IND. CO., LTD.;
ZhuhaiSumika Polymer Compounds Co., Ltd.

In the consolidated fiscal year under review, the Company newly included two companies in its equity-method affiliates.

- In the consolidated fiscal year under review, MAVERIQ Partners, Inc. was established and became an equity-method affiliate.
- In the consolidated fiscal year under review, Jiangsu Toyo Yabang Pigment Co., Ltd. was established and became an

equity-method affiliate.

3. Fiscal year end of consolidated subsidiaries

All overseas consolidated subsidiaries settle their accounts on December 31, which is within three months of the consolidated settlement day. The Company therefore carried out no provisional settlement of accounts.

In connection with this, significant transactions accrued until the consolidated settlement day were adjusted for consolidation.

4. Accounting standards

(1)Important appraisal standards and appraisal method for assets

1) Securities

For those with market value

Stated at market value based on market prices, etc., as of the period-end (Unrealized valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.)

For those without market value

Stated at cost as determined by the moving average method.

2) Derivatives

Market value method

3) Inventories

Products, work-in-process and raw material

In principle, the cost method based on the gross average method is applied.

(The value in the balance sheet is calculated by the method of book value devaluation based on lowering of profitability)

Overseas consolidated subsidiaries mainly use the gross average method or the lower-of-cost-or-market method according to the first-in, first-out method.

Goods and supplies

In principle, the last cost method is applied.

(The value in the balance sheet is calculated by the method of book value devaluation based on lowering of profitability)

Overseas consolidated subsidiaries mainly use the gross average method or the lower-of-cost-or-market method according to the first-in, first-out method.

(2) Depreciation method of important depreciable fixed assets

1) Property, plant and equipment (excluding leased assets)

In particular, the constant percentage method was applied to the Company and its domestic consolidated subsidiaries, except for buildings (not including associated facilities) acquired on or after April 1, 1998, for which the straight-line method was applied.

In principal, the straight-line method was applied to overseas consolidated subsidiaries.

Major useful lives:

Building and structures	Five to 50 years
Machinery and vehicles	Four to 15 years
Tools, furniture and fixtures	Three to 15 years

(Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)

In accordance with the revision of the Corporation Tax Act, from the consolidated fiscal year under review, the Company and its domestic consolidated domestic subsidiaries have changed the method of depreciation based on the revised law and applied the new method to tangible fixed assets obtained on or after April 1, 2012.

This change had the effect of increasing operating income, recurring income and net income before income taxes and minority interests for the consolidated fiscal year under review by 220 million yen, respectively, compared with the previous method.

2) Leased assets

Financing lease transactions that do not involve a transfer of ownership

Calculation method for the equivalent of depreciation cost

The depreciation method for assets is to use the lease period as useful lives, calculating the residual value of such assets as zero.

Of financing lease transactions that do not involve a transfer of ownership, lease transactions that started on or before March

31, 2008 use the accounting method for normal lease transactions.

(3) Important standards for appropriation of allowances

1) Allowance for doubtful receivables

We record an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables.

2) Liability for retirement benefits to employees

We record an amount recognized to have accrued at the end of fiscal year based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year.

Past service costs are posted in expenses based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees when costs accrue from their service.

Unrecognized actuarial differences are posted in expenses after the consolidated fiscal year following their accruals based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees.

3) Provision for environmental measures

The estimated treatment and disposal cost for PCB waste, stipulated as mandatory in the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, is posted.

(4)Standards for translating significant foreign currency-denominated assets or liabilities into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the consolidated settlement day. The effect of exchange rate changes is posted as a translation gain or loss. In connection with this, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rates on their settlement day. Revenues and expenses are translated into Japanese yen at the average rate during the year. The effect of exchange rate changes is posted in foreign currency translation adjustments and minority interests in the section of net assets.

(5) Significant hedge accounting

1) Hedge accounting

Among interest swap transactions, those that satisfy special transaction requirements are processed.

2) Hedging method and hedging target

Hedging method: Interest swap transactions

Hedging target: Long-term borrowings

3) Hedging policy

The Company engages in interest swap transactions to prevent the risk of payable interest rate fluctuations and to fix payable interest cash flow.

4) Assessing hedging effectiveness

Assessing hedging effectiveness is omitted because interest swap transactions have satisfied requirements for special transactions.

(6) Amortization of goodwill and amortization period

Goodwill is amortizedindividually and equally over a reasonable period of up to 20 years. If a reasonable period cannot be estimated, goodwill is amortized equally over a period of five years.

(7)Cash and cash equivalentsin the consolidated cash flow statements

In preparing the consolidated cash flow statements, cash onhand, readily available deposits, and short-term liquidinvestments with maturities not exceeding three months atthe time of purchase and little risk of changing value areconsidered to be cash and cash equivalents.

(8)Other important matters for production of the consolidated financial statements

1) Accounting treatment of consumption tax, etc.

Amounts shown are exclusive of consumption tax and local consumption tax.

2) Application of a consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have received approval from the Director General of the National Tax Administration Agency to use the consolidated taxation system starting in the year ending March 31, 2014. Accounting methods from the consolidated fiscal year under review are based on the application of a consolidated taxation system in accordance with “Practical Solution for Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Practical Issue Task Force (PITF) No. 5, March 18, 2011) and “Practical Solution for Tentative Treatment of Tax Effect

Accounting Under Consolidated Taxation System (Part 2)" (Practical Issue Task Force (PITF) No. 7, June 30, 2010).

(Changes to basis of presentingconsolidatedfinancialstatements)

(Consolidated Statements of Income)

“Compensation for damage,” which had been included in “others” of “non-operating expenses” in the previous consolidated fiscal year, now exceeds 10/100 of the total amount of non-operating expenses, and for that reason is listed under the independent category starting in the consolidated fiscal year under review. To reflect this change in presenting data, the consolidated financial statement of the previous fiscal year has been restated.

Consequently, “others” under “non-operating expenses” totaling ¥412 million yen, which were recorded in the consolidated statements of income for the previous consolidated fiscal year, is restated as “compensation for damage” of 87 million yen and “others” of 325 million yen.

“Gain on sales of fixed assets” under “extraordinary profit,” which had been independently listed in the previous consolidated fiscal year, is now less than 10/100 of the total extraordinary profit, and for that reason is included in “others” starting in the consolidated fiscal year under review. To reflect this change in presenting data, the consolidated financial statement of the previous fiscal year has been restated.

Consequently, “gain on sales of fixed assets” under “extraordinary profit” totaling 73 million yen, which was recorded in the consolidated statements of income for the previous consolidated fiscal year, is restated as “others. ”

“Loss on business withdrawal” and “loss on liquidation of subsidiaries and affiliates” under “extraordinary loss,” which had been independently listed in the previous consolidated fiscal year, are now less than 10/100 of the total extraordinary loss, and for that reason are included in “others” starting in the consolidated fiscal year under review. To reflect this change in presenting data, the consolidated financial statement of the previous fiscal year has been restated.

Consequently, “loss on business withdrawal” under “extraordinary loss” totaling 1,198 million yen and “loss on liquidation of subsidiaries and affiliates” totaling 236 million yen, which were recorded in the consolidated statements of income for the previous consolidated fiscal year, are restated as “others.”

(Consolidated Statement of Cash Flows)

Since “loss on business withdrawal” and “loss on liquidation of subsidiaries and affiliates” under “cash flow from operating activities,” which had been posted separately in the preceding consolidated fiscal year, became insignificant, the amounts were included in “others” in the consolidated fiscal year under review. To reflect this change in presenting data, the consolidated financial statement of the previous fiscal year has been restated.

Consequently, “loss on business withdrawal” totaling 1,198 million yen and “loss on liquidation of subsidiaries and affiliates” totaling 236 million yen, which were recorded in the consolidated statement of cash flows for the previous consolidated fiscal year, are stated as “others.”

Since “purchases of long-term prepaid expenses,” “payments of guarantee deposits” and “proceeds from collection of guarantee deposits,” which had been included in “others” under “cash flow from investing activities” in the previous consolidated fiscal year, became significant, the amounts are stated as separate items in the consolidated fiscal year under review. To reflect this change in presenting data, the consolidated financial statement of the previous fiscal year has been restated.

Consequently, “others” under “cash flow from investing activities” totaling -159 million yen, which was recorded in the consolidated statement of cash flows for the previous consolidated fiscal year, is restated as “purchases of long-term prepaid expenses” totaling -129 million yen, “payments of guarantee deposits” totaling -202 million yen, proceeds from collection of guarantee deposits” totaling 167 million yen, and “others” totaling 5 million yen.

(Notes to consolidated balance sheet)

*1. Shares of affiliates (Million yen)

	As of March 31, 2012	As of March 31, 2013
Investment securities (stocks)	2,741	3,099

*2. Assets pledged as collateral and secured debt

Assets pledged as collateral (Million yen)

	As of March 31, 2012	As of March 31, 2013
Building and structures	532	416
Machinery and vehicles	63	25
Land	640	754
Others	50	–
Total	1,286	1,196

There is no liability corresponding to the above, and the assets pledged are collateral to guarantee liabilities occurring in the Company’s transactions with financial institutions.

3. Liabilities on guarantee

The Company extends a guarantee over borrowings from financial institutions, etc. The foreign currency-denominated conversion amount of the yen is based on the exchange rate on the consolidated settlement date. (Million yen)

As of March 31, 2012		As of March 31, 2013	
Sumika Polymer Compounds America, Inc. (US$7,965,000)	654	Sumika Polymer Compounds America, Inc. (US$7,110,000)	668
ZHUHAI SUMIKA POLYMER COMPOUNDS Co.,Ltd. (US$4,275,000, etc.)	429	ZHUHAI SUMIKA POLYMER COMPOUNDS Co.,Ltd. (US$3,802,000, etc.)	402
Sumika Polymer Compounds (UK) Ltd. (GBP 1,500,000)	197	Sumika Polymer Compounds (UK) Ltd. (GBP 1,937,000)	290
Others: three companies	382	Others: four companies	493
Employees (housing loans)	543	Employees (housing loans)	436
Total	2,207	Total	2,291

4. Discounts on notes and accounts receivable and endorsement of notes and accounts receivable (Million yen)

	As of March 31, 2012	As of March 31, 2013
Discounts on notes and accounts receivable	430	407
Endorsement of notes and accounts receivable	12	17

*5. Accounts for notes that matured at the end of the consolidated fiscal year

The notes that matured on the book closing date at the end of the consolidated fiscal year under review are treated as if they were settled on the maturity date, although the end of the fiscal year was a bank holiday. The notes that matured at the end of the consolidated fiscal year under review were as follows. (Million yen)

	As of March 31, 2012	As of March 31, 2013
Notes receivable	1,996	2,052
Notes payable	173	100

*6. Reduction entry

Reduction entry reflecting direct write-down of cost of fixed asset in connection with exchange of rights accompanying execution of Type I Urban Redevelopment Project pursuant to Urban Renewal Act is as follows: (Million yen)

	As of March 31, 2012	As of March 31, 2013
Construction in progress	–	8,687

(Notes to consolidated statements of income)

*1. Research and development expenses included in selling, general and administrative expenses and manufacturing cost

(Million yen)

From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
6,950	7,186

*2. Details of loss on disposals and sale of fixed assets (Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Building and structures	113	222
Machinery and vehicles	146	119
Others	24	21
Total	284	362

*3. Compensation for removal

From April 1, 2012 to March 31, 2013

Compensation for damage due to relocation of headquarters of the Company and some consolidated subsidiaries in connection with Kyobashi 2-chome West District Type I Urban Redevelopment Project.

*4. Settlement package

From April 1, 2012 to March 31, 2013

Based on agreement to settle with the U.S. government the government’s claims in connection with the antidumping duties under the Federal False Claims Act with respect to the Company’s product, purple pigment (Pigment Violet 23), which uses raw materials made in China.

(Notes to consolidated statements of comprehensive income)

*1The amount of recycling and the amount of tax effect associated with other comprehensive income (Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Net unrealized gain on available-for-sale securities		
Amount arisen in the fiscal year under review	-1,341	4,519
Amount of recycling	27	-47
Before tax adjustment	-1,313	4,472
Amount of the tax effect equivalent	256	-1,553
Net unrealized gain on available-for-sale securities	-1,057	2,919
Foreign currency translation adjustments		
Amount arisen in the fiscal year under review	-1,790	5,922
Amount of recycling	236	14
Foreign currency translation adjustments	-1,554	5,936
Share of other comprehensive income of associates accounted for using equity method		
Amount arisen in the fiscal year under review	-50	223
Total other comprehensive income	-2,663	9,078

(Notes to consolidated statements of changes in net assets)

From April 1, 2011 to March 31, 2012

1. Matters concerning the type and the number of shares issued and treasury stock (Thousand shares)

	At the beginning of this period	Increase	Decrease	At the end of this period
Shares issued				
Common stock	303,108	–	–	303,108
Total	303,108	–	–	303,108
Treasury stock				
Common stock (Note 1, 2)	4,711	10	3	4,718
Total	4,711	10	3	4,718

(Notes) 1. An increase of 10,000 own shares of common stock was attributed to the purchasing shares of less than one unit.
2. A decrease of 3,000 own shares of common stock was attributed to the request for sale of shares of less than oneunit.

2. Matters concerning dividend

(1) Dividend payments

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 29, 2011	Common stock	1,790	6.00	March 31, 2011	June 30, 2011
Board of directors' meeting on November 7, 2011	Common stock	1,790	6.00	September 30, 2011	December 5, 2011

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of stock	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 28, 2012	Common stock	1,790	Retained earnings	6.00	March 31, 2012	June 29, 2012

From April 1, 2012 to March 31, 2013

1. Matters concerning the type and the number of shares issued and treasury stock (Thousand shares)

	At the beginning of this period	Increase	Decrease	At the end of this period
Shares issued				
Common stock	303,108	–	–	303,108
Total	303,108	–	–	303,108
Treasury stock				
Common stock (Note 1, 2)	4,718	10	1	4,727
Total	4,718	10	1	4,727

(Notes) 1. An increase of 10,000 own shares of common stock was attributed to the purchasing shares of less than one unit.
2. A decrease of 1,000 own shares of common stock was attributed to the request for sale of shares of less than oneunit.

2. Matters concerning dividend

(1) Dividend payments

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 28, 2012	Common stock	1,790	6.00	March 31, 2012	June 29, 2012
Board of directors' meeting on November 12, 2012	Common stock	1,790	6.00	September 30, 2012	December 3, 2012

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

The following is scheduled for resolution:

Resolution	Type of stock	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 27, 2013	Common stock	1,790	Retained earnings	6.00	March 31, 2013	June 28, 2013

(Consolidated statement of cash flow statements)

*1.Reconciliation of the consolidated balance sheet items to cash and cash equivalents in the consolidated cash flows statements

(Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Cash and time deposits	32,457	33,996
Securities	815	2,278
Total	33,272	36,275
Time deposits with maturity of more than 3 months	-625	-636
Bonds, etc. with maturity of over 3 months	-3	-305
Cash and cash equivalents	32,644	35,333

(Matters related to retirement benefit)

1.Overview of the adopted retirement benefits plan (Million yen)

The Company and its domestic consolidated subsidiaries offer a corporate pension fund plan based on a defined-benefit pension plan and a retirement lump sum grants plan, as well as a corporate defined-contribution pension plan based on a defined-contribution pension. Certain domestic consolidated subsidiaries have adopted the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, while certain overseas consolidated subsidiaries have adopted a defined contribution scheme, in addition to a defined benefit pension plan.The Company may also offer premium severance pay to employees on their retirement that is not subject to retirement benefit liabilities based on the actuarial calculation pursuant to the retirement benefit accounting. In connection with this, the Company has set retirement allowance trust.

2. Matters related to the retirement benefit obligations (Million yen)

	As ofMarch 31, 2012	As ofMarch 31, 2013
(1) Retirement benefit obligations	-32,602	-32,053
(2) Pension assets	30,960	34,218
(3) Unfunded retirement benefit obligations ((1)+(2))	-1,642	2,165
(4) Unrecognized actuarial differences	10,931	7,060
(5) Unrecognized prior service cost (Decrease in liabilities)	-2,269	-1,778
(6) Amount (net) in the consolidated balance sheets((3)+(4)+(5))	7,019	7,447
(7) Prepaid pension expenses	8,478	8,879
(8) Liabilities for retirement benefits to employees((6)-(7))	-1,458	-1,432

(Notes) 1. Extra premium severance pay is not included.
2. Some consolidated subsidiaries calculated the retirement benefit obligations using the simplification method.

3. Matters related to retirement benefit expenses (Million yen)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
(1) Service expenses (Note 1)	1,221	1,155
(2) Interest expenses	560	547
(3) Expected return	-675	-709
(4) Actuarial differences charged to the expenses	1,559	1,573
(5) Prior service cost charged to the expenses	-486	-483
(6) Retirement benefit expenses ((1) + (2) + (3) + (4) + (5))	2,179	2,082
(7) Premium severance pay	15	1
(8) Premium payment for defined-contribution pension plans (Note 2)	869	877
(9) Total ((6) + (7) + (8))	3,064	2,962

(Notes) 1. The retirement benefit expense borne by consolidated subsidiaries employing the simplification method is included in “(1) Service expenses.”
2. Premium payment for defined-contribution pension plans refers to premium payments for defined-contribution pension plans and the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, and prepaid retirement benefit payment.

4.Matters related to the basis for computation of the retirement benefit expense and other figures

(1) Periodic allocation of expected retirement benefits

Fixed amount for each period

(2)Discount rate

From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
1.7%	1.7%

(3) Rate of expected return

From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
2.5%	2.5%

(4) Years for amortization of prior service cost

13 years(The straight-line method adopts a fixed period of years within the average remaining service period of employees on an accrual basis.)

(5) Years for amortization of actuarial differences

13 years(Expenses after the consolidated fiscal year following accruals are posted based on the straight-line method, which adopts a fixed period of years within the average remaining service period of employees.)

(Tax effect accounting)

1. Major components of deferred tax assets and liabilities (Million yen)

	As of March 31, 2012	As of March 31, 2013
(Current assets)		
Deferred income tax assets		
Reserve for bonuses	1,032	1,030
Unpaid business enterprise tax	379	367
Deferred retained loss	57	354
Others	987	1,070
Deferred income tax assets subtotal	2,456	2,822
Valuation reserve	-180	-131
Deferred income tax assets total	2,276	2,691
Total of deferred income tax liabilities	-92	-44
Deferred income tax assets (liabilities) (net)	2,184	2,646
(Fixed assets)		
Deferred income tax assets		
Deferred retained loss	2,826	3,181
Depreciation expenses	1,966	2,031
Loss on valuation of investment securities	1,686	1,549
Variance on revaluation of other marketable securities	1,710	271
Others	1,639	1,711
Deferred income tax assets subtotal	9,829	8,745
Valuation reserve	-3,645	-4,722
Deferred income tax assets total	6,183	4,023
Deferred income tax liabilities		
Reserve for advanced appreciation of fixed assets	-2,877	-2,791
Variance on revaluation of assets of consolidated subsidiaries	-891	-892
Retained income	-325	-377
Others	-311	-390
Total of deferred income tax liabilities	-4,405	-4,452
Deferred income tax assets (liabilities) (net)	1,778	-428

(Note) Deferred income tax assets and deferred income tax liabilities (net) for the consolidated fiscal year under review are included in the following account titles of the Consolidated Balance Sheets. (Million yen)

	As of March 31, 2012	As of March 31, 2013
Current assets—Deferred income tax assets	2,184	2,646
Fixed assets—Deferred income tax assets	3,882	1,053
Current liabilities—Other	-0	–
Long-term liabilities—Deferred income tax liabilities	-2,104	-1,481

2. Breakdown of major factors in the difference between the effective statutory tax rate and corporate tax burden rate after the application of the tax effect accounting (Million yen)

	As of March 31, 2012	As of March 31, 2013
Statutory tax rate	40.69%	38.01%
(Adjustment)		
Entertainment expenses and other items not to be included in expenses indefinitely	4.63%	4.19%
Gain on dividend income not permitted for inclusion in expenses	-0.73%	-1.73%
Flat-rate residents' tax	0.58%	0.49%
Impacts on deconsolidation of dividends received	-4.90%	4.28%
Experimental and research expense tax credit	-2.52%	-1.64%
Different tax rates on overseas consolidated subsidiaries	-1.69%	-3.14%
Others	-0.58%	1.44%
Effective tax rate	35.48%	41.90%

(Segment information, etc.)

a. Segment information

1. Overview of reportable segments

The reportable 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, which are the reportable segments. They are the Printing and Information Related Business, the Packaging Materials Related Business, the Polymers and CoatingsRelatedBusiness, and the Colorants and Functional Materials RelatedBusiness. Each business unit operates by establishing comprehensive domestic and overseas strategies for each product and service.

The Printing and Information RelatedBusiness mainly manufactures and sells offset inks, metal printing inks, printing presses, printing equipment, prepress systems, printing supplies, and ink-jet materials. The Packaging Materials RelatedBusiness mainly manufactures and sells gravure inks, flexographic inks and gravure cylinders. The Polymers and CoatingsRelatedBusiness mainly manufactures and sells can coatings, resins, adhesives, adhesive compounds, coating materials and natural materials. The Colorants and Functional Materials RelatedBusiness mainly manufactures and sells organic pigments, processed pigments, plastic colorants and color filter materials.

2. Method of calculation for nets sales, profits or losses, assets, and other items by reportable segment

Accounting procedures for reported business segments are generally the same as those stated in "Basic and important Matters in preparing the Consolidated Financial Statements."

Intersegment earnings and transfer are based on current market prices.

As stated in "Changes in accounting policy that are difficult to distinguish from changes in accounting estimates," in accordance with the revision of the Corporation Tax Act, from the consolidated fiscal year under review, the Company and its domestic consolidated domestic subsidiaries have changed the method of depreciation based on the revised law and applied the new method to tangible fixed assets obtained on or after April 1, 2012.

This change had the effect of increasing segment income of the Printing and Information Related Business, the Packaging Materials Related Business, the Polymers and Coatings Related Business, the Colorants and Functional Materials Related Business and Others for the consolidated fiscal year under review by 44 million yen, 27 million yen, 62 million yen, 84 million yen and 1 million yen, respectively, compared with the previous method.

3. Information on net sales, profits or losses, assets, and other items by reportable segment

From April 1, 2011 to March 31, 2012 (Million yen)

	Reported segments					Others (Note) 1	Adjustment (Note) 2	Amounts recorded in Consolidated Financial Statements (Note) 3
	Printing and Information Related Business	Packaging Materials Related Business	Polymers and CoatingsRelated Business	Colorants and Functional Materials Related Business	Total			
Net sales								
Sales to customers	75,784	54,468	51,227	59,420	240,902	4,435	–	245,337
Intersegment sales	324	1,093	1,313	3,215	5,946	1,637	-7,583	–
Total	76,108	55,562	52,541	62,636	246,848	6,073	-7,583	245,337
Segment profits	1,367	1,735	2,791	6,210	12,104	1,437	106	13,648

(Notes) 1. The "Others" segment is a business segment that is not included in reportable segments. It includes service provision, etc.
2. An adjustment of 106 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating income recorded in the consolidated financial statements.

From April 1, 2012 to March 31, 2013 (Million yen)

	Reported segments					Others (Note) 1	Adjustment (Note) 2	Amounts recorded in Consolidated Financial Statements (Note) 3
	Printing and Information Related Business	Packaging Materials Related Business	Polymers and CoatingsRelated Business	Colorants and Functional Materials Related Business	Total			
Net sales								
Sales to customers	74,822	55,611	49,568	64,200	244,203	4,485	–	248,689
Intersegment sales	308	548	1,441	2,645	4,944	1,410	-6,355	–
Total	75,131	56,160	51,010	66,846	249,148	5,895	-6,355	248,689
Segment profits	3,329	2,174	3,400	7,630	16,535	948	63	17,547

(Notes) 1. The "Others" segment is a business segment that is not included in reportable segments. It includes service provision, etc.
2. An adjustment of 63 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating income recorded in the consolidated financial statements.

b. Relevant information

Information by region

Net sales

From April 1, 2011 to March 31, 2012

(Million yen)

Japan	China	Other	Total
166,257	25,519	53,560	245,337

(Note) Net sales are based on the geographical area of the customers and categorized by country or region.

From April 1, 2012 to March 31, 2013

(Million yen)

Japan	China	Other	Total
164,403	24,638	59,648	248,689

(Note) Net sales are based on the geographical area of the customers and categorized by country or region.

(Per share information)

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Net assets per share	479.71 yen	525.62 yen
Net income per share	24.26 yen	29.20 yen

(Notes) 1. With respect to the amount of net income per share after adjustment for residual securities, the figure is not listed because residual securities do not exist.

2. The grounds for the calculation of basic net income/loss per share

	From April 1, 2011 to March 31, 2012	From April 1, 2012 to March 31, 2013
Net income (million yen)	7,238	8,714
Amount not belonging to common shareholders (million yen)	–	–
Net income (loss) associated with common shares (million yen)	7,238	8,714
Weighted average number of shares issued and outstanding during the period (thousand shares)	298,393	298,386

3. The grounds for the calculation of net assets per share

	As of March 31, 2012	As of March 31, 2013
Net assets on the consolidated balance sheet (million yen)	146,913	161,322
Amount deducted from total net assets (million yen)	3,772	4,487
Minority interests(million yen)	3,772	4,487
Year-end net assets concerning common shares (million yen)	143,140	156,835
Common shares used for calculation of net assets per share (thousand shares)	298,390	298,381

(Important subsequent events)

(Acquisition through purchase of shares)

The Company acquired all outstanding shares in ARETS INTERNATIONAL NV, the holding company of the ARETS Group, a manufacturer of UV-curing inks based in Belgium.

Please refer to “Acquisition of Shares of Belgium-based ARETS INTERNATIONAL NV (Reorganization into a Subsidiary) released on April 26, 2013 for further details.

(Omission of disclosure)

Notes to lease transactions, financial instruments, marketable securities, and derivatives are omitted because their disclosure in the brief announcement of the consolidated financial statements ended March 2012is not considered important.

5. Others

(1) Management turnover

With respect to the transfer of directors, please refer to the “Announcement of Personnel Changes of Directors,” announced separately today.