Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2014

May 13, 2014

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange
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Scheduled date of ordinary shareholders' meeting: June 27, 2014
Scheduled date of commencement of dividend payments: June 30, 2014
Scheduled date of submission of financial report: June 27, 2014
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, 2014 (from April 1, 2013 to March 31, 2014)

(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 2014	279,557	12.4	19,728	12.4	20,553	11.3	12,260	40.7
March 2013	248,689	1.4	17,547	28.6	18,468	37.4	8,714	20.4

(Note) Comprehensive income: Fiscal 2013 30,351 million yen (67.1%) Fiscal 2012 18,169 million yen (270.6%)

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 2014	41.09	–	7.3	6.5	7.1
March 2013	29.20	–	5.8	6.3	7.1

(Note) Equity in earnings of associated companies: Fiscal 2013 77 million yen Fiscal 2012 -18 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 2014	336,601	186,608	53.7	606.39
March 2013	299,571	161,322	52.4	525.62

(Note) Net worth: Fiscal 2013 180,914 million yen Fiscal 2012 156,835 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 2014	17,603	-13,249	-7,305	34,723
March 2013	17,460	-14,363	-1,465	35,333

2. Dividends

	Dividends per share					Dividends total (annual)	Dividend payout ratio (consolidated)	Dividends/ Net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 2013	–	6.00	–	6.00	12.00	3,580	41.1	2.4
March 2014	–	6.00	–	7.00	13.00	3,878	31.6	2.3
March 2015 (Forecast)	–	7.00	–	7.00	14.00		32.1	

3. Forecasts for the year ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

(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	140,000	3.6	10,000	-3.4	10,200	-7.6	6,600	-6.9	22.12
Full-year	290,000	3.7	21,500	9.0	22,000	7.0	13,000	6.0	43.57

* 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: No
- (iv) Restatement: No

(Note) For details, please refer to 4. Consolidated Financial Statements, (5) Explanatory notes to consolidated financial statements (Changes in accounting policies) on page 20 of the accompanying materials.

(3) Numbers of shares issued (common shares)
- (i) Numbers of shares issued (including treasury shares):
  - Fiscal 2013: 303,108,724 shares
  - Fiscal 2012: 303,108,724 shares
- (ii) Numbers of treasury shares at the end of the terms:
  - Fiscal 2013: 4,762,518 shares
  - Fiscal 2012: 4,727,008 shares
- (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
  - Fiscal 2013: 298,362,450 shares
  - Fiscal 2012: 298,386,704 shares

Reference: Financial summary (non-consolidated) (Amounts of less than million yen are omitted.)

Non-consolidated business results for the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(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 2014	19,674	0.3	9,431	0.7	10,303	1.8	8,888	6.8
March 2013	19,615	24.6	9,366	65.4	10,118	59.7	8,325	109.0

Year ended	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
March 2014	29.79	–
March 2013	27.90	–

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net assets per share
	Million yen	Million yen	%	Yen
March 2014	217,683	150,039	68.9	502.90
March 2013	181,594	138,854	76.5	465.36

(Note) Net worth: Fiscal 2013 150,039 million yen Fiscal 2012 138,854 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 19, 2014 (Monday): Briefing for institutional investors and security analysts.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

(Million yen)

	Net sales	Operating income	Recurring income	Net income
March 2014	279,557	19,728	20,553	12,260
March 2013	248,689	17,547	18,468	8,714
Growth rate (%)	12.4	12.4	11.3	40.7

During the consolidated fiscal year under review, the U.S. economy remained firm, underpinned by private demand. Japan also experienced a moderate recovery in areas such as corporate earnings. However, the rapid growth of emerging nations such as China and India appeared to slow.

The business environment of the Toyo Ink Group remained challenging, with recovery in demand offset by rising raw material prices due to the weak yen. The Group conducted the business activities summarized below in line with its FY2013 Group Management Policy to “pursue growth strategies with emphasis on CS (customer satisfaction),” “strengthen the manufacturing base, and enhance profitability,” and “establish structures to support global business and speed in business.”

To “pursue growth strategies with emphasis on CS (customer satisfaction),” the Group released and expanded sales of eco-friendly products such as highly UV sensitive inks, toluene-free and MEK-free gravure inks, water-based flexographic inks, and solvent-free laminating adhesives, and also developed, marketed and expanded sales of products such as LCD and touchscreen peripheral materials and battery-related materials. The Group also expanded production capacity in growth regions such as Southeast Asia and India and went on to construct production bases in Brazil and inland areas of China. In April 2013, the Group acquired all outstanding shares of the holding company of the ARETS Group, a manufacturer of UV inks that operates mainly in Europe. In addition, the Group continued to hold private exhibitions showcasing developments and new products of the Toyo Ink Group, and also actively participated in exhibitions primarily of printing and packaging materials and electronics and energy-related technologies in Japan and around the world, as an opportunity to make proposals to customers, expand sales and enhance brand value.

To “strengthen the manufacturing base, and enhance profitability,” the Group implemented measures to strengthen the base for sustainable growth, including developing production systems that incorporate business continuity management (BCM) considerations, expanding global procurement capability, and developing products upon clarification of the target operating income margin. These measures led to the development and sales expansion of new gravure ink products with excellent cost performance for the largest market segment of growth markets such as Southeast Asia.

To “establish structures to support global business and speed in business,” the Group took steps to increase the speed and efficiency of management decisions, including creating information systems for obtaining the business information of overseas bases in a timely manner and managing chemical substances on a global scale, reviewing the personnel system, and reorganizing R&D and administrative bases.

As a result of these activities, sales in the consolidated fiscal year under review rose to 279,557 million yen (a 3.5% increase compared with the Group’s forecast and a 12.4% increase compared with the previous fiscal year). Consequently, profits reached record-high levels, with operating income at 19,728 million yen (down 1.4% and up 12.4%), recurring income at 20,553 million yen (up 0.3% and up 11.3%), and net income at 12,260 million yen (up 2.2% and up 40.7%).

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	75,131	85,520	13.8	3,329	4,561	37.0
Packaging Materials Related Business	56,160	62,530	11.3	2,174	1,982	-8.9
Polymers and Coatings Related Business	51,010	56,499	10.8	3,400	3,814	12.2
Colorants and Functional Materials Related Business	66,846	76,346	14.2	7,630	8,670	13.6
Others	5,895	5,722	-2.9	948	676	-28.7
Subtotal	255,044	286,619	12.4	17,484	19,705	12.7
Eliminations or corporate	-6,355	-7,061	–	63	23	–
Total consolidated	248,689	279,557	12.4	17,547	19,728	12.4

(i) Printing and Information Related Business

In offset inks, demand in Japan remained low, reflecting a structured recession resulting from ongoing digitalization. In addition, raw material prices rose sharply. However, sales of advanced products increased, including products with high UV sensitivity and hard coat products used in touchscreens.

Overseas, the growth of demand in China slowed slightly, but demand grew in Southeast Asia and India, where the Company focused on strengthening its capabilities to supply products to the largest market segment, and sales of products with high UV sensitivity also increased in the United States and Europe. The Company also utilized the ARETS Group acquired in April 2013 in a bid to expand the UV ink business mainly in Europe.

As for graphic arts equipment and supplies, demand related to equipment investment in the domestic offset printing market recovered slightly, and sales of printing machines and newly developed print quality inspection machines increased.

As a result of the above factors, the sales and income of the Printing and Information Related Business increased overall, with sales up 13.8% year on year, to 85,520 million yen, and operating income up 37.0%, to 4,561 million yen.

(ii) Packaging Materials Related Business

While domestic demand for gravure inks continued to decline and sales of mainstay gravure inks for packaging also remained sluggish in the first half of the period, demand for beverage and food-related products remained steady, and sales of new environmentally friendly lamination ink products increased in the second half of the period. The Company’s operating income, however, continued to suffer due to a significant surge in the prices of raw materials, despite efforts to revise sales prices.

Also, while sales of gravure equipment remained at the year-ago level, sales in the gravure cylinders business expanded.

Overseas, sales of eco-friendly inks for packaging increased in China and Southeast Asia, and the newly built gravure inks plant commenced full-scale operations in India. Moreover, demand for gravure inks for construction materials also remained strong in North America.

As a result of the above factors, sales in the overall Packaging Materials Related Business increased 11.3% year on year, to 62,530 million yen, but operating income declined 8.9% year on year, to 1,982 million yen.

(iii) Polymers and Coatings Related Business

Demand for can coatings (finishes) in Japan increased as products for cans for beer and similar beverages sold well in the extremely hot summer. Overall demand, however, continued to decline, mainly reflecting an increase in the use of plastic bottles and coffee sold in convenience stores. Meanwhile, sales of products for both food cans and beverage cans remained strong in China and

Southeast Asia.
For adhesives, there was a delay in the recovery of demand for adhesives used for solar cells. However, domestic and overseas sales of products for packaging rose. Adhesive compounds recovered from the first half, when demand was weak reflecting an accident at the material manufacturer, and sold strongly, especially products used for smartphones, both in Japan and overseas. Sales of resins were weak in the first half of the period but began to grow in the housing-related product segment in the second half. However, rising prices of raw materials in Japan squeezed operating income for adhesives, adhesive compounds and resins.
In the coating materials segment, sales of advertising-related products remained stagnant, but sales of products used for electromagnetic shielding films for smartphones and protection films relating to liquid crystal strengthened.
As a result of the above factors, the sales and income of the Polymers and Coatings Related Business increased overall, with sales rising 10.8% year on year, to 56,499 million yen, and operating income climbing 12.2%, to 3,814 million yen.

(iv) Colorants and Functional Materials Related Business
For commodity-type pigments, domestic sales of products used for printing remained weak. However, sales of products used for construction and automobile coating grew in the second half of the period, and sales in China and Southeast Asia continued to expand.
In Japan, sales of plastic colorants for containers remained strong, in addition to robust demand for products related to housing and civil engineering. Moreover, following the surge in raw material prices, the Company undertook a revision of sales prices. In the overseas markets, sales of products for office equipment in China and Southeast Asia and automobile-related products in North America remained robust.
Sales of high-function pigments and materials for LCD color filters recovered in Japan and Taiwan and remained strong in China based on a continued rise in demand for tablet PCs and smartphones, in addition to a recovery in demand for TVs. However, sales in South Korea was stagnant reflecting excess inventory of liquid crystal panels in the second half of the period.
As a result of the above factors, sales in the overall Colorants and Functional Materials Related Business increased to 76,346 million yen, up 14.2% year on year, and operating income rose 13.6%, to 8,670 million yen.

(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	299,571	336,601	37,030
Liabilities	138,249	149,993	11,744
Net assets	161,322	186,608	25,286

Total assets at the end of the fiscal year under review stood at 336,601 million yen, an increase of 37,030 million yen from the level at the beginning of the fiscal year. Liabilities at the end of the fiscal year were 149,993 million yen, an increase of 11,744 million yen from the level at the beginning of the fiscal year. Net assets at the end of the fiscal year stood at 186,608 million yen, a rise of 25,286 million yen from the level at the beginning of the fiscal year.
Assets, including the property, plant and equipment of overseas group companies, liabilities, and foreign currency translation adjustments increased because the yen was weaker against other currencies on the last day of the fiscal year under review than it was on the last day of the previous fiscal year. Investments in securities and valuation difference on available-for-sale securities also increased, reflecting share price gains on Japan’s stock market. Assets, including intangible fixed assets, and liabilities also increased due to the inclusion of the newly acquired ARETS Group in the scope of consolidation.

(ii) Cash flows (Million yen)

	Previous term	Term under review	Change
Cash flows from operating activities	17,460	17,603	142

	Previous term	Term under review	Change
Cash flows from investing activities	-14,363	-13,249	1,114
Cash flows from financing activities	-1,465	-7,305	-5,839
Balance of cash and cash equivalents	35,333	34,723	-610

Cash and cash equivalents ("cash") at the end of the fiscal year under review stood at 34,723 million yen, down 610 million yen from the level at the beginning of the fiscal year.

Cash provided by operating activities stood at 17,603 million yen, an increase in cash inflows of 142 million yen year on year, mainly reflecting an increase in income before income taxes and minority interests, offsetting a decline in cash inflows due to an increase in notes and accounts receivable.

Cash used in investment activities was 13,249 million yen, a decrease in cash outflows of 1,114 million yen year on year, which reflects a decrease in cash outflows for the purchases of property, plant and equipment and purchases of investment securities.

Cash used in financial activities stood at 7,305 million yen, a rise in cash outflows of 5,839 million yen from the previous fiscal year primarily reflecting the repayment of long-term loans payable and dividends paid.

Trends in Group cash flows are as follows:

	Term ended March, 2011	Term ended March, 2012	Term ended March, 2013	Term ended March, 2014
Capital adequacy ratio (%)	51.7	50.6	52.4	53.7
Market value-based capital adequacy ratio (%)	43.0	35.9	43.8	37.0
Ratio of interest-bearing debt to cash flows (years)	2.9	3.7	4.1	4.2
Interest coverage ratio (times)	23.7	18.8	18.8	20.5

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, 2015	290,000	21,500	22,000	13,000
Term ended March, 2014	279,557	19,728	20,553	12,260
Growth rate (%)	3.7	9.0	7.0	6.0

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 effect of tapering of quantitative easing in the U.S., the outlook of emerging economies, and the effect of the consumption tax hike in Japan.

Although the Group also expects to face a difficult operating environment, with persistently rising raw material prices, it will implement measures to address the challenges outlined on the next page. Consequently, we expect to post net sales of 290 billion yen in the next consolidated fiscal year, up 3.7% from a year earlier; operating income of 21.5 billion yen, up 9.0% year on year; recurring income of 22 billion yen, up 7.0%; and net income of 13 billion yen, up 6.0%.

2. Group Overview

In the Printing and Information Related Business, on April 25, 2013, the Company acquired all outstanding shares of ARETS International NV (now Toyo-Arets International NV), the holding company of the ARETS Group, a Belgian manufacturer of UV-cured inks, and made Toyo-ARETS International NV and its subsidiaries into consolidated subsidiaries.

As a result, the Group is constituted of the Company, 70 consolidated subsidiaries and 12 equity method affiliate companies.

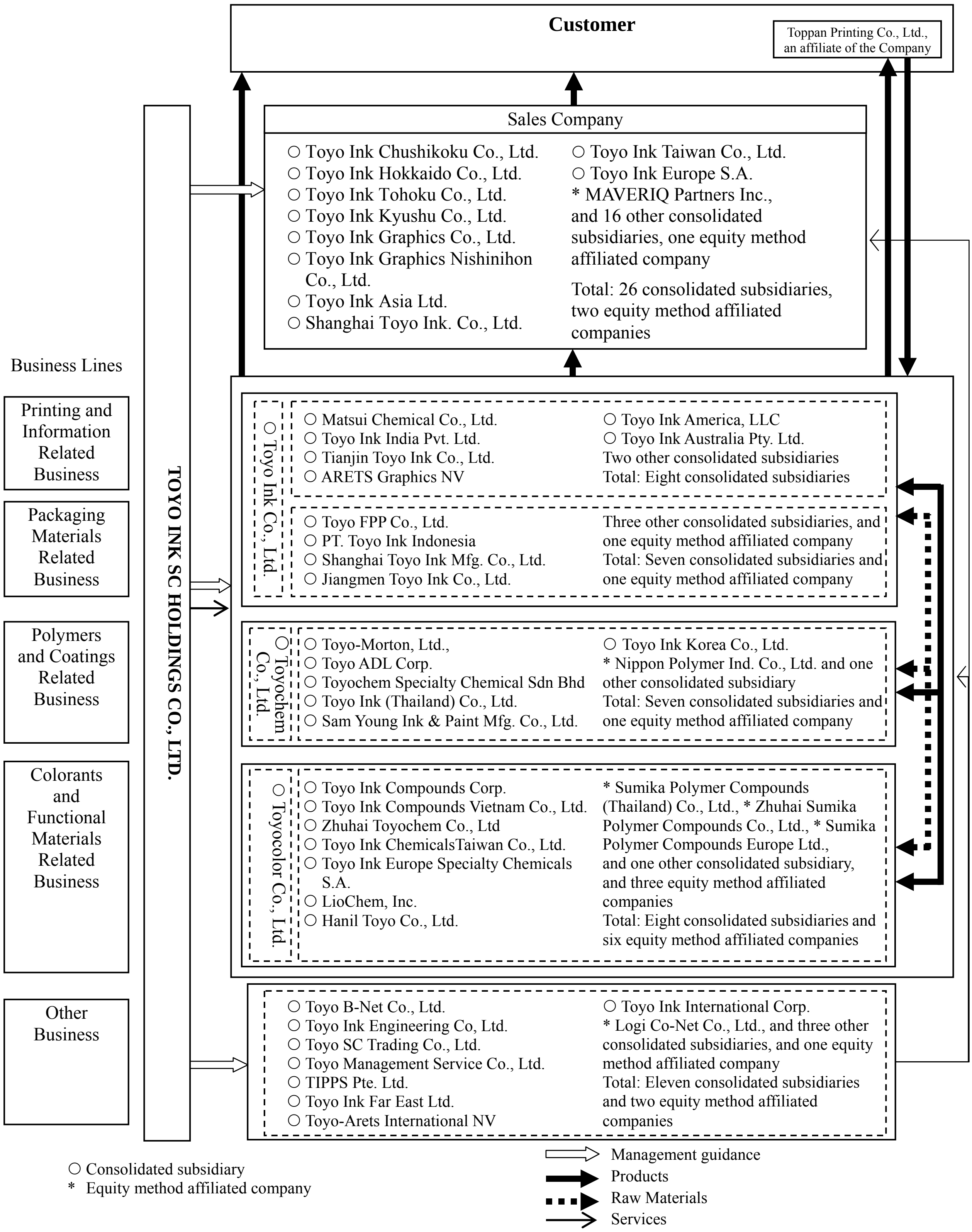
Business lines of the Group are as follows:

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., ARETS Graphics NV, 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 Coatings Related Business	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 Sdn Bhd, Toyo Ink (Thailand) Co., Ltd., Sam Young Ink & Paint Mfg. Co., Ltd. and others
Colorants and Functional Materials Related Business	Organic pigments, processed pigments, plastic colorants, color filter materials and others	Domestic	Toyocolor Co., Ltd. and others
		Overseas	Toyo Ink Compounds Corporation, Toyo Ink Compounds Vietnam Co., Ltd., Zhuhai Toyochem 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	TIPPS Pte. Ltd. (Note), 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

(Note) TIPPS Pte. Ltd. changed its name from Toyo Ink Pan Pacific Pte. Ltd in November 2013.

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, 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, with the aim of realizing 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.

(3) Medium- to long-term management strategy

The Group is promoting the realization of the corporate visions set out in SCC2017 through three three-year medium term plans, named SCC-I, II and III. Under SCC-I, we strengthened our revenue base in the wake of the collapse of Lehman Brothers, and, under SCC-II, we promoted growth strategies to recover from the influence of the Great East Japan Earthquake.

Starting from fiscal 2014, we are pursuing the new medium-term management plan SCC-III, which is the final stage of SCC2017.” Under this plan, named the “Evolution Plan,” we will steadily translate the infrastructure and growth strategies under SCC-I and II into results, and the Toyo Ink Group will take a new leap forward.

Also, under SCC-II, we professed that SCC stood for “Specialty Chemical maker Challenge,” but, from this plan, we redefined SCC as meaning “Science Company Change.” The target of this plan is to carry out the evolution and expansion of businesses, technologies, and domains with a scientific way of thinking, albeit with chemicals as our core competence, and through this we aim to be a corporate group that continues to make state-of-the-art technologies and group network innovations and creates a variety of lifestyles with diverse people in the world.

In aiming to be a science company, we have also redefined our business domains and technology platform. We have three new business domains: Life Science (Packaging and Healthcare), Communication Science (Electronics and Fine imaging) and Sustainability Science (Environmental consciousness and Energy-related operations). We also expanded our technology platform supporting these new domains, adding the two new technologies Module design and Solutions, to further enhance customer satisfaction, to our three existing technologies of Specialty materials, Material processing and Converting components. By organically combining these businesses and technologies, we will achieve improvement in CS (customer satisfaction) and SS (society satisfaction).

In terms of global expansion, we will work to expand business domains at strategic bases in China, Southeast Asia and South Asia and, in new markets such as inland areas of China and Central and South America, we will flexibly use management resources through our network to start up business quickly, aiming for an overseas sales ratio of 50%. We will also make comprehensive proposals for products of the Toyo Ink Group to large global manufacturers of end consumer goods and strive to enhance brand value.

Additionally, we will pursue the optimum material and product supply systems on a global scale and promote maximum utilization of assets and process innovations to further strengthen our revenue base. Further, we have added “Enhancement of SHS (Shareholder Satisfaction) to our guiding principles and will also try to be worthy of the trust placed in us by our shareholders by aiming to further enhance corporate value.

(4) Our challenges

Fiscal 2014 is the first year of the new medium-term management plan “SCC-III” and to get this plan off to a smooth start, we plan to conduct each of our businesses focusing on our challenges, which are to “create innovations with strategic thinking at every opportunity, “meet planned cost with a tightly-knit global network” and “enhance value through the effective utilization and review of management resources.”

In the Printing and Information Related Business, we will continue to develop and expand sales of high function products such as products with high UV sensitivity, hard coat products for the electronics market and inkjet inks. We will also steadily start up production bases currently under construction in Brazil and inland areas of China and a second production base in India, and quickly translate demand in growth regions into actual results. We will also endeavor to maximize synergistic effects with the acquired ARETS Group through utilization of its sales network, product line-up and manufacturing facilities.

In the Packaging Materials Related Business, we will continue to develop and expand sales of gravure inks and flexographic inks for soft packaging suited to regional requirements, and will also provide total solutions, including products such as laminated adhesives, in a bid to enhance CS (customer satisfaction). We also plan to expand our supply capacity in growth regions through the early stabilization of operations at the production base in Indonesia currently under construction and expansion of manufacturing facilities in countries such as India.

In the Polymers and Coatings Related Business, the Group will expand sales and increase supply capacity of adhesive compounds and can coatings for the packaging market in the Asia region, notably Thailand and India. We will also strengthen clean, high precision coating technologies and production capacity and work to expand business for the electronics market including electromagnetic shield film. In addition, we will put further effort into expansion into new markets such as the automobile and healthcare-related business.

In the Colorants and Functional Materials Related Business, we will strengthen our earnings capacity in commodity pigments and colorants for plastics through the development of a global SCM system, including alliances in China and India. In high-function pigments and LCD color filter materials, we will strengthen our production capacity and develop new materials, and focus on increasing our share of the East Asia market and expanding sales, especially in the China market. In the energy sector, which includes solar batteries and secondary batteries, we will develop and promote differentiated products.

In face of persistently rising raw material prices, we will push ahead with cost reductions, including the rationalization of production, in all our businesses, but, given that prices increases far exceed the scope we can absorb by our efforts, we will also pass through higher costs to selling prices as appropriate.

The Group will also continue working to make business information available in a timely manner, make efficient use of capital, increase human resources, and foster and maintain compliance and risk management on a global scale, and will also strive to enhance corporate value by stepping up the holding company structure introduced in 2011 to further strengthen governance.

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(Million yen)

		As of March 31, 2013		As of March 31, 2014
(Assets)				
Current assets				
Cash and bank deposits		33,996		31,894
Notes and accounts receivable	*5	82,733		92,991
Marketable securities		2,278		700
Goods and products		23,683		25,409
Work-in-process		1,158		1,541
Raw material and supplies		12,676		15,146
Deferred income tax assets		2,646		2,248
Others		3,379		7,571
Allowance for doubtful receivables		-590		-893
Total current assets		161,963		176,609
Fixed assets				
Property, plant and equipment				
Building and structures	*2	82,735	*2	87,522
Accumulated depreciation		-50,666		-52,380
Building and structures (net amount)		32,069		35,141
Machinery and vehicles	*2	132,288		138,910
Accumulated depreciation		-112,782		-118,033
Machinery and vehicles (net amount)		19,506		20,877
Tools, furniture and fixtures		20,857		21,873
Accumulated depreciation		-18,157		-18,782
Tools, furniture and fixtures (net amount)		2,699		3,090
Land	*2	28,043	*2	28,771
Leased assets		259		379
Accumulated depreciation		-117		-182
Leased assets (net amount)		141		196
Construction in progress	*6	4,663	*6	8,229
Total property, plant and equipment		87,124		96,306
Intangible fixed assets				
Goodwill		459		4,425
Other		276		287
Total intangible fixed assets		736		4,713
Investments and other assets				
Investment in securities	*1	35,816	*1	46,230
Net defined benefit asset		–		7,552
Deferred income tax assets		1,053		938
Others		13,432		4,739
Allowance for doubtful receivables		-554		-487
Total investments and other assets		49,747		58,973
Total fixed assets		137,608		159,992
Total assets		299,571		336,601

(Million yen)

		As of March 31, 2013	As of March 31, 2014
(Liabilities)			
Current liabilities			
Notes and accounts payable	*5	43,585	48,159
Short-term loans payable		34,822	33,369
Accrued income taxes		4,371	3,658
Others		15,220	16,424
Total current liabilities		98,000	101,612
Long-term liabilities			
Long-term loans payable		35,383	40,051
Deferred income tax liabilities		1,481	4,664
Liability for employees' retirement benefits		1,432	–
Provision for environmental measures		306	365
Net defined benefit liability		–	1,496
Asset retirement obligations		32	27
Others		1,611	1,775
Total long-term liabilities		40,248	48,380
Total liabilities		138,249	149,993
(Net assets)			
Shareholders' equity			
Common stock		31,733	31,733
Capital surplus		32,920	32,920
Retained earnings		100,540	109,220
Treasury stock, at cost		-1,732	-1,750
Total shareholders' equity		163,461	172,123
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities		-1	6,065
Foreign currency translation adjustments		-6,623	3,928
Remeasurements of defined benefit plans		–	-1,203
Total accumulated other comprehensive income		-6,625	8,791
Minority interests		4,487	5,694
Total net assets		161,322	186,608
Total of liabilities and net assets		299,571	336,601

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

Consolidated statements of income

(Million yen)

		From April 1, 2012 to March 31, 2013		From April 1, 2013 to March 31, 2014
Net sales		248,689		279,557
Cost of sales	*1	190,670	*1	215,401
Gross profit		58,019		64,156
Selling, general and administrative expenses				
Packing expenses and freight charge		5,801		6,397
Salaries and allowance		9,558		10,748
Bonuses		2,426		2,547
Welfare expenses		2,498		2,653
Depreciation expenses		969		1,140
Research and development expenses	*1	3,204	*1	3,186
Others		16,011		17,753
Total selling, general and administrative expenses		40,472		44,427
Operating income		17,547		19,728
Non-operating income				
Interest income		117		191
Dividend income		643		662
Foreign exchange gains		988		533
Investment income according to the equity method		–		77
Others		588		799
Total non-operating income		2,339		2,264
Non-operating expenses				
Interest expenses		895		850
Investment loss according to the equity method		18		–
Loss on tax at overseas subsidiaries		–		228
Others		505		362
Total non-operating expenses		1,418		1,440
Recurring income		18,468		20,553
Extraordinary profit				
Gain on sales of fixed assets	*2	79	*2	45
Compensation for removal	*4	1,994	*4	144
Others		51		9
Total extraordinary profit		2,125		199
Extraordinary loss				
Loss on sales of fixed assets	*3	362	*3	286
Provision for environmental measures		–		61
Settlement package	*5	3,824		–
Head office transfer cost		460		–
Others		301		3
Total extraordinary loss		4,948		351
Income before income taxes and minority interests		15,644		20,401
Income taxes, current		6,263		6,750
Income taxes, deferred		290		1,017
Total income taxes		6,554		7,768
Income before minority interests		9,090		12,633
Minority interests		375		372
Net income		8,714		12,260

Consolidated statements of comprehensive income

(Million yen)

	From April 1, 2012 to March 31, 2013	From April 1, 2012 to March 31, 2013
Income before minority interests	9,090	12,633
Other comprehensive income		
Valuation difference on available-for-sale securities	2,919	6,069
Foreign currency translation adjustments	5,936	11,138
Share of other comprehensive income of associates accounted for using equity method	223	509
Total other comprehensive income	*1 9,078	*1 17,718
Comprehensive income	18,169	30,351
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	17,278	28,880
Comprehensive income attributable to minority interests	890	1,470

(3) Consolidated statements of changes in net assets

From April 1, 2012 to March 31, 2013

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the period	31,733	32,920	95,406	-1,729	158,330
Changes of items during the period					
Dividends from surplus			-3,580		-3,580
Net income			8,714		8,714
Purchases of treasury stock				-3	-3
Sales of treasury stock			-0	0	0
Net changes except for shareholders' equity					
Total changes of items during the period	–	–	5,133	-3	5,130
Balance at the end of the period	31,733	32,920	100,540	-1,732	163,461

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	-2,919	-12,269	–	-15,189	3,772	146,913
Changes of items during the period						
Dividends from surplus						-3,580
Net income						8,714
Purchases of treasury stock						-3
Sales of treasury stock						0
Net changes except for shareholders' equity	2,918	5,645	–	8,563	714	9,278
Total changes of items during the period	2,918	5,645	–	8,563	714	14,408
Balance at the end of the period	-1	-6,623	–	-6,625	4,487	161,322

From April 1, 2013 to March 31, 2014

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the period	31,733	32,920	100,540	-1,732	163,461
Changes of items during the period					
Dividends from surplus			-3,580		-3,580
Net income			12,260		12,260
Purchases of treasury stock				-17	-17
Sales of treasury stock				0	0
Net changes except for shareholders' equity					
Total changes of items during the period	–	–	8,679	-17	8,662
Balance at the end of the period	31,733	32,920	109,220	-1,750	172,123

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	-1	-6,623	–	-6,625	4,487	161,322
Changes of items during the period						
Dividends from surplus						-3,580
Net income						12,260
Purchases of treasury stock						-17
Sales of treasury stock						0
Net changes except for shareholders' equity	6,067	10,552	-1,203	15,416	1,207	16,623
Total changes of items during the period	6,067	10,552	-1,203	15,416	1,207	25,286
Balance at the end of the period	6,065	3,928	-1,203	8,791	5,694	186,608

(4) Consolidated statements of cash flows

(Million yen)

	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	15,644	20,401
Depreciation and amortization	8,929	9,478
Interest and dividend income	-761	-853
Interest expenses	895	850
Share of profit/loss of entities accounted for using equity method (- is profit)	18	-77
Gain/loss on sale of property, plant and equipment (- is gain)	-68	-21
Loss on disposals of property, plant and equipment	208	112
Compensation for transfer	-1,994	-144
Settlement package	3,824	–
Relocation expenses	460	–
Increase/decrease in notes and accounts receivable (- is increases)	2,089	-2,675
Increase/decrease in inventories (- is increases)	855	204
Increase/decrease in notes and accounts payable (- is decreases)	-3,384	-291
Others	-532	-2,343
Subtotal	26,184	24,639
Interest and dividend received	763	899
Interest paid	-927	-857
Proceeds from compensation for removal	1,994	-
Settlement package paid	-3,824	-
Income taxes paid	-6,728	-7,077
Net cash provided by operating activities	17,460	17,603
Cash flows from investing activities		
Increase in time deposits	-253	-506
Income on certificate of deposit repayment	385	578
Purchases of property, plant and equipment	-13,008	-12,053
Proceeds from sales of property, plant and equipment	381	206
Purchase of short-term and long-term investment securities	-3,223	-1,749
Proceeds from sales and redemption of short-term and long-term investment securities	2,345	1,499
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2 -1,214
Purchase of long-term prepaid expenses	-284	-283
Payments for guarantee deposits	-819	-78
Proceeds from collection of guarantee deposits	138	419
Others	-24	-66
Net cash used in investing activities	-14,363	-13,249
Cash flows from financing activities		
Increase/decrease in short-term loans payable, net (- is decrease)	-2,662	5,103
Proceeds from long-term loans payable	24,038	16,016
Repayments of long-term loans payable	-19,039	-24,493
Dividends paid	-3,578	-3,580
Dividends paid to minority interests	-175	-267
Others	-48	-84
Net cash used in financing activities	-1,465	-7,305
Foreign currency translation adjustments on cash and cash equivalents	1,057	2,341
Net increase (decrease) in cash and cash equivalents (- is decrease)	2,689	-610
Cash and cash equivalents, beginning of period	32,644	35,333
Cash and cash equivalents, end of period	*1 35,333	*1 34,723

(5) Explanatory notes to consolidated financial statements

(Notes on assumption of going business)

Not applicable

(Basic and important matters in preparing the consolidated financial statements)

1. Scope of consolidation

The Company had 70 consolidated subsidiaries; all of the subsidiaries were consolidated.

Names of major consolidated subsidiaries:

Toyo Ink Co., Ltd.;
Toyochem Co., Ltd.;
Toyocolor 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.;
TIPPS Pte. Ltd.;
Shanghai Toyo Ink Mfg. Co., Ltd.;
Zhuhai Toyochem Co., Ltd.;
Toyochem Specialty Chemical SDN. BHD.;
Toyo Ink Chemicals Taiwan Co., Ltd.;
Toyo Ink America, LLC;
Sam Young Ink & Paint Mfg. Co., Ltd.;
Toyo Ink Europe Specialty Chemicals S.A.;
ARETS Graphics NV;
Toyo Ink Asia Ltd.

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

- In the consolidated fiscal year under review, ARETS International NV (now Toyo-ARETS International NV) and its 10 subsidiaries became consolidated subsidiaries through an acquisition of shares.
- In the consolidated fiscal year under review, Sichuan Toyo Ink Mfg. Co., Ltd. was established, and became a consolidated subsidiary.
- Toyochem Printing Chemical Sdn Bhd, 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.

In the fiscal year under review, the following consolidated subsidiary changed its name:

- TIPPS Pte. Ltd. (formerly Toyo Ink Pan Pacific Pte. Ltd.)

2. Application of the equity method

The equity method is applied to investments in twelve affiliates.

Names of major subsidiaries

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

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

- In the consolidated fiscal year under review, Heubach Toyo Colour Pvt Ltd. was established and became and 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	Four to 50 years
Machinery and vehicles	Four to 15 years
Tools, furniture and fixtures	Three to 15 years

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) 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) Accounting treatment for retirement benefits

1) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the consolidated fiscal year under review based on the straight-line attribution method.

2) Treatment of unrecognized actuarial differences and past service costs

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.

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.

(5) 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.

(6) 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.

(7) Amortization of goodwill and amortization period

Goodwill is amortized individually 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.

(8) Cash and cash equivalents in the consolidated cash flow statements

In preparing the consolidated cash flow statements, cash on hand, readily available deposits, and short-term liquid investments with maturities not exceeding three months at the time of purchase and little risk of changing value are considered to be cash and cash equivalents.

(9) 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 use the consolidated taxation system starting in the consolidated fiscal year under review.

(Changes in accounting policies)

The Group has applied the "Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No.26 issued May, 17 2012; hereinafter "Retirement Benefits Accounting Standards") and the "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No.25 issued May, 17 2012; hereinafter "Guidance") from the end of the consolidated fiscal year under review (excluding the provisions stipulated in the main clause of Article 35 of the Retirement Benefits Accounting Standards and in the main clause of Article 67 of the Guidance). In line with this, our retirement benefit liabilities are now calculated as net defined benefit liabilities, which is the amount of retirement benefits after deduction of pension assets, and unrecognized actuarial differences and unrecognized past service costs are posted in the retirement benefits liabilities. Pension assets exceeding retirement benefit liabilities are posted in the retirement benefits assets. The adoption of the accounting standards for retirement benefits, etc. is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards, and the amount of financial impact on the consolidated financial statements as a result of the adoption of these accounting standards is added or removed in the remeasurements of defined benefit plans in accumulated other comprehensive income.
As a result, the retirement benefits assets at the end of the consolidated fiscal year under review stood at 7,552 million yen and the retirement benefit liability totaled 1,496 million yen, and the accumulated other comprehensive income decreased by 1,203 million yen. The effect on per share information is described in the applicable part of this financial summary.

(Changes to basis of presenting consolidated financial statements)

(Consolidated balance sheet)
"Goodwill," which had been included in "intangible fixed assets" in the previous consolidated fiscal year, increased in financial materiality, 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, ¥736 million yen, which was recorded in "intangible fixed assets" in the consolidated balance sheet for the previous consolidated fiscal year, is restated as "goodwill" of ¥459 million and "others" of ¥276 million.

(Consolidated statements of income)
"Compensation for damage" under "non-operating expenses," which had been independently listed in the previous consolidated fiscal year, is now less than 10/100 of the total amount of non-operating expenses, 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, "compensation for damage" totaling ¥209 million and "others" totaling ¥295 million, which were recorded in the consolidated statements of income for the previous consolidated fiscal year, are restated as "others" of ¥505 million.

"Gain on sale of fixed assets," which had been included in "others" of "extraordinary profit" in the previous consolidated fiscal year, now exceeds 10/100 of the total amount of extraordinary profit, 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 "extraordinary profit" totaling ¥130 million yen, which were recorded in the consolidated statements of income for the previous consolidated fiscal year, is restated as "gain on sales of fixed assets" of ¥79 million and "others" of ¥51 million.

(Notes to consolidated balance sheet)

*1. Shares of affiliates (Million yen)

	As of March 31, 2013	As of March 31, 2014
Investment securities (stocks)	3,099	3,794

*2. Assets pledged as collateral and secured debt

Assets pledged as collateral (Million yen)

	As of March 31, 2013	As of March 31, 2014
Building and structures	416	894
Machinery and vehicles	25	–
Land	754	504
Total	1,196	1,398

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, 2013		As of March 31, 2014	
Sumika Polymer Compounds America, Inc. (US$7,110,000)	668	Sumika Polymer Compounds America, Inc. (US$6,480,000)	666
Sumika Polymer Compounds (UK) Ltd. (GBP 1,937,000)	290	Sumika Polymer Compounds (UK) Ltd. (GBP 2,369,000)	406
ZHUHAI SUMIKA POLYMER COMPOUNDS Co., Ltd. (US$3,802,000, etc.)	402	ZHUHAI SUMIKA POLYMER COMPOUNDS Co., Ltd. (US$2,587,000, etc.)	266
Others: four companies	493	Others: five companies	703
Employees (housing loans)	436	Employees (housing loans)	341
Total	2,291	Total	2,385

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

	As of March 31, 2013	As of March 31, 2014
Discounts on notes and accounts receivable	407	468
Endorsement of notes and accounts receivable	17	19

*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, 2013	As of March 31, 2014
Notes receivable	2,052	–
Notes payable	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, 2013	As of March 31, 2014
Construction in progress	8,687	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, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
7,186	7,794

*2. Details of gain on sales of fixed assets (Million yen)

	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Machinery and vehicles	76	22
Others	2	22
Total	79	45

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

	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Building and structures	222	110
Machinery and vehicles	119	152
Others	21	23
Total	362	286

*4. Compensation for removal

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 is as follows.

(Million yen)

From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
1,994	144

*5. 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)

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

	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Valuation difference on available-for-sale securities		
Amount arisen in the fiscal year under review	4,519	9,316
Amount of recycling	-47	-4
Before tax adjustment	4,472	9,312
Amount of the tax effect equivalent	-1,553	-3,242
Valuation difference on available-for-sale securities	2,919	6,069
Foreign currency translation adjustments		
Amount arisen in the fiscal year under review	5,922	11,142
Amount of recycling	14	-3
Foreign currency translation adjustments	5,936	11,138
Remeasurements of defined benefit plans, net of tax		
Amount arisen in the fiscal year under review	-4	-62
Amount of recycling	4	62
Remeasurements of defined benefit plans, net of tax	–	–
Share of other comprehensive income of associates accounted for using equity method		
Amount arisen in the fiscal year under review	223	540
Amount of recycling	–	-30
Share of other comprehensive income of associates accounted for using equity method	223	509
Total other comprehensive income	9,078	17,718

(Notes to consolidated statements of changes in net assets)

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 one unit.

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

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

From April 1, 2013 to March 31, 2014

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)	4,727	35	0	4,762
Total	4,727	35	0	4,762

(Notes) 1. An increase of 35,000 own shares of common stock was attributed to the purchasing shares of less than one unit.
2. A decrease of 0 thousand own shares of common stock was attributed to the request for sale of shares of less than one unit.

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 27, 2013	Common stock	1,790	6.00	March 31, 2013	June 28, 2013
Board of directors' meeting on November 8, 2013	Common stock	1,790	6.00	September 30, 2013	December 2, 2013

(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, 2014	Common stock	2,088	Retained earnings	7.00	March 31, 2014	June 30, 2014

(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, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Cash and time deposits	33,996	31,894
Securities	2,278	700
Other short-term loans receivable included in current assets (Repurchase agreement)	–	2,799
Total	36,275	35,394
Time deposits with maturity of more than 3 months	-636	-666
Bonds, etc. with maturity of over 3 months	-305	-4
Cash and cash equivalents	35,333	34,723

*2. Major components of assets and liabilities of companies newly consolidated due to an acquisition of shares

From April 1, 2013 to March 31, 2014

The relation between the major components of assets and liabilities at the start of consolidation associated with the new consolidation of ARETS International NV (now Toyo-ARETS International NV) and its 10 subsidiaries due to an acquisition of shares and the cost of acquiring the shares of ARETS International NV and total net payments for acquisition are as follows:

(Million yen)

Current assets	2,208
Fixed assets	1,222
Goodwill	3,745
Current liabilities	-1,745
Long-term liabilities	-4,203
Foreign currency translation adjustments	90
Minority interests	-3
Acquisition cost of shares	1,313
Cash and cash equivalents	98
Net payment for acquisition	1,214

(Matters related to retirement benefit)

From April 1, 2012 to March 31, 2013

1. Overview of the adopted retirement benefits plan

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)
(1) Retirement benefit obligations	-32,053
(2) Pension assets	34,218
(3) Unfunded retirement benefit obligations ((1)+(2))	2,165
(4) Unrecognized actuarial differences	7,060
(5) Unrecognized prior service cost (Decrease in liabilities)	-1,778
(6) Amount (net) in the consolidated balance sheets ((3)+(4)+(5))	7,447
(7) Prepaid pension expenses	8,879
(8) Liabilities for retirement benefits to employees ((6)-(7))	-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)
(1) Service expenses (Note 1)	1,155
(2) Interest expenses	547
(3) Expected return	-709
(4) Actuarial differences charged to the expenses	1,573
(5) Prior service cost charged to the expenses	-483
(6) Retirement benefit expenses ((1) + (2) + (3) + (4) + (5))	2,082
(7) Premium severance pay	1
(8) Premium payment for defined-contribution pension plans (Note 2)	877
(9) Total ((6) + (7) + (8))	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
1.7%

(3) Rate of expected return
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.)

From April 1, 2013 to March 31, 2014
1. Overview of the adopted retirement benefits plan
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.
Some consolidated subsidiaries calculated the retirement benefit obligations using the simplification method.

2. Retirement benefits plan
(1) Reconciliation of the beginning and ending balances of the benefit obligation is as follows (excluding plans to which the simplification method is applied):

	(Million yen)
Benefit obligation, beginning of year	31,225
Service expenses	1,155
Interest expenses	558
Actuarial difference	-27
Benefits paid	-2,126
Past service cost	14
Foreign currency translation gain	217
Other	-3
Benefit obligation, end of year	31,013

(2) Reconciliation of the beginning and ending balances of the pension assets is as follows (excluding plans to which the simplification method is applied):

	(Million yen)
Pension assets, beginning of year	34,218
Expected return	794
Actuarial difference	2,311
Employer contribution	2,454
Benefits paid	-2,108
Foreign currency translation gain	120
Other	-2
Pension assets, end of year	37,787

(3) Reconciliation of the beginning and ending balances of the retirement benefit liability of plans to which the simplification method is applied

	(Million yen)
Retirement benefit liability, beginning of year	825
Retirement benefit expenses	55
Benefits paid	-89
Amount transferred to defined contribution plan	-122
Foreign currency translation gain	49
Retirement benefit liability, end of year	718

(4) Reconciliation of ending balances of the retirement obligation and pension assets and the retirement benefit liability and retirement benefit asset recorded on the consolidated balance sheet

	(Million yen)
Retirement benefit liability for funded plans	30,502
Pension assets	-37,787
	-7,284
Retirement benefit liability for non-funded plans	1,229
Net liability and asset recorded on the consolidated balance sheet	-6,055
Net defined benefit liability	1,496
Net defined benefit asset	-7,552
Net liability and asset recorded on the consolidated balance sheet	-6,055

(Note) Includes plans to which the simplification method is applied.

(5) Retirement benefit expenses and their components

	(Million yen)
Service expenses	1,155
Interest expenses	558
Expected return	-794
Actuarial differences charged to the expenses	1,455
Past service cost charged to the expenses	-368
Retirement benefit expenses calculated by the simplification method	55
Other	-45
Retirement benefits expenses for defined benefit plans	2,016

(6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (after deductions for the effect of income taxes) are as follows:

	(Million yen)
Unrecognized past service cost	1,395
Unrecognized actuarial difference	-3,264
Total	-1,869

(7) Matters relating to pension assets

(i) Major components of pension assets

Major asset classes as a percentage of total pension assets are as follows:

Bonds	34.3%
Equities	31.8%
Other	33.9%
Total	100.0%

(Note) 19.9% of total pension assets are retirement benefits trusts established for corporate pension plans.

(ii) Method used to determine expected long-term rate of return

Current and potential future pension asset allocations and current and expected long-term rates of return on the various assets that make up pension assets are taken into consideration to determine the expected long-term rate of return of pension assets.

(8) Bases for actuarial calculations

Major bases for actuarial calculations at the end of the consolidated fiscal year under review

Discount rate	Mainly 1.7%
Expected long-term rate of return	Mainly 2.5%

3. Defined contribution plans

The required contribution amount to defined contribution plans of the Company and its consolidated subsidiaries was ¥913 million.

(Tax effect accounting)

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

	As of March 31, 2013	As of March 31, 2014
(Current assets)		
Deferred income tax assets		
Reserve for bonuses	1,030	989
Unrealized gain on inventories	352	513
Unpaid business enterprise tax	367	270
Deferred retained loss	354	44
Others	717	756
Deferred income tax assets subtotal	2,822	2,574
Valuation reserve	-131	-265
Deferred income tax assets total	2,691	2,308
Total of deferred income tax liabilities	-44	-69
Deferred income tax assets (liabilities) (net)	2,646	2,239
(Fixed assets)		
Deferred income tax assets		
Deferred retained loss	3,181	4,719
Depreciation expenses	2,031	1,885
Loss on valuation of investment securities	1,549	1,107
Net defined benefit liability	–	316
Others	1,982	1,761
Deferred income tax assets subtotal	8,745	9,790
Valuation reserve	-4,722	-5,861
Deferred income tax assets total	4,023	3,929
Deferred income tax liabilities		
Valuation difference on available-for-sale securities	-33	-3,035
Reserve for advanced appreciation of fixed assets	-2,791	-2,726
Variance on revaluation of assets of consolidated subsidiaries	-892	-983
Retained income	-377	-588
Others	-356	-320
Total of deferred income tax liabilities	-4,452	-7,654
Deferred income tax assets (liabilities) (net)	-428	-3,725

(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, 2013	As of March 31, 2014
Current assets—Deferred income tax assets	2,646	2,248
Fixed assets—Deferred income tax assets	1,053	938
Current liabilities—Other	–	-8
Long-term liabilities—Deferred income tax liabilities	-1,481	-4,664

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, 2013	As of March 31, 2014
Statutory tax rate	38.01%	38.01%
(Adjustment)		
Entertainment expenses and other items not to be included in expenses indefinitely	4.19%	2.92%
Gain on dividend income not permitted for inclusion in expenses	-1.73%	-0.86%
Impacts on deconsolidation of dividends received	4.28%	0.72%
Experimental and research expense tax credit	-1.64%	-2.94%
Different tax rates on overseas consolidated subsidiaries	-3.14%	-3.22%
Amortization of goodwill	0.48%	0.95%
Retained income	0.33%	1.03%
Others	1.12%	1.47%
Effective tax rate	41.90%	38.08%

3. Revisions to the amounts of deferred income tax assets and deferred income tax liabilities due to change in tax rates of income taxes, etc.

Following the promulgation on March 31, 2014 of the “Partial Revision of Income Tax Act, etc.” (Act No. 10 of 2014), the “Partial Revision of Local Tax Act, etc.” (Act No. 4 of 2014) and the “Local Corporation Tax Act” (Act No. 11 of 2014), the tax rates of income taxes, etc. will be changed from consolidated fiscal years beginning on or after April 1, 2014. As a result of the foregoing, statutory taxation rate used in calculation of deferred tax assets and deferred tax liabilities for the current fiscal year are revised to 35.64% from 38.01% of the previous fiscal year regarding temporary difference estimated to be eliminated during the fiscal year beginning on April 1, 2014.

As a result, deferred income tax assets (net of deferred income tax liabilities) decreased by ¥162 million, valuation difference on available-for-sale securities decreased by ¥0 million, and income taxes, deferred increased by ¥162 million.

(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 Coatings Related Business, and the Colorants and Functional Materials Related Business. Each business unit operates by establishing comprehensive domestic and overseas strategies for each product and service.

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

2. Method of calculation for nets sales, profits or losses 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.

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

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 Coatings Related 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.

From April 1, 2013 to March 31, 2014 (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 Coatings Related Business	Colorants and Functional Materials Related Business	Total			
Net sales								
Sales to customers	85,143	61,857	54,792	73,537	275,330	4,227	–	279,557
Intersegment sales	377	673	1,706	2,808	5,566	1,494	- 7,061	–
Total	85,520	62,530	56,499	76,346	280,896	5,722	- 7,061	279,557
Segment profits	4,561	1,982	3,814	8,670	19,028	676	23	19,728

(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 23 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, 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.

From April 1, 2013 to March 31, 2014

(Million yen)

Japan	China	Other	Total
167,322	37,914	74,320	279,557

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

(Per share information)

	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Net assets per share	525.62 yen	606.39 yen
Net income per share	29.20 yen	41.09 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. As stated in "Changes in Accounting Policies," the adoption of the accounting standards for retirement benefits, etc. is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards. As a result, net income per share for the consolidated fiscal year under review is decreased by 4.3 yen.

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

	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014
Net income (million yen)	8,714	12,260
Amount not belonging to common shareholders (million yen)	–	–
Net income (loss) associated with common shares (million yen)	8,714	12,260
Weighted average number of shares issued and outstanding during the period (thousand shares)	298,386	298,362

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

	As of March 31, 2013	As of March 31, 2014
Net assets on the consolidated balance sheet (million yen)	161,322	186,608
Amount deducted from total net assets (million yen)	4,487	5,694
Minority interests (million yen)	4,487	5,694
Year-end net assets concerning common shares (million yen)	156,835	180,914
Common shares used for calculation of net assets per share (thousand shares)	298,381	298,346

(Important subsequent events)

Not applicable

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.