

Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2015

May 15, 2015

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange
 Code: 4634 URL: <http://schd.toyoinkgroup.com>
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 Scheduled date of ordinary shareholders' meeting: June 26, 2015
 Scheduled date of commencement of dividend payments: June 29, 2015
 Scheduled date of submission of financial report: June 26, 2015
 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, 2015 (from April 1, 2014 to March 31, 2015)

(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 2015	286,684	2.5	18,210	-7.7	19,411	-5.6	13,304	8.5
March 2014	279,557	12.4	19,728	12.4	20,553	11.3	12,260	40.7

(Note) Comprehensive income: Fiscal 2014 32,605 million yen (7.4%) Fiscal 2013 30,351 million yen (67.1%)

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 2015	44.60	—	6.9	5.6	6.4
March 2014	41.09	—	7.3	6.5	7.1

(Note) Equity in earnings of associated companies: Fiscal 2014 82 million yen Fiscal 2013 77 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 2015	364,262	213,756	56.9	694.62
March 2014	336,601	186,608	53.7	606.39

(Note) Net worth: Fiscal 2014 207,220 million yen Fiscal 2013 180,914 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 2015	25,702	-6,198	-13,585	42,546
March 2014	17,603	-13,249	-7,305	34,723

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 2014	—	6.00	—	7.00	13.00	3,878	31.6	2.3
March 2015	—	7.00	—	7.50	14.50	4,325	32.5	2.2
March 2016 (Forecast)	—	7.50	—	7.50	15.00		37.3	

3. Forecasts for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Recurring income		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	145,000	3.9	9,000	-0.1	9,300	-1.8	5,600	-43.0	18.77
Full-year	300,000	4.6	20,000	9.8	20,500	5.6	12,000	-9.8	40.22

* 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 5. Consolidated Financial Statements, (5) Explanatory notes to consolidated financial statements (Changes in accounting policies) on page 21 of the accompanying materials.

(3) Numbers of shares issued (common shares)

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

Fiscal 2014: 303,108,724 shares

Fiscal 2013: 303,108,724 shares

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

Fiscal 2014: 4,785,989 shares

Fiscal 2013: 4,762,518 shares

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

Fiscal 2014: 298,334,651 shares

Fiscal 2013: 298,362,450 shares

Reference: Financial summary (non-consolidated)

(Amounts of less than million yen are omitted.)

Non-consolidated business results for the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(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 2015	19,778	0.5	10,237	8.5	11,060	7.4	10,449	17.6
March 2014	19,674	0.3	9,431	0.7	10,303	1.8	8,888	6.8

Year ended	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
March 2015	35.03	—
March 2014	29.79	—

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net assets per share
	Million yen	Million yen	%	Yen
March 2015	231,305	162,589	70.3	545.01
March 2014	217,683	150,039	68.9	502.90

(Note) Net worth: Fiscal 2014 162,589million yen Fiscal 2013 150,039million 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 6 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 18, 2015 (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 2015	286,684	18,210	19,411	13,304
March 2014	279,557	19,728	20,553	12,260
Growth rate (%)	2.5	-7.7	-5.6	8.5

During the consolidated fiscal year under review, the U.S. economy maintained a firm recovery trend. However, concern about the European economy grew, and emerging economies, including China and India, showed growing signs of an economic slowdown. In Japan, consumer spending failed to grow as a result of a reaction to a last-minute rise in demand before the consumption tax hike.

The business environment of the Toyo Ink Group remained challenging, as domestic demand for printing was sluggish and the prices of raw materials remained high due to the weak yen. The Group conducted the business activities summarized below in line with its FY2014 Group Management Policy to “create innovations with strategic thinking at every opportunity”, “meet planned costs with a tightly-knit global network” and “enhance value through the effective utilization and review of management resources.”

To create innovations with strategic thinking at every opportunity, the Group, as a growth strategy, sought to expand its business domains and strengthen the development of products accordingly. Specifically, the Group developed and expanded sales of LCD and touchscreen peripheral materials, electromagnetic shielding films for smartphones, and flexographic inks for packaging that can be used for retort applications. It also increased sales of UV inks by establishing global SCM. The Group held a private exhibition in February this year, featuring products it had developed, and announced new products: non-VOC sheet-fed offset inks and acrylic emulsion adhesives for health care. In addition to the above, the Group stepped up its efforts for the reinforcement of the global network, which included the launch of new production bases in Brazil, in Gujarat, India, and in Sichuan, China, the enhancement of production facilities in Thailand, Malaysia and Indonesia, and the reorganization of operation bases in Taiwan, as well as the establishment of a new company in Turkey as a commercial hub straddling both Europe and Asia.

To meet the planned costs with a tightly-knit global network, the Group sought to improve the ratio of operating profit to sales by simultaneously maintaining product performance and facilitating cost reductions through model integration and production method review, while, as a step to strengthen the base for sustainable growth, promoting measures to establish the network for raw material procurement and promoting a local production for local consumption model.

To enhance value through the effective utilization and review of management resources, the Group took steps to improve the infrastructure enabling the rapid execution of management by continuing to create a system for obtaining the business information of overseas bases in a timely manner and managing chemical substances on a global scale. It also moved ahead with efforts for efficient capital spending such as the reduction of working capital and the reinforcement of investment control, and succeeded in improving cash flows and reducing interest-bearing liabilities.

As a result of these activities, sales in the consolidated fiscal year under review stood at 286,684 million yen (down 1.1% from the Group’s forecast and up 2.5% year on year), while profits declined with operating income of 18,210 million yen (down 8.9% from the forecast and down 7.7% year on year) and recurring income of 19,411 million yen (down 5.3% from the forecast and down 5.6% year on year). However, net income climbed to 13,304 million yen (up 2.3% from forecast and up 8.5% year on year).

Results by segment are as follows (the classification and order of the segments have changed in the consolidated fiscal year under review, and the results in each segment for the consolidated fiscal year under review are compared with the results of the previous fiscal year that reflect the change in the classification and order):

(Million yen)

	Net sales			Operating income		
	Previous term	Term under review	Change (%)	Previous term	Term under review	Change (%)
Colorants and Functional Materials Related Business	76,414	78,465	2.7	8,140	7,290	-10.4
Polymers and Coatings Related Business	56,742	59,495	4.9	3,428	3,646	6.4
Packaging Materials Related Business	62,530	63,114	0.9	1,982	1,768	-10.8
Printing and Information Related Business	85,527	87,468	2.3	4,263	2,639	-38.1
Others	5,403	5,704	5.6	1,890	2,833	49.9
Subtotal	286,619	294,248	2.7	19,705	18,177	-7.8
Eliminations or corporate	-7,061	-7,564	-	23	33	-
Total consolidated	279,557	286,684	2.5	19,728	18,210	-7.7

(i) Colorants and Functional Materials Related Business

Domestic demand for high-function pigments and materials for LCD color filters was weak, but overseas demand in Taiwan and South Korea remained strong. Sales of these products also expanded in China. However, there were increasing requests to cut the costs of LCD materials due to intensifying LCD price competition attributable to changes in the market, and profits declined.

Domestic sales of commodity-type pigments for printing and coating were weak due to the effect of the consumption tax hike, but overseas sales of commodity-type pigments expanded in Southeast Asia.

Sales of plastic colorants in Japan were adversely affected by the consumption tax hike and bad weather, but sales of plastic colorants for containers and construction materials increased. In China, South Korea, and Southeast Asia, sales of plastic colorants for containers and office equipment also expanded.

As a result of the above factors, sales in the overall Colorants and Functional Materials Related Business increased to 78,465 million yen, up 2.7% year on year, but operating income declined 10.4%, to 7,290 million yen.

(ii) Polymers and Coatings Related Business

In the coating materials segment, sales of advertisement-related products were strong, mainly reflecting demand from mass retailers associated with renovations. Sales of protection films for smartphones and semiconductor polishing tapes also grew. Sales of electromagnetic shielding films, a core product, expanded in China, but were stagnant in Japan and South Korea.

Sales of adhesives used for solar cells were weak in Japan and South Korea, but sales of adhesives for packaging expanded in Japan, China, and Southeast Asia. Sales of adhesive compounds for labels slowed in Japan in the second half, but sales of adhesive compounds for automobiles and home electrical appliances increased in Southeast Asia, and sales of adhesive compounds for displays grew in South Korea and Taiwan. Sales of resins for print ink were weak and building and civil engineering remained stagnant, but sales of resins for solar cells expanded. Operating income from adhesives, adhesive compounds, and resins, all of which are industrial raw materials, remained low, reflecting tardiness in passing high raw material costs in Japan on to sales prices.

Domestic sales of can coatings (finishes) for cans for coffee and similar beverages were weak in Japan due to an increase in coffee sold over the counter at convenience stores. Sales of can coatings for cans for beer and similar beverages grew, and sales of can coatings expanded in Southeast Asia.

As a result of the above factors, sales in the overall Polymer and Coatings Related Business rose 4.9% year on year, to 59,495 million yen, and operating income increased 6.4%, to 3,646 million yen, showing a rise in sales and income.

(iii) Packaging Materials Related Business

Domestic sales of gravure inks for publications remained on a structurally declining trend. In addition, domestic sales of mainstay gravure inks for packaging failed to grow after unseasonable weather during the summer. Domestic sales of gravure

inks for printed construction materials also remained weak in the second half. There was downward pressure on operating income due to delays in passing high raw material costs on to sales prices.

In the gravure cylinders business, demand fell in the second half, and sales of gravure equipment declined from a year earlier.

Overseas, sales of eco-friendly inks for packaging in the largest market segment expanded in Southeast Asia and India. However, sales of gravure inks for construction materials saw sluggish growth in North America.

As a result of the above factors, although sales in the overall Packaging Materials Related Business increased slightly by 0.9% year on year, to 63,114 million yen, operating income declined 10.8%, to 1,768 million yen.

(iv) Printing and Information Related Business

In offset inks, domestic sales of advanced products increased, including products with high UV sensitivity and hard coat products used in touchscreens. However, demand for sheet-fed printing, offset rotary printing, and newspaper inks was weak due to the structural recession resulting from the shrinking printing market associated with digitization and the significant effect of the consumption tax hike. Operating income declined significantly, as raw material prices remained high and the Company held off on passing the high raw material prices on to sales prices.

Demand was weak for both equipment and supplies for graphic arts, reflecting the sluggish domestic offset printing market, although sales of in-house developed paper inspection equipment expanded.

Overseas, although demand in China began to slow, demand continued to grow in Southeast Asia and India. Moreover, the Company utilized the Arets Group, which was acquired in April 2013, in a bid to expand the UV ink business globally. In Brazil and India, the Company commenced the operation of a second production base to develop its supply system to meet expanding demand. However, with the incurrence of anticipatory expenses and raw material prices remaining at high levels, operating income saw stagnant growth.

As a result of the above factors, sales of the Printing and Information Related Business stood at 87,468 million yen, rising 2.3% year on year. However, operating income declined significantly by 38.1% year on year, to 2,639 million yen.

(v) Others

This segment includes businesses that are not included in the above segments and services provided mainly by Toyo Ink SC Holdings Co., Ltd. Sales in this segment stood at 5,704 million yen, up 5.6% year on year. Operating income increased 49.9%, to 2,833 million yen, due chiefly to cost reductions by Toyo Ink SC Holdings Co., Ltd.

(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	336,601	364,262	27,660
Liabilities	149,993	150,506	512
Net assets	186,608	213,756	27,147

Total assets at the end of the fiscal year under review stood at 364,262 million yen, an increase of 27,660 million yen from the beginning of the fiscal year. Liabilities at the end of the fiscal year were 150,506 million yen, an increase of 512 million yen from the beginning of the fiscal year. Net assets at the end of the fiscal year stood at 213,756 million yen, a rise of 27,147 million yen from the beginning of the fiscal year.

Assets, liabilities, and foreign currency translation adjustments of overseas group companies 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. In addition, short-term loans payable declined because the collection of the proceeds from sales of property, plant and equipment was used for the repayment of loans. As a result of the cancellation of retirement benefit trusts, net defined benefit assets declined, and investments in securities increased. The valuation difference on available-for-sale securities and deferred income tax liabilities increased, reflecting increases in the prices of the listed companies' shares owned by the Group.

(ii) Cash flows

(Million yen)

	Previous term	Term under review	Change
Cash flows from operating activities	17,603	25,702	8,098
Cash flows from investing activities	-13,249	-6,198	7,050
Cash flows from financing activities	-7,305	-13,585	-6,280
Balance of cash and cash equivalents	34,723	42,546	7,822

Cash and cash equivalents (“cash”) at the end of the fiscal year under review stood at 42,546 million yen, up 7,822 million yen from the beginning of the fiscal year.

Cash provided by operating activities stood at 25,702 million yen, an increase of 8,098 million yen in cash inflows year on year, mainly reflecting an increase in cash flows due to the posting of income before income taxes and minority interests, offsetting a decrease in cash flows due to the payment of corporate taxes.

Cash used in investment activities was 6,198 million yen, a decrease in cash outflows of 7,050 million yen year on year, which reflects the sale of the land in Itabashi, Tokyo and the acquisition of property, plant and equipment.

Cash used in financial activities stood at 13,585 million yen, a rise in cash outflows of 6,280 million yen from the previous fiscal year, primarily reflecting the repayment of loans and dividends paid.

Trends in Group cash flows are as follows:

	Term ended March 2012	Term ended March 2013	Term ended March 2014	Term ended March 2015
Capital adequacy ratio (%)	50.6	52.4	53.7	56.9
Market value-based capital adequacy ratio (%)	35.9	43.8	37.0	46.1
Ratio of interest-bearing debt to cash flows (years)	3.7	4.1	4.2	2.6
Interest coverage ratio (times)	18.8	18.8	20.5	31.6

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 attributable to shareholders of the parent company
Term ending March 2016	300,000	20,000	20,500	12,000
Term ended March 2015	286,684	18,210	19,411	13,304
Growth rate (%)	4.6	9.8	5.6	-9.8

Looking ahead to the next consolidated fiscal year, the global economy is expected to stage a modest recovery. However, the outlook remains uncertain, given such factors as the normalization of monetary policy in the United States, the stable growth

policy in China, financial risk in Europe and the effect of the sharp decline in oil prices.

The Group also expects that it will continue to be faced with a difficult operating environment, as demand in Japan will remain weak. However, it will implement measures to address the challenges outlined on page 9. Consequently, it expects to post net sales of 300 billion yen in the next consolidated fiscal year, up 4.6% from a year earlier; operating income of 20 billion yen, up 9.8% year on year; recurring income of 20.5 billion yen, up 5.6%; and net income attributable to shareholders of the parent company amounting to 12 billion yen, up 9.8%.

2. Group Overview

The Group is constituted of the Company, 67 consolidated subsidiaries and 12 equity method affiliate companies.

Business lines of the Group are as follows:

Business line	Major Business	Major Company	
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 Corp., Toyo Ink Compounds Vietnam Co., Ltd., Zhuhai Toyochem Co., Ltd., Toyo Advanced Science Taiwan Co., Ltd. (Note 1.), Toyo Ink Europe Specialty Chemicals S.A., LioChem, Inc. 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
Packaging Materials Related Business	Gravure inks, flexographic inks, gravure cylinders and others	Domestic	Toyo Ink Co., Ltd. and others
		Overseas	Shanghai Toyo Ink Mfg. Co., Ltd., PT. Toyo Ink Indonesia, Jiangmen Toyo Ink Co., Ltd. and others
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.
		Overseas	Tianjin Toyo Ink Co., Ltd., Toyo Ink Arets NV (Note 2.), Toyo Ink America, LLC, Toyo Ink Australia Pty. Ltd. 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., 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

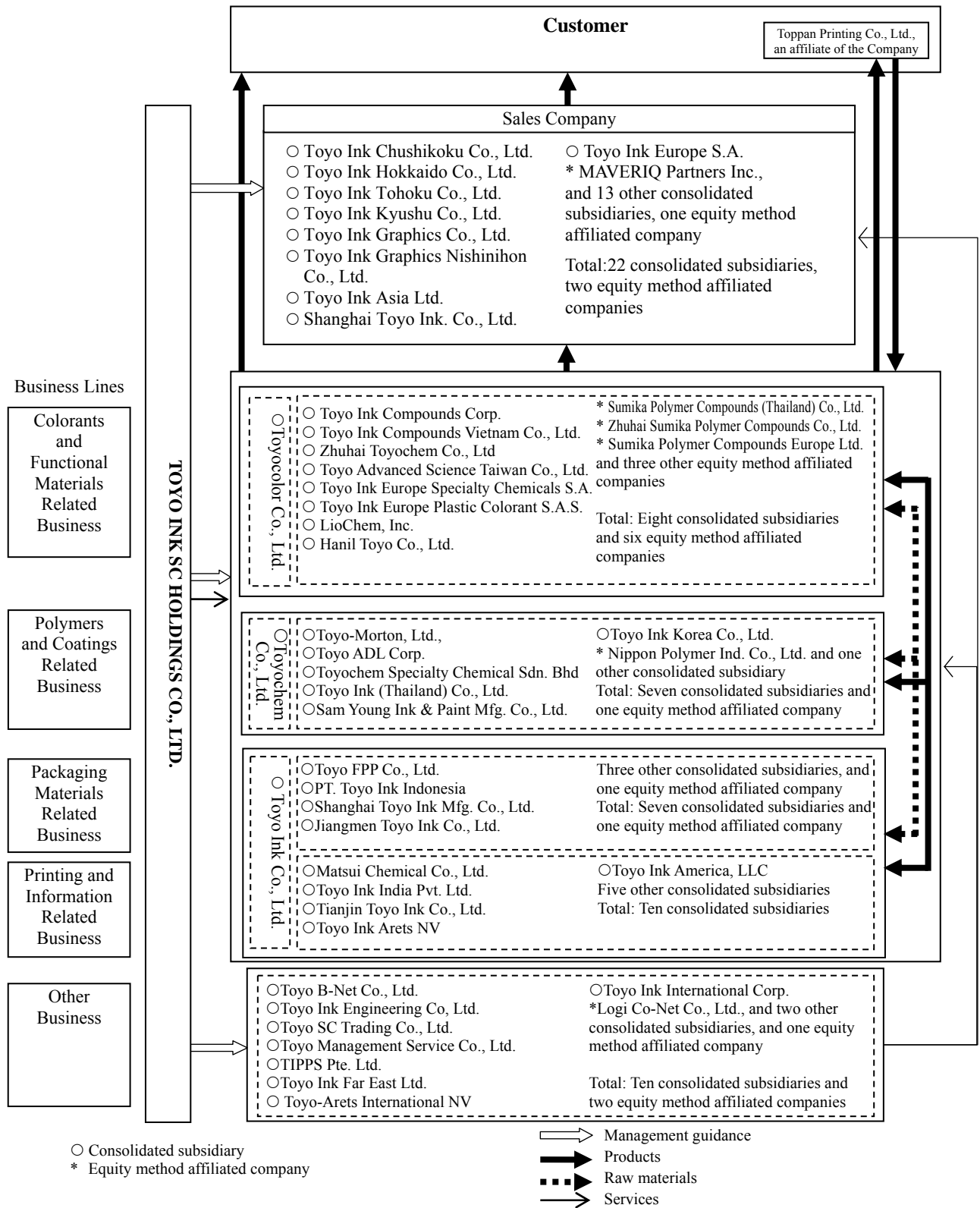
(Notes)

1. Toyo Advanced Science Taiwan Co., Ltd changed its name from Toyo Ink Chemicals Taiwan Co., Ltd., the Company's wholly owned subsidiary, which absorbed Toyo Ink Taiwan Co., Ltd, the Company's wholly owned subsidiary, in December, 2014.
2. Toyo Ink Arets NV changed its name from Arets Graphics NV in January 2015.

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, society satisfaction, and shareholder satisfaction.

As a manufacturer that aims to achieve sustainable growth over the next 100 years, 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 science company. 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.

From fiscal 2014 until fiscal 2016, the Group is promoting 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 set out under SCC-I and II into results, transform into a science company that undertakes the evolution and expansion of business and technology domains with a scientific approach, and aim to be a corporate group that creates a variety of lifestyles with diverse people in the world.

In aiming to be a science company, we have defined three business domains: Life Science (Packaging and Healthcare), Communication Science (Electronics and Fine Imaging) and Sustainability Science (Environmental Consciousness and Energy-related Operations). By facilitating growth strategies through the development of new products and businesses that fit these domains, we will achieve improvement in customer satisfaction (CS) and society satisfaction (SS).

In terms of global expansion, we will work to expand business domains at strategic bases in China, Southeast Asia and South Asia. In new markets such as inland areas of China, Central and South America, and Turkey, we will flexibly use management resources through our network to start up business quickly. Thus, we will aim 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 2015 is the second year of the new medium-term management plan SCC-III. By viewing it as the year for stepping up our efforts for achieving this plan, we plan to conduct the respective businesses while focusing on our challenges, which are to “launch innovations constantly and enhance marketing capabilities,” “strengthen global networks from both offensive and defensive perspectives,” and “improve the value of six management resources (people, products, money, information, technology and culture) and enhance the corporate value of group companies.”

In the Colorants and Functional Materials Related Business, we will continue to develop high-function products such as high brightness products and products for image sensor applications using high-function pigments and materials for LCD color filters, while expanding sales in Korea, Taiwan and China with comprehensive cost reductions based on streamlined manufacturing processes. We will also strengthen the revenue raising power of commodity-type pigments by improving the SCM structure, which includes the reinforcement of alliances, and seek to increase the global supply capacity of plastic colorants by boosting production and sales in India and Mexico. In the energy sector, which includes solar batteries and secondary batteries, the Group will facilitate the development of differentiated products, as well as applications and sales thereof.

In the Polymers and Coatings Related Business, we will step up our efforts to achieve the stable operation of the clean, high precision coating equipment scheduled to be completed in Kawagoe Factory, thereby facilitating the development and sales of products for electronics and display markets, starting with electromagnetic shielding films. The Group will also continue to increase the global supply capacity and expand sales of adhesive compounds and can coatings for the packaging market. In addition, we will enhance the lineup of polymer products by accelerating the development of products for the medical and health care sectors, whose future is very promising.

In the Packaging Materials Related Business, by improving the technology for product evaluations and product commercialization, we will continue to improve the quality and increase sales of gravure inks that support environmental consciousness and food hygiene and flexographic inks for soft packaging. We will also drive the development of products that adapt to needs in a growth areas by reinforcing our technological strengths in China and Southeast Asia, while putting our efforts into cost reduction through the integration of raw materials and basic prescriptions on a global scale. In addition, we will enhance our production capacity in countries such as India and Brazil, where the market is expected to expand going forward.

In the Printing and Information Related Business, we will continue to accelerate the development and global sales of high-function products such as products with high UV sensitivity and functional coat products for the electronics market. We will also strive to achieve quality improvement and cost reduction simultaneously by facilitating the in-house production of key materials for ink production, the integration of models, the improvement of production processes, and the rationalization of sales organizations. In addition, we will increase the production capacities in India, Brazil, and inland areas of China and move forward with expansion into the Middle East and Africa, centered on Turkey, where we recently established an operation base.

In addition to these activities, we will move forward with the introduction of integrated systems on a global scale to accelerate growth strategies with prompt management across all business operations and improve global networks. The Group will also work to make efficient use of capital, keep people highly motivated, and foster and maintain compliance and risk management thoroughly.

4. Basic Position on the selection of accounting standards

The Group utilizes the Japanese accounting standards due to the possibility of comparing the terms of financial statements and performance between the companies.

We are moving ahead with the necessary preparations for the future adoption of International Financial Reporting Standards (IFRS). We intend to make a decision on suitable timing for its implementation, factoring in the situations in Japan and abroad.

5. Consolidated Financial Statements
(1) Consolidated balance sheet

(Million yen)

	As of March 31, 2014	As of March 31, 2015
(Assets)		
Current assets		
Cash and bank deposits	31,894	39,620
Notes and accounts receivable	92,991	94,883
Marketable securities	700	563
Goods and products	25,409	27,795
Work-in-process	1,541	1,496
Raw material and supplies	15,146	16,139
Deferred income tax assets	2,248	2,048
Others	7,571	6,226
Allowance for doubtful receivables	-893	-1,047
Total current assets	176,609	187,727
Fixed assets		
Property, plant and equipment		
Building and structures	*2 87,522	*2 94,888
Accumulated depreciation	-52,380	-55,144
Building and structures (net amount)	35,141	39,744
Machinery and vehicles	138,910	*2 146,927
Accumulated depreciation	-118,033	-121,597
Machinery and vehicles (net amount)	20,877	25,329
Tools, furniture and fixtures	21,873	23,103
Accumulated depreciation	-18,782	-20,021
Tools, furniture and fixtures (net amount)	3,090	3,081
Land	*2 28,771	*2 28,617
Leased assets	379	449
Accumulated depreciation	-182	-261
Leased assets (net amount)	196	187
Construction in progress	*5 8,229	*5 4,903
Total property, plant and equipment	96,306	101,865
Intangible fixed assets	4,713	2,796
Investments and other assets		
Investment in securities	*1 46,230	*1 62,223
Net defined benefit asset	7,552	4,115
Deferred income tax assets	938	1,025
Others	4,739	5,020
Allowance for doubtful receivables	-487	-512
Total investments and other assets	58,973	71,873
Total fixed assets	159,992	176,535
Total assets	336,601	364,262

(Million yen)

	As of March 31, 2014	As of March 31, 2015
(Liabilities)		
Current liabilities		
Notes and accounts payable	48,159	*2 48,773
Short-term loans payable	33,369	*2 20,931
Accrued income taxes	3,658	2,824
Others	16,424	18,212
Total current liabilities	101,612	90,742
Long-term liabilities		
Long-term loans payable	40,051	44,895
Deferred income tax liabilities	4,664	10,451
Provision for environmental measures	365	889
Net defined benefit liability	1,496	1,775
Asset retirement obligations	27	27
Others	1,775	1,724
Total long-term liabilities	48,380	59,763
Total liabilities	149,993	150,506
(Net assets)		
Shareholders' equity		
Common stock	31,733	31,733
Capital surplus	32,920	32,920
Retained earnings	109,220	117,368
Treasury stock, at cost	-1,750	-1,762
Total shareholders' equity	172,123	180,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,065	13,396
Foreign currency translation adjustments	3,928	10,933
Remeasurements of defined benefit plans	-1,203	2,630
Total accumulated other comprehensive income	8,791	26,960
Minority interests	5,694	6,536
Total net assets	186,608	213,756
Total of liabilities and net assets	336,601	364,262

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

(Million yen)

	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Net sales	279,557	286,684
Cost of sales	*1 215,401	*1 222,944
Gross profit	64,156	63,739
Selling, general and administrative expenses		
Packing expenses and freight charge	6,397	6,445
Salaries and allowance	10,748	11,301
Bonuses	2,547	2,563
Welfare expenses	2,653	2,914
Depreciation expenses	1,140	1,284
Research and development expenses	*1 3,186	*1 3,082
Others	17,753	17,939
Total selling, general and administrative expenses	44,427	45,529
Operating income	19,728	18,210
Non-operating income		
Interest income	191	212
Dividend income	662	751
Foreign exchange gains	533	929
Investment income according to the equity method	77	82
Others	799	680
Total non-operating income	2,264	2,656
Non-operating expenses		
Interest expenses	850	812
Others	590	642
Total non-operating expenses	1,440	1,455
Recurring income	20,553	19,411
Extraordinary profit		
Gain on sales of fixed assets	*2 45	*2 6,854
Compensation for removal	*5 144	–
Others	9	79
Total extraordinary profit	199	6,934
Extraordinary loss		
Loss on sales of fixed assets	*3 286	*3 390
Impairment loss	–	*4 257
Amortization of goodwill	–	*6 2,262
Provision for environmental measures	61	530
Loss on cancellation of retirement benefit trust	–	1,125
Others	3	341
Total extraordinary loss	351	4,908
Income before income taxes and minority interests	20,401	21,437
Income taxes, current	6,750	5,989
Income taxes, deferred	1,017	1,686
Total income taxes	7,768	7,676
Income before minority interests	12,633	13,761
Minority interests	372	456
Net income	12,260	13,304

Consolidated statements of comprehensive income

(Million yen)

	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Income before minority interests	12,633	13,761
Other comprehensive income		
Valuation difference on available-for-sale securities	6,069	7,332
Foreign currency translation adjustments	11,138	7,333
Remeasurements of defined benefit plans, net of tax	–	3,834
Share of other comprehensive income of associates accounted for using equity method	509	344
Total other comprehensive income	*1 17,718	*1 18,844
Comprehensive income	30,351	32,605
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	28,880	31,473
Comprehensive income attributable to minority interests	1,470	1,132

(3) Consolidated statements of changes in net assets

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
Cumulative effects of changes in accounting policies					-
Restated balance	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	0
Net changes except for shareholders' equity					
Total changes of items during the period	-	0	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	Remeasurements 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
Cumulative effects of changes in accounting policies						-
Restated balance	-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

From April 1, 2014 to March 31, 2015

(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	109,220	-1,750	172,123
Cumulative effects of changes in accounting policies			-979		-979
Restated balance	31,733	32,920	108,240	-1,750	171,144
Changes of items during the period					
Dividends from surplus			-4,176		-4,176
Net income			13,304		13,304
Purchases of treasury stock				-12	-12
Sales of treasury stock					-
Net changes except for shareholders' equity					
Total changes of items during the period	-	-	9,127	-12	9,115
Balance at the end of the period	31,733	32,920	117,368	-1,762	180,259

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	6,065	3,928	-1,203	8,791	5,694	186,608
Cumulative effects of changes in accounting policies						-979
Restated balance	6,065	3,928	-1,203	8,791	5,694	185,629
Changes of items during the period						
Dividends from surplus						-4,176
Net income						13,304
Purchases of treasury stock						-12
Sales of treasury stock						-
Net changes except for shareholders' equity	7,330	7,004	3,834	18,169	842	19,011
Total changes of items during the period	7,330	7,004	3,834	18,169	842	28,126
Balance at the end of the period	13,396	10,933	2,630	26,960	6,536	213,756

(4) Consolidated statements of cash flows

(Million yen)

	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	20,401	21,437
Depreciation and amortization	9,478	9,958
Impairment loss	–	257
Amortization of goodwill	507	2,898
Interest and dividend income	-853	-963
Interest expenses	850	812
Share of profit/loss of entities accounted for using equity method (- is profit)	-77	-82
Gain/loss on sale of property, plant and equipment (- is gain)	-21	-6,846
Loss on disposals of property, plant and equipment	112	195
Compensation for transfer	-144	–
Loss on cancellation of retirement benefit trust	–	1,125
Increase/decrease in notes and accounts receivable (- is increases)	-2,675	2,324
Increase/decrease in inventories (- is increases)	204	-860
Increase/decrease in notes and accounts payable (- is decreases)	-291	-2,343
Others	-2,850	1,984
Subtotal	24,639	29,899
Interest and dividend received	899	1,031
Interest paid	-857	-812
Loss on cancellation of retirement benefit trust refund	–	2,795
Income taxes paid	-7,077	-7,210
Net cash provided by operating activities	17,603	25,702
Cash flows from investing activities		
Increase in time deposits	-506	-728
Income on certificate of deposit repayment	578	958
Purchases of property, plant and equipment	-12,053	-13,033
Proceeds from sales of property, plant and equipment	206	7,164
Purchase of short-term and long-term investment securities	-1,749	-9,157
Proceeds from sales and redemption of short-term and long-term investment securities	1,499	8,874
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 -1,214	–
Others	-8	-275
Net cash used in investing activities	-13,249	-6,198
Cash flows from financing activities		
Increase/decrease in short-term loans payable, net(- is decrease)	5,103	-3,142
Proceeds from long-term loans payable	16,016	5,400
Repayments of long-term loans payable	-24,493	-11,372
Dividends paid	-3,580	-4,176
Dividends paid to minority interests	-267	-201
Others	-84	-92
Net cash used in financing activities	-7,305	-13,585
Foreign currency translation adjustments on cash and cash equivalents	2,341	1,904
Net increase (decrease) in cash and cash equivalents(- is decrease)	-610	7,822
Cash and cash equivalents, beginning of period	35,333	34,723
Cash and cash equivalents, end of period	*1 34,723	*1 42,546

(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 67 consolidated subsidiaries; all of the subsidiaries were consolidated.

Names of major consolidated subsidiaries:

Toyocolor Co., Ltd.;
Toyochem Co., Ltd.;
Toyo Ink Co., Ltd.;
Matsui Chemical 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.;
Toyo Advanced Science Taiwan Co., Ltd.;
Shanghai Toyo Ink Mfg. Co., Ltd.;
Zhuhai Toyochem Co., Ltd.;
Toyochem Specialty Chemical Sdn. Bhd.;
Toyo Ink America, LLC;
Toyo Ink India Pvt. Ltd.;
Sam Young Ink & Paint Mfg. Co., Ltd.;
Toyo Ink Europe Specialty Chemicals S.A.;
Toyo Ink Arets NV;
Toyo Ink Asia Ltd.

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

- In the consolidated fiscal year under review, Toyo Ink Turkey Kimya Sanayi A.Ş was established, and became a consolidated subsidiary.
- Toyochem Sdn. Bhd. (Malaysia), Toyochem Graphics Sdn. Bhd. and Toyochem Corporation Bhd., which had been consolidated subsidiaries until the previous fiscal year, were liquidated in the consolidated fiscal year under review and were excluded from the scope of consolidation.
- Toyo Ink Taiwan Co., Ltd., which had been a consolidated subsidiary until the previous fiscal year, merged with Toyo Ink Chemicals Taiwan Co., Ltd. in the consolidated fiscal year under review and was excluded from the scope of consolidation. Toyo Ink Chemicals Taiwan Co., Ltd. changed its corporate name to Toyo Advanced Science Taiwan Co., Ltd.

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

- Toyo Ink Arets NV (formerly Arets Graphics NV)

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.

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

(i) 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.

(ii) Derivatives

Market value method

(iii) 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

(i) 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

(ii) 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

(i) Allowance for doubtful receivables

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

(ii) Provision for environmental measures

To prepare for spending on environmental measures, we recorded the estimated amount of spending at the end of the consolidated fiscal year under review.

(4) Accounting treatment for retirement benefits

(i) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the period until the end of the consolidated fiscal year under review based on the benefit formula.

(ii) 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

(i) Hedge accounting

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

(ii) Hedging method and hedging target

Hedging method: Interest swap transactions

Hedging target: Long-term borrowings

(iii) 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.

(iv) 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

(i) Accounting treatment of consumption tax, etc.

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

(ii) Application of a consolidated taxation system

The Company uses the consolidated taxation system.

(Changes in accounting policies)

(Application of accounting standards for retirement benefits, etc.)

The Group has applied the provisions stipulated in the main clause of Article 35 of 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 in the main clause of Article 67 of the “Guidance on Accounting Standards for Retirement Benefits” (ASBJ Guidance No.25 issued March 26, 2015; hereinafter “Guidance”) from the consolidated fiscal year under review. The Group has also reviewed the method for calculating retirement benefit liabilities and service costs and changed the method for attributing the estimated amount of retirement benefits from the straight-line attribution method to attribution based on the benefit formula, and the method for determining the discount rate from the one using a discount rate based on the number of years approximate to the average remaining service lives of employees to the method using a single weighted average discount rate that reflects the expected payment period of retirement benefits and the amount for each expected payment period.

With respect to the application of the Retirement Benefits Accounting Standards, etc., the Company adds or subtracts the effect of the change in the method for calculating retirement benefit liabilities and service costs to or from the retained earnings at the beginning of the consolidated fiscal year under review in accordance with the transitional treatment stipulated in Article 37 of the Retirement Benefits Accounting Standards.

As a result, net defined benefit assets at the beginning of the consolidated fiscal year under review declined ¥1,521 million, and retained earnings declined ¥979 million. The impact of this change on income and loss and per-share information in the consolidated financial year under review is minor.

(Changes to basis of presenting consolidated financial statements)

(Consolidated balance sheet)

“Goodwill,” which was listed under the independent category in “intangible fixed assets” in the previous consolidated fiscal year, decreased in financial materiality, and for that reason is included in “intangible fixed assets” 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, ¥4,425 million yen, which was recorded in “goodwill” presented in “intangible fixed assets,” and ¥287 million, which was posted in “others” in the consolidated balance sheet for the previous consolidated fiscal year, are restated as “intangible fixed assets” of ¥4,713 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, “loss on tax at overseas subsidiaries” totaling ¥228 million and “others” totaling ¥362 million, which were recorded in “non-operating expenses” in the consolidated statements of income for the previous consolidated fiscal year, are restated as “others” of ¥590 million.

(Consolidated statements of cash flows)

“Amortization of goodwill,” which was included in “others” in “cash flows from operating activities” in the previous consolidated fiscal year, increased in financial materiality, and for that reason is listed under the independent category 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, -¥2,343 million, which was recorded in “others” in “cash flows from operating activities,” is restated as “amortization of goodwill” of ¥507 million and “others” of -¥2,850 million.

“Purchase of long-term prepaid expenses,” “payments for guarantee deposits” and “proceeds from collection of guarantee deposits” in “cash flows from investing activities,” which were listed under the independent category in the previous

consolidated fiscal year, decreased in financial materiality, and for that reason are 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, -¥283 million, which was recorded in “purchase of long-term prepaid expenses,” -¥78 million, which was posted in “payments for guarantee deposits,” ¥419 million, which was recorded in “proceeds from collection of guarantee deposits,” and -¥66 million, which was posted in “others” in “cash flows from investing activities” in the consolidated statements of cash flows for the previous consolidated fiscal year are restated as “others” of -¥8 million.

(Notes to consolidated balance sheet)

*1. Shares of affiliates (Million yen)

	As of March 31, 2014	As of March 31, 2015
Investment securities (stocks)	3,794	4,420

*2. Assets pledged as collateral and secured debt

Assets pledged as collateral (Million yen)

	As of March 31, 2014	As of March 31, 2015
Building and structures	894	1,207
Machinery and vehicles	–	109
Land	504	603
Total	1,398	1,920

Secured debt is as follows.

(Million yen)

	As of March 31, 2014	As of March 31, 2015
Notes and accounts payable	–	151
Short-term loans payable	–	109
Total	–	261

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, 2014		As of March 31, 2015
Sumika Polymer Compounds America, Inc. (US\$6,480,000)	666	Sumika Polymer Compounds America, Inc. (US\$6,075,000)	730
Zhuhai Sumika Polymer Compounds Co., Ltd. (US\$2,587,000, etc.)	266	Zhuhai Sumika Polymer Compounds Co., Ltd. (US\$3,622,000, etc.)	435
Sumika Polymer Compounds (UK) Ltd. (GBP 2,369,000)	406	Sumika Polymer Compounds (UK) Ltd. (GBP 2,173,000)	392
Others: five companies	703	Others: five companies	884
Employees (housing loans)	341	Employees (housing loans)	250
Total	2,385	Total	2,691

4. Discounts on notes and accounts receivable and endorsement of notes and accounts receivable

(Million yen)

	As of March 31, 2014	As of March 31, 2015
Discounts on notes and accounts receivable	468	465
Endorsement of notes and accounts receivable	19	18

*5. 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, 2014	As of March 31, 2015
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, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
	7,794	7,340

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

	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Machinery and vehicles	15	108
Land	–	6,732
Others	29	13
Total	45	6,854

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

	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Building and structures	110	161
Machinery and vehicles	152	218
Others	23	9
Total	286	390

*4. Impairment loss

The Group recorded an impairment loss for the group of assets below in the consolidated fiscal year under review. (Million yen)

Location	Use	Type
Hatsukaichi city, Hiroshima and one other property	Idle assets	Land, building, etc.

The Toyo Ink Group groups assets based on categories for management accounting purposes and groups idle assets and leased assets by individual property.

For idle assets, the Group reduces their book values to the recoverable value and records the amount of reduction as an impairment loss (¥257 million) in extraordinary loss, as their future use is not expected. The recoverable value is measured by the net sale value and calculated by making a reasonable adjustment using the assessed value for the inheritance tax, mainly based on the roadside land price.

*5. Compensation for removal

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

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

*6. Amortization of goodwill

Consolidated fiscal year under review (from April 1, 2014 to March 31, 2015)

Goodwill is amortized at one time in accordance with the provisions in Article 32 of the Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements (the Japanese Institute of Certified Public Accountants (JICPA) Accounting Practice Committee Report No.7 issued November 11, 2014).

(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, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Valuation difference on available-for-sale securities		
Amount arisen in the fiscal year under review	9,316	10,280
Amount of recycling	-4	-52
Before tax adjustment	9,312	10,228
Amount of the tax effect equivalent	-3,242	-2,896
Valuation difference on available-for-sale securities	6,069	7,332
Foreign currency translation adjustments		
Amount arisen in the fiscal year under review	11,142	7,333
Amount of recycling	-3	-
Foreign currency translation adjustments	11,138	7,333
Remeasurements of defined benefit plans, net of tax		
Amount arisen in the fiscal year under review	-62	4,397
Amount of recycling	62	1,360
Before tax adjustment	-	5,758
Amount of the tax effect equivalent	-	-1,923
Remeasurements of defined benefit plans, net of tax	-	3,834
Share of other comprehensive income of associates accounted for using equity method		
Amount arisen in the fiscal year under review	540	309
Amount of recycling	-30	34
Share of other comprehensive income of associates accounted for using equity method	509	344
Total other comprehensive income	17,718	18,844

(Notes to consolidated statements of changes in net assets)

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

From April 1, 2014 to March 31, 2015

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)	4,762	23	–	4,785
Total	4,762	23	–	4,785

(Note) An increase of 23,000 own shares of common stock was attributed to the purchasing 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, 2014	Common stock	2,088	7.00	March 31, 2014	June 30, 2014
Board of directors' meeting on November 7, 2014	Common stock	2,088	7.00	September 30, 2014	December 1, 2014

(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 26, 2015	Common stock	2,237	Retained earnings	7.50	March 31, 2015	June 29, 2015

(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, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Cash and time deposits	31,894	39,620
Securities	700	563
Other short-term loans receivable included in current assets (Repurchase agreement)	2,799	2,799
Total	35,394	42,984
Time deposits with maturity of more than 3 months	-666	-433
Investment in investment limited partnership, etc.	-4	-4
Cash and cash equivalents	34,723	42,546

*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

3. Content of important non-capital transactions

Consolidated fiscal year under review (from April 1, 2014 to March 31, 2015)

The amount of the increase in investment securities due to the cancellation of the retirement benefit trust in the consolidated fiscal year under review is ¥5,057 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 Colorants and Functional Materials Related Business, the Polymers and Coatings Related Business, the Packaging Materials Related Business, the Printing and Information Related Business and. Each business unit operates by establishing comprehensive domestic and overseas strategies for each product and service.

The Colorants and Functional Materials Related Business mainly manufactures and sells organic pigments, processed pigments, plastic colorants and color filter materials. The Polymers and Coatings Related Business mainly manufactures and sells can coatings, resins, adhesives, adhesive compounds, coating materials and natural materials. The Packaging Materials Related Business mainly manufactures and sells gravure inks, flexographic inks and gravure cylinders. 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.

In the consolidated fiscal year under review, the Company has changed the order of the reportable segments in preparation for innovative changes in the business portfolio in the course of the evolution of the Toyo Ink Group into a science company.

Associated with this change, the Company has changed the order of the reportable segments in the previous consolidated fiscal year.

In connection with the revision of the business management categories, the Company has also changed the method for reporting various developments, which were included in “others” in the past, to include them in the “Colorants and Functional Materials Related Business,” “Polymers and Coatings Related Business” and “Printing and Information Related Business,” respectively in the consolidated fiscal year under review.

As a result of this change, the segment information for the previous consolidated fiscal year that was prepared according to the classification method after the change is stated.

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, 2013 to March 31, 2014

(Million yen)

	Reported segments					Others (Note) 1	Adjustment (Note) 2	Amounts recorded in Consolidated Financial Statements (Note) 3
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Net sales								
Sales to customers	73,606	55,016	61,857	85,150	275,630	3,927	–	279,557
Intersegment sales	2,808	1,726	673	377	5,585	1,475	-7,061	–
Total	76,414	56,742	62,530	85,527	281,215	5,403	-7,061	279,557
Segment profits	8,140	3,428	1,982	4,263	17,815	1,890	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.

From April 1, 2014 to March 31, 2015

(Million yen)

	Reported segments					Others (Note) 1	Adjustment (Note) 2	Amounts recorded in Consolidated Financial Statements (Note) 3
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Net sales								
Sales to customers	75,681	57,457	62,379	87,084	282,603	4,080	–	286,684
Intersegment sales	2,783	2,038	734	383	5,940	1,623	-7,564	–
Total	78,465	59,495	63,114	87,468	288,544	5,704	-7,564	286,684
Segment profits	7,290	3,646	1,768	2,639	15,344	2,833	33	18,210

(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 ¥33 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, 2013 to March 31, 2014

(Million yen)

Japan	People’s Republic of China	Others	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.

From April 1, 2014 to March 31, 2015

(Million yen)

Japan	People’s Republic of China	Others	Total
163,285	38,474	84,924	286,684

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

(Per share information)

	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Net assets per share	606.39 yen	694.62 yen
Net income per share	41.09 yen	44.60 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, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Net income (million yen)	12,260	13,304
Amount not belonging to common shareholders (million yen)	–	–
Net income (loss) associated with common shares (million yen)	12,260	13,304
Weighted average number of shares issued and outstanding during the period (thousand shares)	298,362	298,334

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

	As of March 31, 2014	As of March 31, 2015
Net assets on the consolidated balance sheet (million yen)	186,608	213,756
Amount deducted from total net assets (million yen)	5,694	6,536
Minority interests (million yen)	5,694	6,536
Year-end net assets concerning common shares (million yen)	180,914	207,220
Common shares used for calculation of net assets per share (thousand shares)	298,346	298,322

(Important subsequent events)

Not applicable

6. Others

(1) Management turnover

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