

December 13, 2019

To All Shareholders and Stakeholders:

**Company Name:** Toyo Ink SC Holdings Co., Ltd.  
**Representative:** Katsumi Kitagawa,  
President and Representative Director  
**Stock Code:** 4634; Tokyo Stock Exchange First  
Section  
**Inquiries:** Hiroya Aoyama, Senior Managing  
Director in charge of Finance  
**Phone:** +81-3-3272-5731 (Japan)

### **Notice of Partial Correction to Consolidated Financial Results for First Quarter of the Fiscal Year Ending March 31, 2017**

Toyo Ink SC Holdings Co., Ltd. (the “Company”) hereby announces that it has made partial corrections to its consolidated financial results (Japanese accounting standards) for the First Quarter of the Fiscal Year Ending March 31, 2017, which were announced on August 8, 2016.

#### **1. Details of and reason for the corrections**

The details of and reasons for the corrections are described in the “Notice of Partial Corrections to Consolidated Financial Results for Past Fiscal Years” dated December 13, 2019.

#### **2. Corrected areas**

Because the corrections are numerous, a full report reflecting the corrections is attached with the corrected areas underlined.

# Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2017

August 8, 2016

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange  
Code: 4634 URL: <http://sched.toyoinkgroup.com>  
Representative: Katsumi Kitagawa, President, CEO  
Contact: Hiroya Aoyama, Managing Director, CFO Tel: +81-3-3272-5731  
Scheduled date of submission of quarterly report: August 10, 2016  
Scheduled date of commencement of dividend payments: –  
Supplementary documents for quarterly results: Yes  
Quarterly results briefing: No

(Amounts of less than million yen are omitted.)

## 1. Consolidated business results for the first quarter of fiscal 2016 ending March 31, 2017

(From April 1, 2016 to June 30, 2016)

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

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter, Fiscal 2016	65,497	-4.0	3,792	1.6	3,294	-21.1	2,138	-20.8
First Quarter, Fiscal 2015	68,248	0.1	3,733	-13.2	4,177	-10.2	2,700	-15.8

(Note) Comprehensive income: First quarter, fiscal 2016: -3,458 million yen ( - %)   
First quarter, fiscal 2015: 2,778 million yen ( -12.2%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
First Quarter, Fiscal 2016	<u>7.21</u>	<u>7.21</u>
First Quarter, Fiscal 2015	<u>9.05</u>	–

## (2) Financial position

	Total assets	Net assets	Net worth/Total assets
	Million yen	Million yen	%
First Quarter, Fiscal 2016	<u>349,847</u>	<u>205,039</u>	<u>56.8</u>
Fiscal 2015	<u>359,395</u>	<u>211,859</u>	<u>57.2</u>

(Note) Net worth: First quarter, fiscal 2016: 198,817 million yen   
Fiscal 2015: 205,398 million yen

## 2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2015	–	7.50	–	8.00	15.50
Fiscal 2016	–				
Fiscal 2016 (Forecast)		8.00	–	8.00	16.00

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

## 3. Forecasts for the year ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	140,000	-0.7	9,000	<u>8.1</u>	9,300	<u>8.0</u>	5,500	<u>-0.5</u>	18.56
Full-year	290,000	2.4	19,500	<u>6.9</u>	20,000	<u>8.3</u>	12,000	<u>1.5</u>	40.53

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

\* Notes

- (1) Important changes of subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
- (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- (i) Changes in accounting policies due to the modification in accounting methods: Yes
  - (ii) Changes in accounting policies other than (i): No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement: No
- (4) Numbers of shares issued (common shares)
- (i) Numbers of shares issued (including treasury shares):
    - First quarter, fiscal 2016: 303,108,724 shares
    - Fiscal 2015: 303,108,724 shares
  - (ii) Numbers of treasury shares at the end of the terms:
    - First quarter, fiscal 2016: 7,229,074 shares
    - Fiscal 2015: 4,803,903 shares
  - (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
    - First quarter, fiscal 2016: 296,687,918 shares
    - First quarter, fiscal 2015: 298,318,198 shares

\* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been reviewed at the time of the announcement of this financial summary.

\* Explanations about the proper use of financial forecasts and other important notes

1. The above forecasts are based on the information available on the date these materials are released and incorporate assumptions about uncertainties that may affect future earnings. 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) Information on the consolidated earnings forecasts and other future forecasts” of “1. Qualitative Information on Financial Results, etc. for the First Quarter Ended June 30, 2016” on page 4 of the accompanying materials.
2. Supplementary documents for financial results will be posted on the Company’s website on August 8, 2016 (Monday).

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## 1. Qualitative Information on Financial Results, etc., for the First Quarter Ended June 30, 2016

### (1) Details of operating results

During the first quarter of the consolidated fiscal year under review, the global economy showed continuous improvements supported by consumer spending in the United States. However, the pace of growth slowed further in China and other emerging nations. In addition, the downside risks and vulnerability of the global economy are increasing, mainly due to the spread of exclusive and extreme politics and society. As a result, the economy appears to be stagnating in Japan as well.

Under these circumstances, the Toyo Ink Group has been promoting its respective businesses in accordance with the Group management policy of “steady acquisition of business by accelerating marketing-driven innovation,” “building of global networks that can cope flexibly with changes” and “acceleration of the autonomy, independence, and self-propelling force of group companies through further promoting the transfer of authority,” which were set as the issues for management. However, the conditions in the environment remained harsh due to stagnant demand.

Reflecting the situation, operating income increased to 3,792 million yen (up 1.6% year on year) against a background where consolidated sales for the first quarter under review posted a decline of 4.0% year on year, to 65,497 million yen, but recurring income fell to 3,294 million yen (down 21.1%), mainly due to foreign exchange losses, and net income attributable to owners of the parent dropped to 2,138 million yen (down 20.8%).

Results by segment are as follows:

#### (i) Colorants and Functional Materials Related Business

Sales and operating income of high-function pigments and materials for LCD color filters were further squeezed against a backdrop where global demand for end products such as TV sets and smartphones remained at a low level, and the price-cutting competition was intensified associated with the shift to the Chinese market.

Domestic sales of commodity-type pigments were strong for printing inks for packages and automobile-related applications, and were recovering for construction-related uses. Overseas sales of commodity-type pigments expanded in Europe and the United States.

Domestic sales of plastic colorants expanded for container applications. Overseas, profitability improved thanks to the shift to sophisticated products, while applications for office equipment and home electronics remained weak in China and Southeast Asia.

As a result of the above factors, sales in the overall Colorants and Functional Materials Related Business decreased 13.5% year on year, to 15,705 million yen, and operating income declined 56.3%, to 494 million yen, showing a decline in sales and income.

#### (ii) Polymers and Coatings Related Business

In the coating materials segment, sales of new products of functional films, including electromagnetic shielding films, expanded against the backdrop of the struggling market for smartphones. Sales of double-sided tape for industrial application were strong in South Korea, while those for advertisement-related products were sluggish.

In the adhesives segment, demand for use in packages remained strong in Japan and expanded in China, but was weak in Southeast Asia, including Indonesia. In the adhesive compounds segment, sales were weak for use in labels in Japan as well as for use in displays in South Korea and China, but expanded for industrial use in North America.

Sales of can coatings (finishes) for coffee cans remained weak in Japan, while those for beer cans expanded in Japan and were strong in Southeast Asia.

As a result of the above factors, sales in the overall Polymer and Coatings Related Business decreased 1.5% year on year, to 14,506 million yen, but operating income increased 39.2%, to 1,558 million yen, reflecting the effects of cost reduction initiatives.

(iii) Packaging Materials Related Business

In addition to the continuous decline in the domestic sales of gravure inks for publications, demand for gravure inks for construction materials also decreased, and sales of solvents as resale products declined as well. On the other hand, domestic sales of mainstay gravure inks for packaging were strong, mainly for beverage and private brand applications, and profitability improved.

Overseas, sales of eco-friendly inks for packaging in the largest market segment continued to expand in Southeast Asia and India.

In the gravure cylinders business, revenue increased thanks to the strong demand for packaging, and sales of gravure equipment also increased.

As a result of the above factors, sales in the overall Polymer and Coatings Related Business rose 1.0% year on year, to 15,567 million yen, and operating income increased 31.2%, to 586 million yen, showing a rise in sales and income.

(iv) Printing and Information Related Business

In offset inks, the export profit from Japan was squeezed by the strong yen, in addition to the continuous decrease in demand due to the structural depression where the information-related print market shrank associated with the progress of digitalization within the country. However, sales of UV ink expanded not only in Japan but also on a global scale, particularly in Europe, and sales of hard coating agents for touch panels were also strong.

Sales were weak in China and Southeast Asia, reflecting the slowdown of economic activity. In India and Brazil, sales expanded and profitability also improved.

In equipment and supplies for graphic arts, sales of supplies for printing and equipment remained weak, reflecting the sluggish domestic offset printing market.

As a result of the above factors, sales in the overall Printing and Information Related Business decreased to 19,935 million yen, down 2.5% year on year, but operating income increased 133.0%, to 580 million yen, thanks to the effects of cost reduction initiatives.

(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 1,559 million yen, up 13.6% year on year. However, operating income decreased to 568 million yen, down 29.0%, mainly due to the increase in development costs for the global integrated system in Holdings, showing an increase in sales and a decrease in income.

(2) Details of financial position

Total assets at the end of the quarter under review stood at 349,847 million yen, a fall of 9,547 million yen from the end of the previous consolidated fiscal year. Liabilities at the end of the quarter were 144,808 million yen, a decrease of 2,728 million yen from the end of the previous consolidated fiscal year. Net assets at the end of the quarter under review stood at 205,039 million yen, a decrease of 6,819 million yen from the end of the previous consolidated fiscal year.

On the last day of the first quarter of the consolidated fiscal year under review, the yen was stronger than it was on the last day of the previous consolidated fiscal year, resulting in decreases in foreign currency translation adjustments as well as assets and liabilities owned by the foreign group companies. Investments in securities and the valuation difference on available-for-sale securities decreased, reflecting falling stock prices in Japan.

(3) Information on the consolidated earnings forecasts and other future forecasts

The Company has not revised its consolidated financial forecast for the first half and full year ending March 31, 2017, which was announced on May 13, 2016.

## 2. Matters Relating to Summary Information (Notes)

### (1) Important changes of subsidiaries during the term

Not applicable.

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

Not applicable.

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

Changes in accounting policies

(Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26; March 28, 2016; hereinafter the “Guidelines”) have been applied starting from the first quarter of the consolidated fiscal year under review, and the account processing was partly reviewed regarding the recoverability of deferred tax assets.

With regard to the application of the Guidelines, the transitional treatment stipulated in Article 49 (4) in the Guidelines was adhered to: the amount of the difference between the amount of deferred tax assets and deferred tax liabilities when the stipulations included in Article 49 (3) 1 to 3 in the Guidelines were applied at the beginning of the consolidated first quarter period under review and the amount of deferred tax assets and deferred tax liabilities at the end of the previous consolidated fiscal year were added to the retained earnings at the beginning of the consolidated first quarter period under review.

The impact on the quarterly consolidated financial statements for the first quarter of the consolidated fiscal year under review is minimal.

(Application of the Practical Solution on a change in depreciation method due to Tax Reform 2016)

Based on the revision of the Corporation Tax Law, the Practical Solution on a change in depreciation method due to Tax Reform 2016 (ASBJ PITF No. 32; June 17, 2016) was applied to the first quarter consolidated accounting period under review. The depreciation method related to buildings, attached facilities and structures that were acquired on or after April 1, 2016 was changed from the declining balance method to the straight-line method.

The impact on the profit and loss of the first quarter of the consolidated fiscal year under review is minimal.

## 3. Consolidated Financial Statements

## (1) Consolidated balance sheet

(Million yen)

	End of the previous consolidated fiscal year (As of March 31, 2016)	End of the consolidated first quarter accounting period (As of June 30, 2016)
(Assets)		
Current assets		
Cash and bank deposits	44,470	44,162
Notes and accounts receivable	90,949	86,589
Marketable securities	529	121
Goods and products	<u>28,560</u>	<u>28,471</u>
Work-in-process	<u>1,421</u>	<u>1,534</u>
Raw material and supplies	<u>13,768</u>	<u>13,542</u>
Deferred income tax assets	1,908	2,251
Others	3,046	3,034
Allowance for doubtful receivables	-1,233	-1,176
Total current assets	<u>183,422</u>	<u>178,532</u>
Fixed assets		
Property, plant and equipment		
Building and structures	<u>96,075</u>	<u>95,169</u>
Accumulated depreciation	<u>-56,993</u>	<u>-57,153</u>
Building and structures (net amount)	<u>39,081</u>	<u>38,015</u>
Machinery and vehicles	<u>146,078</u>	<u>145,304</u>
Accumulated depreciation	<u>-120,731</u>	<u>-120,447</u>
Machinery and vehicles (net amount)	<u>25,347</u>	<u>24,857</u>
Tools, furniture and fixtures	<u>23,635</u>	<u>23,460</u>
Accumulated depreciation	<u>-20,828</u>	<u>-20,853</u>
Tools, furniture and fixtures (net amount)	<u>2,807</u>	<u>2,607</u>
Land	28,374	28,275
Leased assets	566	586
Accumulated depreciation	-314	-339
Leased assets (net amount)	251	246
Construction in progress	4,346	4,678
Total property, plant and equipment	<u>100,209</u>	<u>98,680</u>
Intangible fixed assets	5,683	5,580
Investments and other assets		
Investment in securities	60,604	57,459
Net defined benefit asset	4,293	4,615
Deferred income tax assets	771	741
Others	4,715	4,502
Allowance for doubtful receivables	-304	-265
Total investments and other assets	70,080	67,053
Total fixed assets	<u>175,973</u>	<u>171,315</u>
Total assets	<u>359,395</u>	<u>349,847</u>



(Million yen)

	End of the previous consolidated fiscal year (As of March 31, 2016)	End of the consolidated first quarter accounting period (As of June 30, 2016)
(Liabilities)		
Current liabilities		
Notes and accounts payable	<u>48,520</u>	<u>48,372</u>
Short-term loans payable	<u>21,932</u>	<u>19,945</u>
Accrued income taxes	1,880	1,317
Others	15,036	16,323
Total current liabilities	<u>87,369</u>	<u>85,959</u>
Long-term liabilities		
Long-term loans payable	46,037	45,808
Deferred income tax liabilities	10,175	9,155
Provision for environmental measures	768	767
Net defined benefit liability	1,891	1,898
Asset retirement obligations	28	28
Others	1,266	1,190
Total long-term liabilities	<u>60,166</u>	<u>58,848</u>
Total liabilities	<u>147,536</u>	<u>144,808</u>
(Net assets)		
Shareholders' equity		
Common stock	31,733	31,733
Capital surplus	32,926	32,915
Retained earnings	<u>122,450</u>	<u>122,300</u>
Treasury stock, at cost	-1,771	-2,809
Total shareholders' equity	<u>185,338</u>	<u>184,138</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,610	10,682
Foreign currency translation adjustments	<u>5,669</u>	<u>2,307</u>
Remeasurements of defined benefit plans	1,781	1,688
Total accumulated other comprehensive income	<u>20,060</u>	<u>14,678</u>
Subscription rights to shares	38	38
Non-controlling interests	<u>6,422</u>	<u>6,183</u>
Total net assets	<u>211,859</u>	<u>205,039</u>
Total of liabilities and net assets	<u>359,395</u>	<u>349,847</u>

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

## Consolidated statements of income

Consolidated first quarter

(Million yen)

	Previous first quarter period (From April 1, 2015 to June 30, 2015)	First quarter under review (From April 1, 2016 to June 30, 2016)
Net sales	68,248	65,497
Cost of sales	<u>53,032</u>	<u>50,148</u>
Gross profit	<u>15,215</u>	<u>15,349</u>
Selling, general and administrative expenses		
Packing expenses and freight charge	1,575	1,566
Salaries and allowance	3,000	3,006
Bonuses	693	673
Welfare expenses	767	747
Depreciation expenses	<u>323</u>	<u>391</u>
Research and development expenses	696	690
Others	4,425	4,479
Total selling, general and administrative expenses	<u>11,482</u>	<u>11,556</u>
Operating income	<u>3,733</u>	<u>3,792</u>
Non-operating income		
Interest income	47	56
Dividend income	477	384
Foreign exchange gains	47	–
Investment income according to the equity method	–	7
Others	200	100
Total non-operating income	<u>772</u>	<u>548</u>
Non-operating expenses		
Interest expenses	<u>188</u>	<u>243</u>
Foreign exchange losses	–	687
Investment losses according to the equity method	33	–
Others	107	115
Total non-operating expenses	<u>328</u>	<u>1,046</u>
Recurring income	<u>4,177</u>	<u>3,294</u>
Extraordinary profit		
Gain on sales of fixed assets	5	4
Gain on sales of investment securities	2	3
Total extraordinary profit	<u>7</u>	<u>8</u>
Extraordinary loss		
Loss on sales of fixed assets	49	84
Loss on valuation of investment securities	–	139
Impairment loss	<u>13</u>	<u>–</u>
Others	–	3
Total extraordinary loss	<u>62</u>	<u>227</u>
Income before income taxes	<u>4,123</u>	<u>3,075</u>
Income taxes, current	1,604	1,254
Income taxes, deferred	-256	-435
Total income taxes	<u>1,347</u>	<u>818</u>
Net income	<u>2,775</u>	<u>2,256</u>
Net income (loss) attributable to non-controlling interests	<u>75</u>	<u>118</u>
Net income (loss) attributable to owners of parent	<u>2,700</u>	<u>2,138</u>

## Consolidated statements of comprehensive income

Consolidated first quarter

(Million yen)

	Previous first quarter period (From April 1, 2015 to June 30, 2015)	First quarter under review (From April 1, 2016 to June 30, 2016)
Net income	<u>2,775</u>	<u>2,256</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	1,373	-1,928
Foreign currency translation adjustments	<u>-1,393</u>	<u>-3,429</u>
Remeasurements of defined benefit plans, net of tax	-32	-92
Share of other comprehensive income of associates accounted for using equity method	54	-263
Total other comprehensive income	<u>2</u>	<u>-5,715</u>
Comprehensive income	<u>2,778</u>	<u>-3,458</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>2,704</u>	<u>-3,242</u>
Comprehensive income attributable to non-controlling	<u>73</u>	<u>-215</u>

## (3)Notes to consolidated quarterly financial statements

(Notes on assumption of going business)

Not applicable

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

Not applicable

(Segment information, etc.)

## I. From April 1, 2015 to June 30, 2015

## 1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded in Consolidated statements (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	17,420	14,219	15,255	20,359	67,255	993	68,248	–	68,248
Intersegment sales	740	508	160	96	1,505	378	1,883	-1,883	–
Total	18,160	14,727	15,416	20,456	68,760	1,372	70,132	-1,883	68,248
Segment profits	<u>1,132</u>	1,119	447	249	<u>2,948</u>	800	<u>3,748</u>	-14	<u>3,733</u>

(Notes) 1. The “Others” segment comprises business segments that are not included in the reportable segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.

2. An adjustment of -¥14 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 quarterly income statement.

## II. From April 1, 2016 to June 30, 2016

## 1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded in Consolidated statements (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	15,024	14,054	15,407	19,909	64,395	1,101	65,497	–	65,497
Intersegment sales	680	451	159	26	1,319	457	1,776	-1,776	–
Total	15,705	14,506	15,567	19,935	65,714	1,559	67,273	-1,776	65,497
Segment profits	<u>494</u>	1,558	586	580	<u>3,220</u>	568	<u>3,788</u>	4	<u>3,792</u>

(Notes) 1. The “Others” segment comprises business segments that are not included in the reportable segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.

2. An adjustment of ¥4 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 quarterly income statement.