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 the Fiscal Year Ended 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 half of the Fiscal Year Ended March 31, 2017, which were announced on May 12, 2017.

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 Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2017

May 12, 2017

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange
Code: 4634 URL: http://schd.toyoinkgroup.com
Representative: Katsumi Kitagawa, President, CEO
Contact: Hiroya Aoyama, Senior Managing Director, CFO Tel: +81-3-3272-5731
Scheduled date of ordinary shareholders' meeting: June 29, 2017
Scheduled date of commencement of dividend payments: June 30, 2017
Scheduled date of submission of financial report: June 29, 2017
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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Business results (cumulative totals)

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2017	268,484	-5.2	19,231	5.5	19,262	4.3	12,702	7.5
March 2016	283,208	-1.2	18,236	0.1	18,466	-4.9	11,818	-11.2

(Note) Comprehensive income: Fiscal 2017: 13,179 million yen (153.6%) Fiscal 2016: 5,196 million yen (-84.1%)

Year ended	Profit per share(Basic)	Profit per share (Diluted)	Return on equity	Ordinary profit/ Total assets	Operating profit/Net sales
	Yen	Yen	%	%	%
March 2017	43.00	42.97	6.1	5.3	7.2
March 2016	39.62	39.61	5.8	5.1	6.4

(Note) Equity in earnings of associated companies: Fiscal 201743 million yen Fiscal 2016-67 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 2017	364,066	216,979	57.9	721.65
March 2016	359,395	211,859	57.2	688.55

(Note) Net worth: Fiscal 2017: 210,681million yen Fiscal 2016: 205,398million 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 2017	23,370	-10,611	-11,231	44,132
March 2016	25,727	-17,457	-5,817	43,744

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 2016	–	7.50	–	8.00	15.50	4,623	39.1	2.3
March 2017	–	8.00	–	8.00	16.00	4,702	37.2	2.3
December 2017(Forecast)	–	8.00	–	8.00	16.00		46.7	

3. Forecasts for the year ending December 31, 2017 (from April 1, 2017 to December 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	136,000	2.2	9,200	4.7	9,400	20.5	6,000	15.8	20.55
Full-year	235,000	–	16,300	–	16,600	–	10,000	–	34.25

The Company is planning to change the fiscal year-end from March 31 to December 31 from FY2017 on the condition that the "Partial Amendment to the Articles of Incorporation" is approved at the Ordinary General Meeting of Shareholders scheduled for June 29, 2017. Accordingly, with regard to the fiscal year ending December 31, 2017 that falls under the transitional period, the consolidated fiscal year of the Company and its domestic consolidated subsidiaries whose fiscal year-end date has been March 31 is set to be the nine-month period from April 1, 2017 to December 31, 2017 on the assumption that the change of the fiscal year-end is approved. Incidentally, for overseas consolidated subsidiaries that have already adopted a fiscal year-end date of December 31, the consolidated fiscal period is to be the 12-month period from January 1, 2017 to December 31, 2017 as usual.

[Reference]

The following percentages (increase-decrease rates after adjustment) were calculated by comparing the results for nine months (from April 1, 2016 to December 31, 2016) of the fiscal year under review of the Company and its domestic subsidiaries with the forecasts for the next fiscal year. For the details, please see (3) Forecasts for the next fiscal year, 1. Analysis of Operating Results and Financial Position on page 5 of the Accompanying Materials.

Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		(Million yen)
235,000	2.7%	16,300	5.0%	16,600	7.3%	10,000	19.6%	

* 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

(3) Number of shares issued (ordinary shares)
- (i) Numbers of shares issued (including treasury shares):
  - Fiscal 2017: 303,108,724 shares
  - Fiscal 2016: 303,108,724 shares
- (ii) Numbers of treasury shares at the end of the terms:
  - Fiscal 2017: 11,163,641 shares
  - Fiscal 2016: 4,803,903 shares
- (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
  - Fiscal 2017: 295,422,393 shares
  - Fiscal 2016: 298,311,290 shares

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

Non-consolidated business results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Results of operations (Percentages show year-on-year rates.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2017	19,016	-1.0	9,048	-6.1	10,088	-5.6	10,762	19.4
March 2016	19,201	-2.9	9,635	-5.9	10,686	-3.4	9,013	-13.7

Year ended	Profit per share(Basic)	Profit per share (Diluted)
	Yen	Yen
March 2017	36.43	36.41
March 2016	30.21	30.21

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net assetsper share
	Million yen	Million yen	%	Yen
March 2017	245,850	172,275	70.0	589.77
March 2016	235,307	164,427	69.8	550.60

(Note) Net worth: Fiscal 2017: 172,180million yen Fiscal 2016: 164,208 million yen

* These financial results are not subject to audit.

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

1. The above forecasts are based on the information available on the date these materials are released and incorporate assumptions about uncertainties that may affect future earnings. The forecasts do not constitute an assurance that the Company promises to achieve the earnings. Actual earnings could differ materially from these forecasts due to various factors in the future. For notes about assumptions of earnings forecasts and the use of earnings forecasts, refer to "(3) Forecasts for the next fiscal year" of "1. Analysis of Operating Results and Financial Position" on page 5 of the accompanying materials.
2. The Company will hold a financial results briefing for investors as follows. Reference materials for financial results and forecasts used in the briefing will be posted on the Company's website after the close of the briefing.
   - May 19, 2017 (Friday): Briefing for institutional investors and security analysts.

Accompanying Materials – Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
March 2017	268,484	19,231	19,262	12,702
March 2016	283,208	18,236	18,466	11,818
Growth rate (%)	-5.2	5.5	4.3	7.5

During the consolidated fiscal year under review, the U.S. economy has continued to recover on the back of strong personal consumption, butgrowth has slowed in China and other emerging countries. Moreover, a sense of uncertainty is growing in economies due to protectionismspreading in politics and societies. In addition, in response to this, Japan has faced continued sluggishness, although its economy is on a recovery trend.

Despite this challenging business environment, the Toyo Ink Group operates the following business activities in line with the Group Management Policies of the fiscal year under review:"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."

Based on the first policy, "Steady acquisition of business by accelerating marketing-driven innovation," the Group promoted activities for development and sales expansion to exploit new business areas. In the Colorants and Functional Materials Related Business, the Group proceeded with the development of IoT-related materials such as resist inks for image sensors and promoted the sales expansion of materials for lithium-ion battery electrodes and high-saturation pigment dispersion products for automotive coatings. In the Polymers and Coatings Related Business, the Group promoted new product development and the sales expansion of electronics and display-related materials such as conductive adhesive sheets, acquired a medicated patch business in July last year to advance into a new field and enhanced the business basis by combining the Group's biocompatible polymer synthesis technology and coating technology. In the Packaging Materials Related Business, the Group continuously expanded sales of non-toluene gravure inks for packaging volume zones for Southeast Asia and India and released water-based flexographic inks and non-VOC (Volatile Organic Compound)-type EB (Electron Beam) curable flexographic inks for soft packaging for Europe to proactively promote environmentally friendly products. In the Printing and Information Related Business, the Grouppromoted increased sales of UV inks on a global scale by releasing new products of energy-saving type UV (ultraviolet) curable offset inks and facilitated the development and sales expansion of hard coating agents for display and inkjet inks for on-demand printing of various types in small lots for commercial and packaging uses. In February to March this year, private exhibitions were held in Tokyo and Osaka for a total of three days to introduce these new products and announce the Group's future developments.

Regarding the second policy, "Building of global networks that can cope flexibly with changes," the Group enhanced its comprehensive power by building up networks in the growth areas and businesses into which the Group had already advanced and expanded. For UV inks, for which increaseddemand has been expected, local production in various parts of the world was facilitated in addition to the operations of new factories in Japan and Europe to establish production systems that can cope with foreign exchange fluctuations. The Group constructed a new polymer factory to promote a combination of businesses in India, which is one of the growth areas, while activating initiatives in Turkey as the Group's new base for development into the Middle East and Africa and for the promotion of combining the businesses. In France, the Group merged three subsidiaries to strengthen the management basis through functional collaboration.

Regarding the third policy, "Acceleration of the autonomy, independence, and self-propelling force of group companies through further promoting the transfer of authority," the Group proceeded with the transfer of authority and the distribution of resources in accordance with the roles of each company of the Group, while the new Head Office that was transferred last December transmitted the corporate climate (culture), management policies and management style to be shared within the Group. The timely sharing of management information was improved with the development of integrated systems on a global scale, and capital policies were promoted by reviewing strategic shareholdings and acquiring own shares.

Consequently, net sales for the fiscal year under review decreased to 268,484million yen (down 5.2% year on year) partly due to the foreign exchange conversion of overseas companies' results, but profits increased with operating profit of 19,231 million yen (up 5.5% year on year), ordinary profit of 19,262million yen (up 4.3% year on year) and profit attributable to owners of parent of 12,702million yen (up 7.5% year on year).

Results by segment are as follows.

(Million yen)

	Net sales			Operating profit		
	Previous term	Term under review	Change (%)	Previous term	Term under review	Change (%)
Colorants and Functional Materials Related Business	71,878	65,935	-8.3	4,227	4,604	8.9
Polymers and Coatings Related Business	60,894	58,325	-4.2	5,547	6,641	19.7
Packaging Materials Related Business	64,623	62,965	-2.6	2,723	2,871	5.4
Printing and Information Related Business	87,439	81,651	-6.6	2,977	3,317	11.4
Other	5,980	6,115	2.3	2,754	1,777	-35.5
Subtotal	290,816	274,993	-5.4	18,230	19,213	5.4
Eliminations or corporate	-7,608	-6,509	–	5	18	–
Total consolidated	283,208	268,484	-5.2	18,236	19,231	5.5

(i) Colorants and Functional Materials Related Business

Sales and operating profit of high-function pigments and materials for LCD color filters were squeezed further due to intensified price competition associated with a market shift to China, in addition to sluggish growth in global demand for end products such as TV sets and smartphones.

Domestic sales of commodity-type pigments were strong for printing inks for packages and automobile-related applications, and were recovering for construction-related uses. Sales of commodity-type pigments were sluggish in China and Southeast Asia.

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

As a result of these factors, net sales of the entire Colorants and Functional Materials Related Business decreased to 65,935 million yen (down 8.3% year on year), but operating profit increased to 4,604 million yen (up 8.9% year on year).

(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 applications were strong in South Korea, while those for advertisement-related products were sluggish. The Group entered the medical market with the acquisition of a medicated patch business, which commenced operation in July last year.

In the adhesives segment, demand for use in packaging remained strong in Japan and South Korea, but was weak in China and 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 these factors, net sales of the entire Polymers and Coatings Related Business decreased to 58,325 million yen (down 4.2% year on year), but because of the cost reduction, operating profit increased to 6,641 million yen (up 19.7% year on year).

(iii) Packaging Materials Related Business

In addition to the continuous decline in domestic demand for gravure inks for publication, sales of solvents as resale products declined. On the other hand, domestic sales of mainstay gravure inks for packaging were strong, mainly for beverage and private brand applications. Demand for gravure inks for construction materials recovered in the latter half of the period, 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 these factors, net sales of the entire Packaging Materials Related Business decreased to 62,965 million yen (down 2.6% year on year), but operating profit increased to 2,871 million yen (up 5.4% year on year).

(iv) Printing and Information Related Business
In offset inks, the export profit from Japan was squeezed by the strong yen in the first half of the fiscal year under review, 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 in Japan. Meanwhile, sales of UV ink expanded not only in Japan but also on a global scale, particularly in Europe, and hard coating agents for touch panels sold well.
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 these factors, net sales in the entire Printing and Information Related Business decreased to 81,651 million yen (down 6.6% year on year), but because of the cost reduction, operating profit increased to 3,317 million yen (up 11.4% year on year).

(v) Other
This segment covers businesses not included in the above segments and services provided mainly by TOYO INK SC HOLDINGS CO., LTD. Net sales in this segment increased to 6,115 million yen (up 2.3% year on year), but mainly due to the expenses for the transfer of the Head Office of the Holdings and increased development expenses of the integrated global systems, operating profit decreased to 1,777 million yen (down 35.5% year on year).

(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	359,395	364,066	4,670
Liabilities	147,536	147,087	-449
Net assets	211,859	216,979	5,119

Total assets at the end of the fiscal year under review stood at 364,066 million yen, up 4,670 million yen from the end of the previous consolidated fiscal year.
Liabilities were 147,087 million yen, down 449 million yen from the end of the previous consolidated fiscal year. Net assets came to 216,979 million yen, up 5,119 million yen from the end of the previous consolidated fiscal year.
On the last day of the fiscal year under review, the exchange value of the yen against the foreign currency rose above its level on the last day of the previous consolidated fiscal year. As a result, assets owned by Group companies overseas, their liabilities and foreign currency translation adjustments all fell. In the meantime, investment securities and a valuation difference on available-for-sale securities rose, reflecting increased stock prices in Japan. Some of the long-term loans payable were transferred to short-term loans payable because their repayment became due within one year.

(ii) Cash flows (Million yen)

	Previous term	Term under review	Change
Cash flows from operating activities	25,727	23,370	-2,357
Cash flows from investing activities	-17,457	-10,611	6,846
Cash flows from financing activities	-5,817	-11,231	-5,414
Cash and cash equivalents at end of period	43,744	44,132	388

Cash and cash equivalents (“cash”) at the end of the fiscal year under review stood at 44,132 million yen, up 388 million yen from the end of the previous fiscal year.
Cash provided by operating activities stood at 23,370 million yen, a decrease of 2,357 million yen in cash inflows year on year, mainly reflecting an increase in cash flows due to the posting of profit before income taxes and a decrease in cash flows due to income taxes paid.
Cash used in investing activities was 10,611 million yen, a decrease in cash outflows of 6,846 million yen year on year, which mainly reflects the purchase of property, plant and equipment.
Cash used in financing activities stood at 11,231 million yen, a rise in cash outflows of 5,414 million yen from the previous fiscal year, primarily reflecting the purchase of treasury shares and cash dividends paid.

Trends in Group cash flows are as follows:

	Term ended March 2014	Term ended March 2015	Term ended March 2016	Term ended March 2017
Capital adequacy ratio (%)	53.7	56.9	57.2	57.9
Market value-based capital adequacy ratio (%)	37.0	46.1	37.4	43.0
Ratio of interest-bearing debt to cash flows (years)	4.2	2.6	2.7	2.8
Interest coverage ratio (times)	20.5	31.6	35.2	25.7

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 shares.
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 profit	Ordinary profit	Profit attributable to owners of parent
Term ending December 2017 (forecast)	235,000	16,300	16,600	10,000
Term ended December 2016 (after adjustment)	228,761	15,530	15,465	8,363
Growth rate after adjustment (%)	2.7	5.0	7.3	19.6

The Company will change its fiscal year-end from March 31 to December 31 from the fiscal year 2017 subject to the approval of the proposal for partial amendment to the Articles of Incorporation at the ordinary meeting of shareholders to be held on June 29, 2017. Accordingly, for the transitional period, the fiscal year ending December 31, 2017, the consolidated fiscal term for the Company and its domestic consolidated subsidiaries whose fiscal year-end has been March 31 is a period of nine months from April 1, 2017 to December 31, 2017 based on the assumption that the fiscal year-end will be changed. As for the consolidated overseas subsidiaries whose fiscal year-end is December 31, the consolidated fiscal term is a period of twelve months from January 1, 2017 to December 31, 2017, the same as before. For the period described above, the Group expects to post net sales of 235.0 billion yen (up 2.7% year on year in comparison to the adjusted results for nine months of the Company and its domestic consolidated subsidiaries; the same shall apply hereafter in this section), operating profit of 16.3 billion yen (up 5.0% year on year), ordinary profit of 16.6 billion yen (up 7.3% year on year) and profit attributable to owners of parent of 10.0 billion yen (up 19.6% year on year).

2. Group Overview

The Group is constituted of the Company, 67 consolidated subsidiaries and 10 equity method affiliate companies.

Business lines of the Group are as follows:

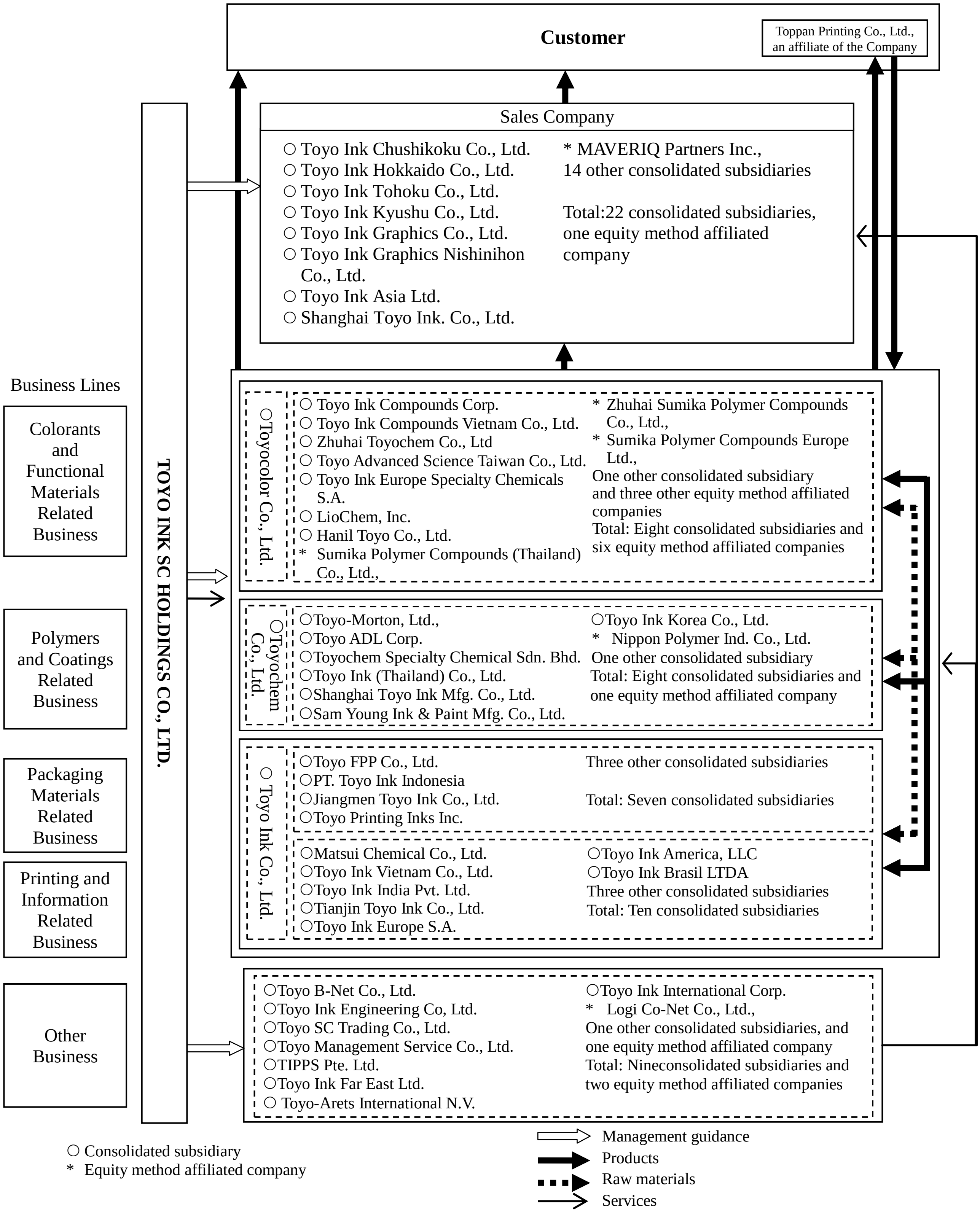
Business line	Major Business	Major Company	
Colorants and Functional Materials Related Business	Organic pigments, processed pigments, plastic colorants, color filter materials and others	Domestic	Toyocolor Co., Ltd. and others
		Overseas	Toyo Ink Compounds Corp., Toyo Ink Compounds Vietnam Co., Ltd., Zhuhai Toyochem Co., Ltd., Toyo Advanced Science Taiwan Co., Ltd. , 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, medical products 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., Shanghai Toyo Ink Mfg. 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	PT. Toyo Ink Indonesia, Jiangmen Toyo Ink Co., Ltd., Toyo Printing Inks Inc., 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	Toyo Ink India Pvt. Ltd., Tianjin Toyo Ink Co., Ltd., Toyo Ink Europe S.A. (Note), Toyo Ink America, LLC, and others
Other Business	Sale of raw materials, Service provision, real estate rental business management, holding company for subsidiaries and others	Domestic	Toyo Ink SC Holdings Co., Ltd, Toyo B-Net 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. and others

(Note) Toyo Ink Europe S.A. is the former Toyo Ink Arets NV whose name was changed in January 2017.

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.

In 2016, the Group commemorated the 120th anniversary of its foundation. While maintaining the corporate philosophy, corporate policy and guiding principles described above as unchangeable, the Group will undertake the necessary adaptation in line with the times, aiming for sustainable growth toward the 200th anniversary of its foundation.

Specifically, the Group will expand the scope of our contribution as a company creating new value for human culture from consumers to life and the global environment and work on solving such issues, thereby contributing to the realization of a world where everyone and everything can live together in harmony.

In addition, the Group will endeavor to reform its corporate character to enable it to achieve sustainable growth and increase satisfaction from a long-term perspective to ensure the sustainability of all stakeholders, including the pursuit of value innovation and the enhancement of risk management.

(2) Medium- to long-term management strategy

The Group has implemented three medium term plans since the fiscal year 2008 with the aim of realizing the corporate visions set out in SCC (Science Company Change) 2017 and has been proceeding with the final stage, SCC-III, since the fiscal year 2014. Under this plan, named the "Evolution Plan," we carried out the development and sales expansion of new products that are environment-oriented or match the needs of each region of the world and entered new business fields such as energy and health care. However, due to sluggish demand in the domestic printing market and intensifying competition in the market for materials relating to liquid crystal, we have yet to establish the business to serve as the new pillar of earnings. In the meantime, in terms of global expansion, we sought to enter and expand markets with strong potential such as India, Turkey, Brazil and the inland areas of China, and made progress in the expansion of the business area and reinforced the network, although some profits are yet to be secured as planned.

From the fiscal year 2017, we will have corporate visions for the coming ten years as a new long-term plan and undertake activities to realize these visions. The long-term plan states that the concept for corporate activities is "Scientific Innovation Chain 2027" (SIC27), with five core themes: "technology and product," "business model," "network," "manufacturing" and "management foundation." Under this concept, we will implement innovative thinking and scientific execution and through a chain of such action, aim to reform the corporate character in a way that will enable us to achieve sustainable growth.

In addition, we will strategically expand the framework of the existing domains (the three business domains of Life Science, Communication Science and Sustainability Science) and focus on the fields that may lead to the solution of social issues and potential for the sustainable growth of life and the global environment as well as the growth market.

(3) Our challenges

For the fiscal year 2017, the transitional period of the long-term plan and medium-term plan described above, we will work on solving the issues left unresolved under the "Evolution Plan" and conduct business activities according to the following three policies toward the new long-term plan.

The first policy is "to realize the new growth strategy through expansion of the value chains in all corporate activities." We will realize a business and a business model that can provide high added value by means of new products, new markets and new businesses to achieve the growth strategy. Specifically, by expanding our marketing activities, we will expand the current business horizontally and vertically into the surrounding fields with strong growth potential. We will also seek to enter a new field based on the materials and technologies of the Group in order to expand the business.

The second policy is "to evolve supply chain management (SCM) through manufacturing from a viewpoint with an awareness of innovation." By improving cost competitiveness through a drastic review of the production method and process and further strengthening of the network of offices located globally, we will proceed with increasing the ability to respond to future changes in demand and supply high-function products and improved profitability.

The third policy is "to promote the reform of the culture by reviewing management foundation (management resources and governance)," under which we will advance the evolution of the six management resources: human resources, goods, money, information, technology and culture. In addition, with the scheduled change of the fiscal year-end of the Group to December from the following fiscal year to integrate the fiscal year-end of all the Group companies in Japan and abroad, we will ensure globally integrated business management and management transparency through the timely and appropriate disclosure of management information.

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, 2016	As of March 31, 2017
(Assets)		
Current assets		
Cash and deposits	44,470	44,903
Notes and accounts receivable - trade	90,949	89,049
Securities	529	116
Merchandise and finished goods	28,560	27,228
Work in process	1,421	1,279
Raw materials and supplies	13,768	13,963
Deferred tax assets	1,908	1,908
Other	3,046	3,852
Allowance for doubtful accounts	-1,233	-1,086
Total current assets	183,422	181,214
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2 96,075	*2,*5 98,960
Accumulated depreciation	-56,993	-58,320
Buildings and structures, net	39,081	40,639
Machinery, equipment and vehicles	*2 146,078	*2 147,205
Accumulated depreciation	-120,731	-122,081
Machinery, equipment and vehicles, net	25,347	25,124
Tools, furniture and fixtures	23,635	23,734
Accumulated depreciation	-20,828	-20,907
Tools, furniture and fixtures, net	2,807	2,827
Land	*2 28,374	*2,*5 30,003
Leased assets	566	617
Accumulated depreciation	-314	-420
Leased assets, net	251	196
Construction in progress	*5 4,346	2,607
Total property, plant and equipment	100,209	101,398
Intangible assets	5,683	4,487
Investments and other assets		
Investment securities	*1 60,604	*1 66,718
Net defined benefit asset	4,293	5,927
Deferred tax assets	771	833
Other	4,715	3,904
Allowance for doubtful accounts	-304	-419
Total investments and other assets	70,080	76,964
Total non-current assets	175,973	182,851
Total assets	359,395	364,066

(Million yen)

	As of March 31, 2016	As of March 31, 2017
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	*2 48,520	*2 49,588
Short-term loans payable	*2 21,932	*2 30,660
Income taxes payable	1,880	3,088
Other	15,036	14,175
Total current liabilities	87,369	97,513
Non-current liabilities		
Long-term loans payable	46,037	33,262
Deferred tax liabilities	10,175	10,884
Provision for environmental measures	768	2,504
Net defined benefit liability	1,891	1,865
Asset retirement obligations	28	29
Other	1,266	1,027
Total non-current liabilities	60,166	49,573
Total liabilities	147,536	147,087
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,926	32,918
Retained earnings	122,450	130,496
Treasury shares	-1,771	-4,992
Total shareholders' equity	185,338	190,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,610	17,726
Foreign currency translation adjustment	5,669	1,144
Remeasurements of defined benefit plans	1,781	1,653
Total accumulated other comprehensive income	20,060	20,525
Subscription rights to shares	38	95
Non-controlling interests	6,422	6,202
Total net assets	211,859	216,979
Total liabilities and net assets	359,395	364,066

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

Consolidated statements of income

(Million yen)

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Net sales	283,208	268,484
Cost of sales	*1 218,326	*1 203,095
Gross profit	64,882	65,388
Selling, general and administrative expenses		
Packing and transportation expenses	6,546	6,420
Salaries and allowance	11,762	11,596
Bonuses	2,708	2,698
Welfare expenses	2,969	3,006
Depreciation	1,412	1,801
Research and development expenses	*1 2,918	*1 2,831
Other	18,328	17,801
Total selling, general and administrative expenses	46,645	46,156
Operating profit	18,236	19,231
Non-operating income		
Interest income	239	191
Dividend income	1,078	1,094
Share of profit of entities accounted for using equity method	–	43
Other	637	467
Total non-operating income	1,955	1,796
Non-operating expenses		
Interest expenses	735	896
Foreign exchange losses	736	385
Share of loss of entities accounted for using equity method	67	–
Other	186	484
Total non-operating expenses	1,725	1,766
Ordinary profit	18,466	19,262
Extraordinary income		
Gain on sales of non-current assets	*2 62	*2 67
Gain on sales of investment securities	9	2,637
Other	133	155
Total extraordinary income	205	2,860
Extraordinary losses		
Loss on sales and retirement of non-current assets	*3 375	*3 322
Impairment loss	*4 166	*4 375
Environmental expenses	83	–
Amortization of goodwill	–	*5 650
Provision for environmental measures	–	2,950
Other	59	596
Total extraordinary losses	684	4,895
Profit before income taxes	17,987	17,227
Income taxes - current	4,375	5,346
Income taxes - deferred	1,251	-1,355
Total income taxes	5,626	3,990
Profit	12,360	13,236
Profit attributable to non-controlling interests	542	534
Profit attributable to owners of parent	11,818	12,702

Consolidated statements of comprehensive income

(Million yen)

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Profit	12,360	13,236
Other comprehensive income		
Valuation difference on available-for-sale securities	-783	5,115
Foreign currency translation adjustment	-5,331	-4,837
Remeasurements of defined benefit plans, net of tax	-849	-127
Share of other comprehensive income of entities accounted for using equity method	-198	-208
Total other comprehensive income	*1 -7,163	*1 -57
Comprehensive income	5,196	13,179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,973	13,167
Comprehensive income attributable to non-controlling interests	223	11

(3) Consolidated statements of changes in equity

From April 1, 2015 to March 31, 2016

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	31,733	32,920	115,106	-1,762	177,997
Cumulative effects of changes in accounting policies					–
Restated balance	31,733	32,920	115,106	-1,762	177,997
Changes of items during period					
Dividends of surplus			-4,474		-4,474
Profit attributable to owners of parent			11,818		11,818
Purchase of treasury shares				-9	-9
Disposal of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Net changes of items other than shareholders' equity					
Total changes of items during period	–	5	7,343	-9	7,340
Balance at end of current period	31,733	32,926	122,450	-1,771	185,338

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	13,396	10,878	2,630	26,905	–	6,420	211,322
Cumulative effects of changes in accounting policies							–
Restated balance	13,396	10,878	2,630	26,905	–	6,420	211,322
Changes of items during period							
Dividends of surplus							-4,474
Profit attributable to owners of parent							11,818
Purchase of treasury shares							-9
Disposal of treasury shares							–
Change in ownership interest of parent due to transactions with non-controlling interests						-5	–
Net changes of items other than shareholders' equity	-785	-5,209	-849	-6,844	38	8	-6,797
Total changes of items during period	-785	-5,209	-849	-6,844	38	2	536
Balance at end of current period	12,610	5,669	1,781	20,060	38	6,422	211,859

From April 1, 2016 to March 31, 2017

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	31,733	32,926	122,450	-1,771	185,338
Cumulative effects of changes in accounting policies			97		97
Restated balance	31,733	32,926	122,547	-1,771	185,435
Changes of items during period					
Dividends of surplus			-4,753		-4,753
Profit attributable to owners of parent			12,702		12,702
Purchase of treasury shares				-3,221	-3,221
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		-7			-7
Net changes of items other than shareholders' equity					
Total changes of items during period	–	-7	7,948	-3,220	4,719
Balance at end of current period	31,733	32,918	130,496	-4,992	190,155

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	12,610	5,669	1,781	20,060	38	6,422	211,859
Cumulative effects of changes in accounting policies							97
Restated balance	12,610	5,669	1,781	20,060	38	6,422	211,957
Changes of items during period							
Dividends of surplus							-4,753
Profit attributable to owners of parent							12,702
Purchase of treasury shares							-3,221
Disposal of treasury shares							0
Change in ownership interest of parent due to transactions with non-controlling interests						7	–
Net changes of items other than shareholders' equity	5,116	-4,524	-127	465	56	-227	294
Total changes of items during period	5,116	-4,524	-127	465	56	-219	5,021
Balance at end of current period	17,726	1,144	1,653	20,525	95	6,202	216,979

(4) Consolidated statements of cash flows

(Million yen)

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Cash flows from operating activities		
Profit before income taxes	17,987	17,227
Depreciation	10,520	10,540
Impairment loss	166	375
Amortization of goodwill	204	937
Interest and dividend income	-1,317	-1,286
Interest expenses	735	896
Share of (profit) loss of entities accounted for using equity method	67	-43
Loss (gain) on sales of property, plant and equipment	-10	-52
Loss on retirement of property, plant and equipment	108	164
Loss (gain) on sales of investment securities	-9	-2,637
Environmental expenses	83	–
Increase (decrease) in provision for environmental measures	-121	1,736
Decrease (increase) in notes and accounts receivable - trade	3,273	-921
Decrease (increase) in inventories	239	-186
Increase (decrease) in notes and accounts payable - trade	47	1,745
Other	-1,894	-1,096
Subtotal	30,081	27,401
Interest and dividend income received	1,344	1,300
Interest expenses paid	-731	-909
Income taxes paid	-4,967	-4,423
Net cash provided by (used in) operating activities	25,727	23,370
Cash flows from investing activities		
Payments into time deposits	-1,099	-363
Proceeds from withdrawal of time deposits	229	677
Purchase of property, plant and equipment	-12,088	-14,371
Proceeds from sales of property, plant and equipment	112	321
Purchase of intangible assets	-2,016	-577
Purchase of short-term and long-term investment securities	-3,068	-34
Proceeds from sales and redemption of short-term and long-term investment securities	3,045	3,647
Payments for guarantee deposits	-49	-40
Proceeds from collection of guarantee deposits	48	677
Purchase of shares of subsidiaries resulting in change in scope of consolidation	[*2] -2,190	–
Other	-381	-546
Net cash provided by (used in) investing activities	-17,457	-10,611
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-532	-2,172
Proceeds from long-term loans payable	305	47
Repayments of long-term loans payable	-637	-680
Purchase of treasury shares	-9	-3,221
Cash dividends paid	-4,475	-4,752
Dividends paid to non-controlling interests	-361	-304
Other	-106	-148
Net cash provided by (used in) financing activities	-5,817	-11,231
Effect of exchange rate change on cash and cash equivalents	-1,254	-1,138
Net increase (decrease) in cash and cash equivalents	1,197	388
Cash and cash equivalents at beginning of period	42,546	43,744
Cash and cash equivalents at end of period	[*1] 43,744	[*1] 44,132

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

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

- In the consolidated fiscal year under review, Jiangsu Toyo Renxin Pigment Co., Ltd. became a consolidated subsidiary upon the underwriting of capital increase by third-party allocation.
- Toyo Ink Europe S.A. and Toyo Ink Europe Plastic Colorant S.A.S., which were consolidated subsidiaries for the previous fiscal year, were excluded from the scope of consolidation because they merged with Toyo Ink Europe Specialty Chemicals S.A. in the consolidated fiscal year under review.

The name of the following consolidated subsidiary was changed in the consolidated fiscal year under review:

- Toyo Ink Europe S.A. (formerly Toyo Ink Arets NV)

2. Application of the equity method

The equity method is applied to investments in ten affiliates.

Names of major subsidiaries

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

In the consolidated fiscal year under review, the two companies were excluded from the affiliates accounted for using the equity method.

- Jiangsu Toyo Yabang Pigment Co., Ltd., which was included in the affiliates accounted for using the equity method in the previous fiscal year, was excluded from the scope of application of the equity method in the current fiscal year under review because it changed its name to Jiangsu Toyo Renxin Pigment Co., Ltd. and become a consolidated subsidiary upon the Company’s underwriting of capital increase by third-party allocation.
- Dalian Toyo Gravure Cylinder Mfg. Co., Ltd., which was included in the affiliates accounted for using the equity method in the previous fiscal year, was excluded from the scope of application of the equity method in the current fiscal year under review because the Company sold the shares of the said company.

3. Fiscal year end of consolidated subsidiaries

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

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

4. Accounting standards

(1) Important appraisal standards and appraisal method for assets

1) Securities

For those with market value

Stated at market value based on market prices, etc., as of the period-end

(Unrealized valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.)

For those without market value

Stated at cost as determined by the moving average method.

2) Derivatives

Market value method

3) Inventories

Finished goods, 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.

Merchandiseand supplies

In principle, the last cost method is applied.

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

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

(2) Depreciation method of important depreciable fixed assets

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

The constant percentage method is applied to the Company and its domestic consolidated subsidiaries (however, the straight-line method is applied for buildings (not including facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016); and the straight-line method is mainly applied to overseas consolidated subsidiaries.

Major useful lives:

Buildings and structures	Eight to 50 years
Machinery, equipment and vehicles	Four to 15 years
Tools, furniture and fixtures	Two to 15 years

2) Leased assets

Financing lease transactions that do not involve a transfer of ownership

Calculation method for the equivalent of depreciation cost

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

Of financing lease transactions that do not involve a transfer of ownership, lease transactions that started on or before March 31, 2008 use the accounting method for normal lease transactions.

(3) Important standards for appropriation of allowances

1) Allowance for doubtful receivables

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

2) Provision for environmental measures

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

1) 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.

2) Treatment of unrecognized actuarial differences and past service costs

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

Actuarial differences are posted in expenses from the consolidated fiscal year following their accruals based on proportional division through 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 non-controlling interests in the section of net assets.

(6) Significant hedge accounting

1) Hedge accounting

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

2) Hedging method and hedging target

Hedging method: Interest swap transactions

Hedging target: Long-term loans payable

3) Hedging policy

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

4) Assessing hedging effectiveness

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

(7) Amortization of goodwill and amortization period

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

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

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

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

1) Accounting treatment of consumption tax, etc.

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

2) Application of a consolidated taxation system

The Company uses the consolidated taxation system.

(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 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) of 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 fiscal year 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 fiscal year under review.

The impact on the quarterly consolidated financial statements for 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 fiscal year under review. The depreciation method related to buildings, facilities attached to buildings 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 consolidated fiscal year under review is minimal.

(Changes to basis of presenting consolidated financial statements)

(Consolidated statements of income)

“Gain on sales of investment securities,” which was included in “other” under “extraordinary income” in the previous consolidated fiscal year, has now exceeded 10/100 of the total amount of extraordinary income, and for that reason it has been decided to list it independently starting in the consolidated fiscal year under review. In addition, “gain on change in equity” under “extraordinary income,” which was listed independently in the previous consolidated fiscal year, is now less than 10/100 of the total amount of extraordinary income, and for that reason it is included in “other” starting in the consolidated fiscal year under review. The consolidated financial statements for the previous consolidated fiscal year have been reorganized in order to apply this change in the presentation.

Consequently, “gain on change in equity” totaling 133 million yen and “other” totaling 9 million yen, which were recorded in “extraordinary income” in the consolidated statements of income for the previous consolidated fiscal year, are restated as “gain on sales of investment securities” amounting to 9 million yen and “other” amounting to 133 million yen.

“Impairment loss,” which was included in “other” under “extraordinary income” in the previous consolidated fiscal year, has been decided to be listed independently starting in the consolidated fiscal year under review as it has increased in materiality. The consolidated financial statements for the previous consolidated fiscal year have been reorganized in order to apply this change in the presentation.

Consequently, 76 million yen, which was recorded in “other” under “extraordinary losses,” is restated as “impairment loss” amounting to 16 million yen and “other” totaling 59 million yen.

(Consolidated statements of cash flows)

“Impairment loss,” “amortization of goodwill,” “gain on sales of investment securities” and “increase (decrease) in provision for environmental measures,” which were included in “other” under “cash flows from operating activities” in the previous consolidated fiscal year, have been decided to be listed independently starting in the consolidated fiscal year under review as they have increased in materiality. In addition, “gain on change in equity” under “cash flows from operating activities,” which was listed independently in the previous consolidated fiscal year, decreased in materiality, and for that reason it is included in “other” starting in the consolidated fiscal year under review. The consolidated financial statements for the previous consolidated fiscal year have been reorganized in order to apply this change in the presentation.

Consequently, “gain on change in equity” totaling -133 million yen and “other” totaling -1,686 million yen, which were recorded in “cash flows from operating activities” in the consolidated statement of cash flows for the previous consolidated fiscal year, are restated as “impairment loss” totaling 16 million yen, “amortization of goodwill” totaling 204 million yen, “gain on sales of investment securities” amounting to -9 million yen, “increase (decrease) in provision for environmental measures” amounting to -121 million yen and “other” totaling -1,894 million yen.

“Payments for guarantee deposits” and “proceeds from collection of guarantee deposits,” which were included in “other” under “cash flows from investing activities” in the previous consolidated fiscal year, increased in materiality, and for that reason it has been decided to list them independently starting in the consolidated fiscal year under review. The consolidated financial statements for the previous consolidated fiscal year have been reorganized in order to apply this change in the presentation.

Consequently, -382 million yen, which was recorded in “other” under “cash flows from investing activities” in the consolidated statement of cash flows for the previous consolidated fiscal year, is restated as “payments for guarantee deposits” totaling -49 million yen, “proceeds from collection of guarantee deposits” amounting to 48 million yen and “other” totaling -381 million yen.

“Purchase of treasury shares,” which was included in “other” under “cash flows from financing activities” in the previous consolidated fiscal year, increased in materiality, and for that reason it has been decided to list it independently starting in the consolidated fiscal year under review. The consolidated financial statements for the previous consolidated fiscal year have been reorganized in order to apply this change in the presentation.

Consequently, -116 million yen, which was recorded in “other” under “cash flows from financing activities” in the consolidated statement of cash flows for the previous consolidated fiscal year, is restated as “purchase of treasury shares” totaling -9 million yen and “other” amounting to -106 million yen.

(Notes to consolidated balance sheet)

*1. Shares of affiliates (Million yen)

	As of March 31, 2016	As of March 31, 2017
Investment securities (shares)	4,275	4,168

*2. Assets pledged as collateral and secured debt

Assets pledged as collateral (Million yen)

	As of March 31, 2016	As of March 31, 2017
Buildings and structures	1,446	1,300
Machinery, equipment and vehicles	134	103
Land	570	534
Total	2,150	1,938

Secured debt is as follows. (Million yen)

	As of March 31, 2016	As of March 31, 2017
Notes and accounts payable - trade	153	185
Short-term loans payable	131	141
Total	285	327

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, 2016		As of March 31, 2017	
ZHUHAI SUMIKA POLYMER COMPOUNDS Co., Ltd. (US$3,622,000, etc.)	408	ZHUHAI SUMIKA POLYMER COMPOUNDS Co., Ltd. (US$4,837,000, etc.)	542
Sumika Polymer Compounds (UK) Ltd. (GBP 2,337,000)	378	Sumika Polymer Compounds (UK) Ltd. (GBP 2,168,000)	312
Sumika Polymer Compounds America, Inc. (US$5,175,000)	583	Sumika Polymer Compounds America, Inc. (US$2,086,000)	234
Other: five companies	965	Other: five companies	706
Employees (housing loans)	173	Employees (housing loans)	132
Total	2,508	Total	1,928

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

	As of March 31, 2016	As of March 31, 2017
Discounts on notes and accounts receivable	115	95
Endorsement of notes and accounts receivable	19	16

*5. Reduction entry

Reduction entry reflecting direct write-down of cost of property, plant and equipment 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, 2016	As of March 31, 2017
Buildings and structures	–	1,924
Land	–	6,763
Construction in progress	8,687	–
Total	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, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
7,434	7,390

*2. Details of gain on sale of non-current assets (Million yen)

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Land	3	46
Other	59	21
Total	62	67

*3. Details of loss on sales and retirement of non-current assets (Million yen)

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Buildings and structures	92	145
Machinery, equipment and vehicles	230	129
Other	52	46
Total	375	322

*4. Impairment loss

The Group recorded an impairment loss for the following asset group.

From April 1, 2015to March 31, 2016

Location	Use	Type
Laguna, the Philippines	Assets of the factory, etc.	Machinery, equipment and vehicles, etc.
Mobara, Chiba	Idle assets	Buildings and structures, etc.

The Group classifies its assets based on the categories of management accounting and its idle assets and assets for lease by individual property.

The Group has reduced the book value of the assets of the factory, etc. it has in Laguna, the Philippines, to their recoverable amount and recorded the amount of reduction as an impairment loss (149 million yen) in extraordinary losses because operating profit (loss) generated from operating activities at the local consolidated subsidiary has been falling. The breakdown of the impairment loss is machinery, equipment and vehicles of 144 million yen and other of 4 million yen.

The recoverable amount in this asset group is measured by the use value, which is the future cash flow discounted at 7.9%.

The Group has reduced the book value of idle assets in Mobara, Chiba, which are not expected to be used in the future, to their recoverable amount and recorded the amount of reduction as an impairment loss (16 million yen) in extraordinary losses. The breakdown of the impairment loss is buildings and structures of 14 million yen and other of 2 million yen.

The recoverable amount is measured by the net sale price. Because it is difficult to sell the assets, the recoverable amount is deemed to be zero.

From April 1, 2016 to March 31, 2017

Location	Use	Type
Kitakyushu, Fukuoka	Idle assets	Land, buildings and structures, etc.

The Group classifies its assets based on the categories of management accounting and classifies idle assets and assets for lease by individual property.

In the consolidatedfiscal year under review, the Group has reduced the book value of idle assets, which are expected not to be used in the future, to their recoverable amount and recorded the amount of reduction as an impairment loss (375 million yen) in extraordinary losses. The breakdown of the impairment loss is land of 104 million yen, buildings and structures of 264 million yen and other of 6 million yen.

The recoverable amount is measured by the net cash value and calculated by making a reasonable adjustment to the assessed value of fixed assets.

*5 Amortization of goodwill

From April 1, 2016 to March 31, 2017

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 November28, 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, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Valuation difference on available-for-sale securities		
Amount arisen in the fiscal year under review	-1,494	9,973
Amount of recycling	-6	-2,627
Before tax adjustment	-1,501	7,345
Amount of the tax effect equivalent	717	-2,229
Valuation difference on available-for-sale securities	-783	5,115
Foreign currency translation adjustments		
Amount arisen in the fiscal year under review	-5,348	-4,889
Amount of recycling	17	–
Before tax adjustment	-5,331	-4,889
Amount of the tax effect equivalent	–	52
Foreign currency translation adjustments	-5,331	-4,837
Remeasurements of defined benefit plans, net of tax		
Amount arisen in the fiscal year under review	-1,077	366
Amount of recycling	-243	-549
Before tax adjustment	-1,321	-183
Amount of the tax effect equivalent	471	56
Remeasurements of defined benefit plans, net of tax	-849	-127
Share of other comprehensive income of entities accounted for using equity method		
Amount arisen in the fiscal year under review	-189	-157
Amount of recycling	-9	-50
Share of other comprehensive income of entities accounted for using equity method	-198	-208
Total other comprehensive income	-7,163	-57

(Notes to consolidated statements of changes in net assets)

From April 1, 2015 to March 31, 2016

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

	At the beginning of this period	Increase	Decrease	At the end of this period
Shares issued				
Ordinary shares	303,108	–	–	303,108
Total	303,108	–	–	303,108
Treasury shares				
Ordinary shares (Note)	4,785	17	–	4,803
Total	4,785	17	–	4,803

(Note) An increase of 17,000 own shares of ordinary shares was attributed to the purchasing shares of less than one unit.

2. Matters concerning subscription rights to shares

Company	Breakdown	Type of stock purchased	Number of applicable shares (in thousands)				Balance at the end of this period (million yen)
			At the beginning of this period	Increase	Decrease	At the end of this period	
Reporting company	Subscription rights to shares as stock option	–	–	–	–	–	38
Total			–	–	–	–	38

3. Matters concerning dividend

(1) Cash dividends paid

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 26, 2015	Ordinary shares	2,237	7.50	March 31, 2015	June 29, 2015
Board of directors' meeting on November 9, 2015	Ordinary shares	2,237	7.50	September 30, 2015	December 1, 2015

(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 29, 2016	Ordinary shares	2,386	Retained earnings	8.00	March 31, 2016	June 30, 2016

From April 1, 2016 to March 31, 2017

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

	At the beginning of this period	Increase	Decrease	At the end of this period
Shares issued				
Ordinary shares	303,108	–	–	303,108
Total	303,108	–	–	303,108
Treasury shares				
Ordinary shares (Note)	4,803	6,360	0	11,163
Total	4,803	6,360	0	11,163

(Notes) 1. The increase of 6,360 thousand shares in treasury shares of common stock is due to an increase of 6,339 thousand shares as a result of acquiring own shares based on the resolution at a meeting of the Board of Directors and an increase of 21 thousand shares due to the purchase of shares of less than one unit.

2. The decrease of 0 thousand shares in treasury shares of common stock is due to requests for the sale of shares of less than one unit.

2. Matters concerning subscription rights to shares

Company	Breakdown	Type of stock purchased	Number of applicable shares (in thousands)				Balance at the end of this period (million yen)
			At the beginning of this period	Increase	Decrease	At the end of this period	
Reporting company	Subscription rights to shares as stock option	–	–	–	–	–	95
Total			–	–	–	–	95

3. Matters concerning dividend

(1) Cash dividends paid

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 29, 2016	Ordinary shares	2,386	8.00	March 31, 2016	June 30, 2016
Board of directors' meeting on November 9, 2016	Ordinary shares	2,386	8.00	September 30, 2016	December 1, 2016

(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 29, 2017	Ordinary shares	2,335	Retained earnings	8.00	March 31, 2017	June 30, 2017

(Consolidated statements of cash flows)

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

(Million yen)

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Cash and time deposits	44,470	44,903
Securities	529	116
Total	45,000	45,019
Time deposits with maturity of more than 3 months	-1,248	-883
Investment in investment limited partnership, etc.	-8	-3
Cash and cash equivalents	43,744	44,132

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

From April 1, 2015 to March 31, 2016

The relationships between the major components of assets and liabilities at the start of consolidation associated with the new consolidation of DYO Printing Inks (now Toyo Printing Inks Inc.) through the acquisition of shares and the cost of acquiring the shares of DYO Printing Inks and total net payments for acquisition are as follows:

	(Million yen)
Current assets	2,987
Non-current assets	1,288
Goodwill	2,254
Current liabilities	-2,403
Non-current liabilities	-1,576
Foreign currency translation adjustments	-137
Non-controlling interests	-73
Acquisition cost of shares	2,339
Cash and cash equivalents	-148
Net payment for acquisition	2,190

(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 natural materials and medical products. 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.

2. Method of calculation for net 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 by reportable segment

From April 1, 2015 to March 31, 2016 (Million yen)

	Reported segments					Other (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	68,944	58,923	63,912	87,251	279,031	4,176	–	283,208
Intersegment sales	2,934	1,970	711	187	5,804	1,804	-7,608	–
Total	71,878	60,894	64,623	87,439	284,835	5,980	-7,608	283,208
Segment profits	4,227	5,547	2,723	2,977	15,476	2,754	5	18,236

(Notes)1. The “Other” 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 5 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating profit recorded in the consolidated financial statements.

From April 1, 2016 to March 31, 2017 (Million yen)

	Reported segments					Other (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	63,442	56,771	62,386	81,586	264,186	4,297	–	268,484
Intersegment sales	2,492	1,554	579	65	4,691	1,817	-6,509	–
Total	65,935	58,325	62,965	81,651	268,877	6,115	-6,509	268,484
Segment profits	4,604	6,641	2,871	3,317	17,435	1,777	18	19,231

(Notes)1. The “Other” 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 18 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating profit recorded in the consolidated financial statements.

b. Relevant information

Information by region

Net sales

From April 1, 2015 to March 31, 2016

(Million yen)

Japan	China	Other	Total
158,586	39,667	84,954	283,208

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

From April 1, 2016 to March 31, 2017

(Million yen)

Japan	China	Other	Total
155,308	32,928	80,246	268,484

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

(Per share information)

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Net assets per share	688.55 yen	721.65 yen
Profit per share	39.62 yen	43.00 yen
Fully diluted profit per share	39.61 yen	42.97 yen

(Notes) 1. The basis of calculating profit per share and fully diluted profit per share is as follows:

	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Profit per share		
Profit attributable to owners of parent (million yen)	11,818	12,702
Amount not belonging to common shareholders (million yen)	–	–
Profit attributable to owners of parent concerning ordinary shares (million yen)	11,818	12,702
Weighted average number of shares issued and outstanding during the period (thousand shares)	298,311	295,422
Fully diluted profit per share		
Profit attributable to owners of parent (million yen)	–	–
Increase in the number of ordinary shares	59	193
(Subscription rights to shares included) (thousand shares)	59	193
Overview of dilutive shares not included in the calculation of the amount of fully diluted profit per share due to absence of dilutive effect	–	–

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

	As of March 31, 2016	As of March 31, 2017
Net assets on the consolidated balance sheet (million yen)	211,859	216,979
Amount deducted from total net assets (million yen)	6,461	6,298
(Subscription rights to shares included (million yen))	(38)	(95)
(Non-controlling interests included (million yen))	(6,422)	(6,202)
Year-end net assets concerning ordinary shares (million yen)	205,398	210,681
Ordinary shares used for calculation of net assets per share (thousand shares)	298,304	291,945

(Important subsequent events)

Not applicable

6. Other

(1) Management turnover

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