

CONSOLIDATED FINANCIAL STATEMENTS for the FY2003

(for the fiscal year ended March 31, 2004)

May 19, 2004

Name of Company: **Toyo Ink Mfg. Co., Ltd.**
 Stock Listings: Tokyo
 Security Code No.: 4634 (URL <http://www.toyoink.co.jp/>)
 Address of Head Office: 3-13, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377
 Phone: +81-3-3272-5731
 Representative: Mr. Kunio Sakuma, President, CEO
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 Date of Board Meeting for Settlement of Accounts: May 19, 2004
 Application of US Accounting Standards: No

1. Consolidated operating results for the FY 2003

(1) Results of operations Note : Amounts of less than million yen are omitted.

	Net sales		Operating income		Recurring income	
	JPY(million)	%	JPY(million)	%	JPY(million)	%
FY2003	216,406	-0.3	9,444	16.7	8,752	15.9
FY2002	217,049	-2.4	8,093	16.6	7,552	16.4

	Net income		Net income per share (Basic)		Net income per share (Fully diluted)	
	JPY(million)	%	JPY		JPY	
FY2003	3,477	65.6	12.10		10.27	
FY2002	2,099	160.9	7.29		6.38	

	Return on equity		Recurring income/ Total assets		Recurring income/ Net sales	
	%		%		%	
FY2003	2.9		3.3		4.0	
FY2002	1.8		2.8		3.5	

Note 1 : Equity in earnings of associated companies : 181M JPY(FY2003), 234M JPY(FY2002)
 2 : Average number of outstanding shares (consolidated) : 276,428,689shares(FY2003), 276,582,022shares(FY2002)
 3 : Change in method of accounting : Yes
 4 : % change for net sales, operating income, recurring income and net income are presented in comparison with the previous FY.

(2) Financial conditions

	Total assets	Shareholders' equity	Shareholders' equity/ Total assets	Shareholders' equity per share
	JPY(million)	JPY(million)	%	JPY
As of March 31, 2004	268,066	122,060	45.5	441.12
As of March 31, 2003	264,792	116,278	43.9	420.31

Note : Number of outstanding shares at the end of the fiscal year (consolidated) :
 276,401,644shares(as of March 31, 2004), 276,449,597shares(as of March 31, 2003)

(3) Results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	JPY(million)	JPY(million)	JPY(million)	JPY(million)
FY2003	18,353	-12,852	-6,245	16,066
FY2002	12,015	-9,300	-4,945	17,754

(4) Scope of consolidation and application of equity method :

Number of consolidated subsidiaries : 65
 Number of non-consolidated subsidiaries accounted for by the equity method: none
 Number of associated companies accounted for by the equity method: 11

(5) Changes in scope of consolidation and application of equity method :

Number of companies newly consolidated : 2
 Number of companies excluded from consolidation : 4
 Number of companies newly accounted for by the equity method : none
 Number of companies excluded from the equity method of accounting: 1

2. Forecast for the Year Ending 31 March, 2005 (FY2004)

	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
First half ending Sept.2004	113,000	4,500	2,000
FY2004 ending Mar,2005	230,000	10,000	5,000

Note : Projected net income per share for the year ending March 31, 2005 is 17.61yen

The company bases its forecasts on assumptions that are believed to be reasonable under information available at the time of the forecasts. Actual results may materially differ from these forecasts due to potential risks and uncertainties.

1. Group Corporate Overview

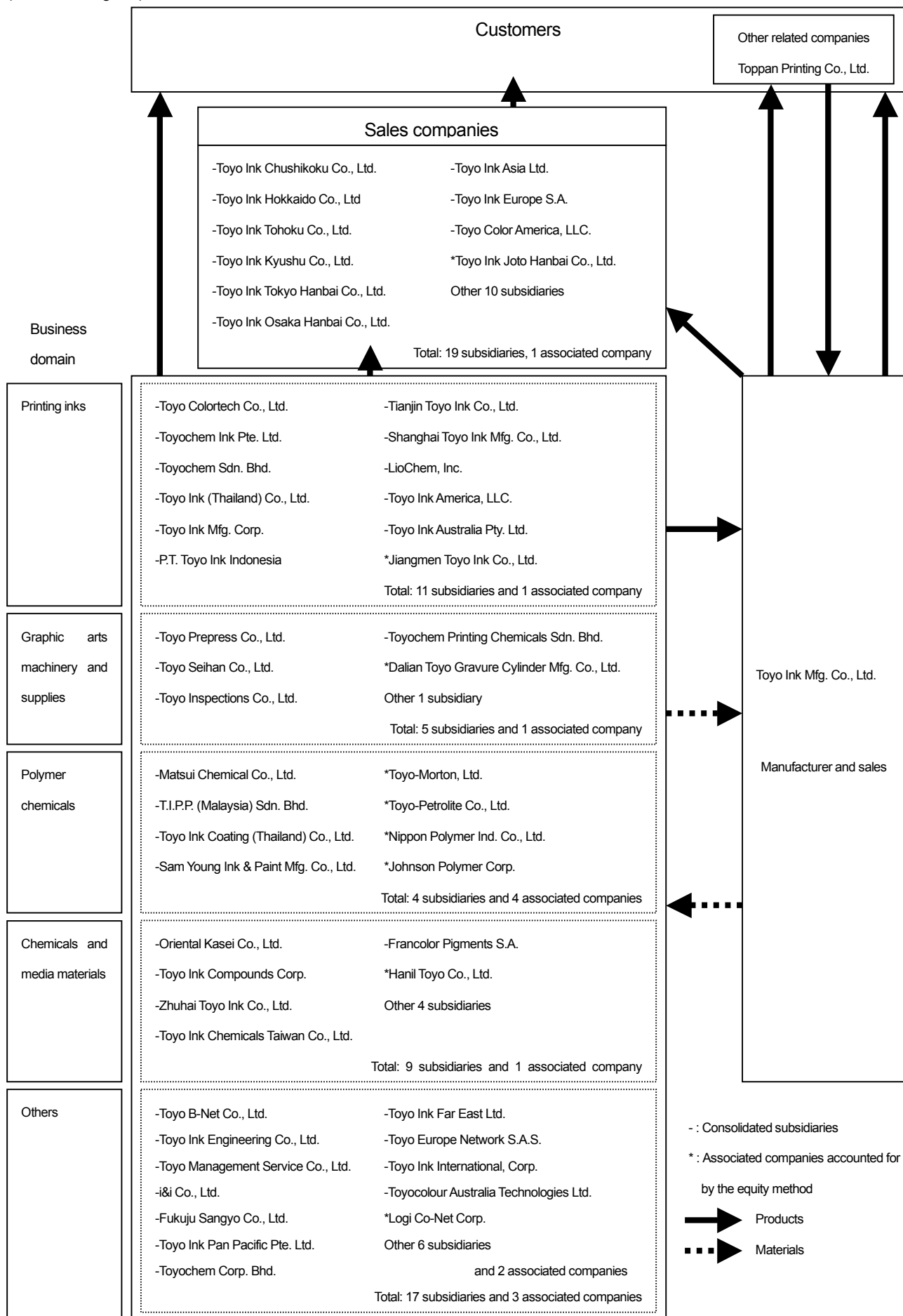
Our corporate group is organized by the company which presents the consolidated financial statements (Toyo Ink Mfg. Co., Ltd.), 65 subsidiaries, and 11 associated companies.

Following is the details of our corporate group;

Business Domain	Main Products	Companies	
Printing Inks	Offset inks, Gravure inks, etc.	Japan	Toyo Ink Mfg. Co., Ltd., etc.
		Overseas	Toyochem Sdn. Bhd., Tianjin Toyo Ink Co., Ltd., LioChem, Inc., Toyo Ink America, LLC., Toyo Ink Australia Pty. Ltd., etc.
Graphic arts machinery and supplies	Printing machinery, Prepress systems, Printing supplies, Gravure cylinders, etc.	Japan	Toyo Ink Mfg. Co., Ltd., Toyo Prepress Co., Ltd., Toyo Seihan Co., Ltd., etc.
		Overseas	Toyochem Printing Chemicals Sdn. Bhd., Dalian Toyo Gravure Cylinder Mfg. Co., Ltd., etc.
Polymer chemicals	Can coating finishes, Metal decorative inks, Resins, Adhesives, Waxes, Adhesive tapes, etc.	Japan	Toyo Ink Mfg. Co., Ltd., Matsui Chemical Co., Ltd., Toyo-Petrolite Co., Ltd., Toyo-Morton, Ltd., etc.
		Overseas	T.I.P.P. (Malaysia) Sdn. Bhd., Sam Young Ink & Paint Mfg. Co., Ltd., etc.
Chemicals and media materials	Organic pigments, Processed pigments, Dye stuff, Plastic colorants, Resist inks for color filters Electronic materials, etc.	Japan	Toyo Ink Mfg. Co., Ltd., Oriental Kasei Co., Ltd., etc.
		Overseas	Zhuhai Toyo Ink Co., Ltd., Francolor Pigments S.A. Hanil Toyo Co., Ltd., etc.
Others	Software development, Human resources management, Lease management of real estate, Investment for subsidiaries, etc.	Japan	Toyo Ink Mfg Co., Ltd., Toyo B-Net Co., Ltd., Toyo Ink Engineering Co., Ltd., etc.
		Overseas	Toyo Ink Pan Pacific Pte. Ltd., Toyo Ink Far East Ltd., Toyo Europe Network S.A.S., Toyo Ink International Corp., etc.
Sales	Sales of products which are handled TOYO INK Group	Japan	Toyo Ink Chushikoku Co., Ltd., Toyo Ink Hokkaido Co., Ltd., Toyo Ink Tohoku Co., Ltd., Toyo Ink Kyushu Co., Ltd., Toyo Ink Tokyo Hanbai Co., Ltd., etc.
		Overseas	Toyo Ink Asia Ltd., Toyo Ink Europe S.A. (Belgium), Toyo Color America, LLC., etc.

In addition, our company trades the products and the commodities with Toppan Printing Co., Ltd., which owns 23.12% of the shares of our company.

(Business diagram)



A director of Toyo Seikan Co., Ltd. (which is our customer) serves concurrently with the director of Toyo Ink Mfg. Co., Ltd.

Consolidated Financial Statements
(1)Consolidated Balance Sheets

(unit : JPY million)

Terms Items	FY2003		FY2002		Increase / Decrease
	As of March 31, 2004		As of March 31, 2003		
	Amount	composition	Amount	composition	
(Assets)		%		%	
Current assets	(129,689)	48.4	(133,094)	50.3	(-3,404)
Cash and bank deposits	14,357		16,704		-2,347
Notes and accounts receivable	80,005		80,622		-616
Marketable securities	2,025		1,698		327
Inventories	28,016		29,323		-1,306
Deferred income tax assets	2,082		1,811		270
Others	4,352		3,919		432
Allowance for doubtful receivables	-1,150		-985		-165
Fixed assets	(138,294)	51.6	(131,669)	49.7	(6,625)
Property, plant and equipment	[90,359]	33.7	[88,061]	33.2	[2,298]
Building and structures	30,285		28,139		2,145
Machinery and vehicles	28,163		27,851		311
Tools, furniture and fixtures	3,258		3,271		-13
Land	26,866		27,309		-442
Construction in progress	1,786		1,488		297
Intangible fixed assets	[4,194]	1.6	[3,903]	1.5	[291]
Investments and other assets	[43,739]	16.3	[39,705]	15.0	[4,034]
Investment securities	33,526		23,967		9,558
Deferred income tax assets	2,153		7,809		-5,655
Others	9,294		9,727		-432
Allowance for doubtful receivables	-1,234		-1,798		564
Deferred assets	(82)	0.0	(28)	0.0	(53)
Total assets	268,066	100.0	264,792	100.0	3,274

(unit : JPY million)

Terms Items	FY2003		FY2002		Increase / Decrease
	As of March 31, 2004		As of March 31, 2003		
	Amount	composition	Amount	composition	
(Liabilities)		%		%	
Current liabilities	(94,636)	35.3	(81,417)	30.8	(13,218)
Notes and accounts payable	38,372		37,477		894
Short-term loans payable	23,768		24,178		-409
Commercial paper	4,000		6,500		-2,500
Current portion of convertible bonds	13,268		-		13,268
Accrued income taxes	1,001		1,148		-146
Deferred income tax liabilities	26		25		1
Others	14,198		12,087		2,110
Long-term liabilities	(47,993)	17.9	(63,549)	24.0	(-15,556)
Convertible bonds	29,345		42,614		-13,269
Long-term loans payable	14,691		16,930		-2,239
Liability for employees' retirement benefits	1,422		1,293		129
Liability for directors' retirement benefits	635		580		55
Deferred income tax liabilities	1,703		1,740		-36
Others	195		390		-195
Total liabilities	142,629	53.2	144,967	54.8	-2,338
(Minority interests)					
Minority interests	3,377	1.3	3,546	1.3	-169
(Shareholders' equity)					
Common stock	(24,610)	9.2	(24,610)	9.3	(0)
Additional paid-in capital	(25,823)	9.6	(25,823)	9.7	(0)
Retained earnings	(72,088)	26.9	(70,354)	26.6	(1,733)
Net unrealized gains (losses) on available-for-sale securities	(3,910)	1.4	(-1,621)	-0.6	(5,531)
Foreign exchange translation adjustments	(-4,266)	-1.6	(-2,801)	-1.1	(-1,464)
Treasury stock, at cost	(-105)	-0.0	(-86)	-0.0	(-19)
Total shareholders' equity	122,060	45.5	116,278	43.9	5,781
Total of liabilities, minority interests and shareholders' equity	268,066	100.0	264,792	100.0	3,274

(2) Consolidated Statements of Income

(unit : JPY million)

Items	Terms	FY2003		FY2002		Increase / Decrease	
		From April 1, 2003 to March 31, 2004		From April 1, 2002 to March 31, 2003			
		Amount	Composition	Amount	Composition	Amount	+/-
Net sales		216,406	100.0	217,049	100.0	-643	-0.3
Cost of sales		164,475	76.0	164,801	75.9	-326	-0.2
Gross profit		51,931	24.0	52,247	24.1	-316	-0.6
Selling, general and administrative expenses		(42,486)	19.6	(44,154)	20.4	(-1,667)	-3.8
Packing expenses and freight charge		6,168		5,808		359	
Salaries and allowance		9,459		9,809		-350	
Bonuses		2,653		2,774		-121	
Welfare expenses		2,462		2,404		57	
Depreciation expenses		1,801		1,935		-133	
Research and development expenses		3,644		3,563		81	
Others		16,296		17,857		-1,561	
Operating income		9,444	4.4	8,093	3.7	1,350	16.7
Non-operating income		(2,502)	1.1	(3,231)	1.5	(-728)	-22.5
Interest income		242		348		-106	
Dividend income		238		246		-8	
Income from lease and rent		391		363		27	
Equity in earnings of associated companies		181		234		-52	
Unrealized gain on derivative instruments		171		330		-158	
Others		1,277		1,707		-430	
Non-operating expenses		(3,194)	1.5	(3,772)	1.7	(-577)	-15.3
Interest expenses		1,157		1,401		-243	
Loss on foreign currency exchange		843		759		83	
Others		1,193		1,611		-418	
Recurring income		8,752	4.0	7,552	3.5	1,200	15.9
Extraordinary profit		(2,014)	0.9	(5,003)	2.3	(-2,989)	-59.7
Gain on sales of property, plant and equipment		296		348		-51	
Gain on sales of investment securities		1,717		209		1,507	
Gain on exemption from future pension obligation of the government program		-		4,140		-4,140	
Gain on the government grant		-		160		-160	
Gain on the cancellation of insurance agreement		-		144		-144	
Extraordinary loss		(3,596)	1.6	(7,530)	3.5	(-3,934)	-52.2
Loss on disposals of property, plant and equipment		1,618		973		645	
Loss on sales of investment securities		-		235		-235	
Loss on impairment of investment securities		379		5,022		-4,643	
Loss on impairment of memberships		-		119		-119	
Loss on impairment of merchandise		232		667		-434	
Loss on discontinued operations		533		512		20	
Environmental spending		655		-		655	
Others		177		-		177	
Income before income taxes and minority interests		7,170	3.3	5,026	2.3	2,144	42.7
Income taxes, current		1,748	0.8	1,910	0.8	-162	-8.5
Income taxes, deferred		1,552	0.7	607	0.3	945	155.5
Minority interests		392	0.2	407	0.2	-15	-3.8
Net income		3,477	1.6	2,099	1.0	1,377	65.6

(3) Consolidated Statements of Cash Flow

(unit : JPY million)

Items	Terms	FY2003	FY2002
		From April 1, 2003 to March 31, 2004	From April 1, 2002 to March 31, 2003
		Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests		7,170	5,026
Depreciation and amortization		11,301	10,976
Interest and dividend income		-480	-595
Interest expenses		1,157	1,401
Gain on sales of property, plant and equipment, net		-222	-290
Loss on disposal of property, plant and equipment, net		1,360	831
(Gain) loss on sales of investment securities, net		-1,682	25
Loss on impairment of investment securities		379	5,022
Gain on exemption from future pension obligation of the government program		-	-4,140
Increase/decrease in notes and accounts receivable (- is increase)		-365	3,255
Increase/decrease in inventories (- is increase)		505	893
Increase/decrease in notes and accounts payable (- is decrease)		1,244	-10,418
Others		375	2,572
Subtotal		20,745	14,559
Interest and dividend received		640	1,035
Interest paid		-1,158	-1,392
Income taxes paid		-1,874	-2,186
Net cash provided by operating activities		18,353	12,015
II Cash flows from investing activities			
Increase in time deposits		-177	-391
Decrease in time deposits		398	1,343
Purchases of marketable securities		-30	-63
Proceeds from sales of marketable securities		128	1,126
Purchases of property, plant and equipment		-14,252	-13,050
Proceeds from sales of property, plant and equipment		1,579	1,187
Purchases of investment securities		-3,548	-2,125
Proceeds from sales of investment securities		4,534	3,606
Increase in loans receivable		-255	-477
Decrease in loans receivable		71	414
Other in increase/decrease of assets (- is increase)		-1,299	-869
Net cash used in investing activities		-12,852	-9,300
III Cash flows from financing activities			
Increase/decrease in short-term loans payable, net (- is decrease)		-286	241
Increase/decrease in commercial paper, net (- is decrease)		-2,500	-500
Proceeds from long-term loans payable		443	13,288
Repayments of long-term loans payable		-2,073	-300
Redemption of corporate bonds		-	-15,829
Purchases of treasury stock		-21	-76
Proceeds from sales of treasury stock		2	-
Dividends paid		-1,659	-1,658
Dividends paid to minority interests		-115	-94
Others		-34	-15
Net cash used in financing activities		-6,245	-4,945
IV Foreign currency translation adjustments on cash and cash equivalents		-943	-662
V Net decrease in cash and cash equivalents		-1,687	-2,892
VI Cash and cash equivalents, beginning of fiscal year		17,754	20,646
VII Cash and cash equivalents, end of fiscal year		16,066	17,754

(Segment Information)

(1)Segment Information by Business Group

FY 2003

(unit : JPY million)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Elimination or corporate	Total consolidated
I Net sales and operating income or loss								
(1)Sales to customers	84,850	33,460	39,582	51,860	6,653	216,406	-	216,406
(2)Intersegment sales	225	208	1,176	1,629	2,879	6,120	-6,120	-
Total sales	85,076	33,668	40,758	53,490	9,532	222,526	-6,120	216,406
Operating expenses	75,963	33,019	37,145	45,668	9,632	201,429	5,532	206,962
Operating income or loss(-)	9,112	648	3,613	7,821	-100	21,096	-11,652	9,444
II Assets, depreciation and capital expenditures								
Assets	85,135	20,009	36,982	60,070	10,408	212,606	55,460	268,066
Depreciation	3,683	611	1,928	3,628	201	10,054	1,247	11,301
Capital expenditures	6,728	1,208	1,767	6,337	147	16,189	310	16,499

FY 2003

(unit : JPY million)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Elimination or corporate	Total consolidated
I Net sales and operating income or loss								
(1)Sales to customers	87,094	32,814	40,141	50,258	6,739	217,049	-	217,049
(2)Intersegment sales	252	370	1,485	2,304	3,603	8,017	-8,017	-
Total sales	87,347	33,185	41,627	52,562	10,343	225,066	-8,017	217,049
Operating expenses	78,285	33,711	38,010	45,673	10,734	206,415	2,540	208,955
Operating income or loss(-)	9,062	-526	3,616	6,889	-390	18,651	-10,557	8,093
II Assets, depreciation and capital expenditures								
Assets	87,083	23,753	37,485	50,851	12,204	211,379	53,413	264,792
Depreciation	3,700	611	2,073	3,286	259	9,931	1,044	10,976
Capital expenditures	5,723	758	1,644	5,903	258	14,289	467	14,756

(2)Segment Information by Locations

FY 2003

(unit : JPY million)

	Japan	Asia-Oceania	Europe	North America	Subtotal	Elimination or corporate	Total consolidated
I Net sales and operating income or loss							
(1)Sales to customers	169,376	31,980	7,692	7,355	216,406	-	216,406
(2)Intersegment sales	11,147	1,868	577	21	13,615	-13,615	-
Total sales	180,524	33,849	8,270	7,377	230,021	-13,615	216,406
Operating expenses	174,036	31,060	8,487	7,144	220,729	-13,767	206,962
Operating income or loss(-)	6,488	2,788	-217	232	9,292	151	9,444
II Assets	168,021	37,186	7,177	5,677	218,063	50,003	268,066

FY 2003

(unit : JPY million)

	Japan	Asia-Oceania	Europe	North America	Subtotal	Elimination or corporate	Total consolidated
I Net sales and operating income or loss							
(1)Sales to customers	170,706	29,723	8,522	8,096	217,049	-	217,049
(2)Intersegment sales	8,724	1,380	490	32	10,628	-10,628	-
Total sales	179,430	31,104	9,013	8,128	227,677	-10,628	217,049
Operating expenses	174,069	28,533	9,197	7,888	219,689	-10,733	208,955
Operating income or loss(-)	5,360	2,571	-183	240	7,988	105	8,093
II Assets	162,657	38,211	7,718	6,171	214,758	50,034	264,792