

1st QUARTER CONSOLIDATED FINANCIAL STATEMENTS for the FY2004

(for the first quarter of fiscal year March 31, 2005 ended June 30, 2004)

Name of Company: **Toyo Ink Mfg. Co., Ltd.** July 30, 2004
 Stock Listings: Tokyo
 Security Code No.: 4634 (URL <http://www.toyoink.co.jp/>)
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 Date of Board Meeting for Settlement of Accounts: July 30, 2004
 Application of US Accounting Standards: No

1. Notes to Consolidated Financial Statements

(1) Adoption of simplified method : None

(2) Change in accounting policies : None

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

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

2. Operating results for the first quarter of FY 2004(Apr. 1,2004 through June 30, 2004)

(1) Consolidated Results of operations

Note : Amounts of less than million yen are omitted.

	Net sales		Operating income		Recurring income	
	JPY(million)	%	JPY(million)	%	JPY(million)	%
Q1 / FY2004	53,746	2.9	3,172	86.2	3,457	102.9
Q1 / FY2003	52,230	-	1,703	-	1,703	-
FY2003	216,406		9,444		8,752	

	Net income		Net income per share (Basic)		Net income per share (Diluted)	
	JPY(million)	%	JPY		JPY	
Q1 / FY2004	1,509	67.0	5.46		4.48	
Q1 / FY2003	903	-	3.27		2.76	
FY2003	3,477		12.10		10.27	

Note : % change for net sales, operating income, recurring income and net income are presented in comparison with the previous Q1 of FY.

Reference : Non-consolidated Results of operations

	Net sales		Operating income		Recurring income	
	JPY(million)	%	JPY(million)	%	JPY(million)	%
Q1 / FY2004	42,099	5.7	1,078	413.5	2,313	79.6
Q1 / FY2003	39,841	-1.2	210	-12.1	1,287	40.5
FY2003	167,201		3,262		5,158	

	Net income		Net income per share (Basic)		Net income per share (Diluted)	
	JPY(million)	%	JPY		JPY	
Q1 / FY2004	927	-5.6	3.36		2.83	
Q1 / FY2003	982	86.8	3.55		2.98	
FY2003	2,429		8.43		7.39	

(2) Consolidated Financial conditions

	Total assets	Shareholders' equity	Shareholders' equity/ Total assets	Shareholders' equity per share
	JPY(million)	JPY(million)	%	JPY
As of June 30, 2004	269,524	122,311	45.4	442.53
As of June 30, 2003	266,049	117,876	44.3	426.41
As of March 31, 2004	268,066	122,060	45.5	441.12

Results of cash flows (consolidated)

	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)
Q1 / FY2004	6,565	-3,168	-2,472	16,885
Q1 / FY2003	-	-	-	-
FY2003	18,353	-12,852	-6,245	16,066

Reference : Non-consolidated Financial conditions

	Total assets	Shareholders' equity	Shareholders' equity/ Total assets	Shareholders' equity per share
	JPY(million)	JPY(million)	%	JPY
As of June 30, 2004	231,758	115,295	49.7	417.13
As of June 30, 2003	224,345	110,834	49.4	400.91
As of March 31, 2004	228,102	115,217	50.5	416.47

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

	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
First half of FY2004	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, 2004 is 17.61yen

Reference : Non-consolidated Forecast for the Year Ending March 31, 2005 (FY2004)

	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
First half of FY2004	83,800	3,150	1,250
FY2004 ending Mar. 2005	172,000	7,000	3,500

Note : Projected net income per share for the year ending March 31, 2004 is 12.30yen

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.Summary of Q1 Consolidated Balance Sheets

(unit : JPY million,%)

Items	As of June 30, 2004	As of March 31, 2004	Increase / Decrease	
	Amount	Amount	Amount	+/-
(Assets)				
I Current assets				
Cash and bank deposits	15,821	14,357	1,463	10.2
Notes and accounts receivable	78,585	80,005	-1,420	-1.8
Inventories	28,564	28,016	547	2.0
Others	9,272	7,309	1,963	26.9
Total current assets	(132,244)	(129,689)	(2,554)	2.0
II Fixed assets				
Property, plant and equipment	88,946	90,359	-1,412	-1.6
Intangible fixed assets	3,989	4,194	-205	-4.9
Investments and other assets	44,315	43,739	575	1.3
Total fixed assets	(137,251)	(138,294)	(-1,042)	-0.8
III Deferred assets	28	82	-53	-65.3
Total assets	269,524	268,066	1,457	0.5
(Liabilities)				
I Current liabilities				
Notes and accounts payable	38,778	38,372	405	1.1
Short-term loans payable	22,495	23,768	-1,273	-5.4
Current portion of convertible bonds	13,268	13,268	-	-
Others	21,638	19,226	2,412	12.5
Total current liabilities	(96,179)	(94,636)	(1,543)	1.6
II Long-term liabilities				
Convertible bonds	29,345	29,345	-	-
Long-term loans payable	14,402	14,691	-288	-2.0
Others	3,824	3,957	-132	-3.4
Total long-term liabilities	(47,571)	(47,993)	(-421)	-0.9
Total liabilities	143,751	142,629	1,122	0.8
(Minority interests)				
Minority interests	3,461	3,377	84	2.5
(Shareholders' equity)				
Common stock	24,610	24,610	-	-
Additional paid-in capital	25,824	25,823	0	0.0
Retained earnings	72,366	72,088	278	0.4
Net unrealized gains (losses) on available-for-sale securities	4,199	3,910	289	7.4
Foreign currency translation adjustments	-4,578	-4,266	-311	-7.3
Treasury stock, at cost	-112	-105	-6	-5.9
Total shareholders' equity	122,311	122,060	250	0.2
Total of liabilities, minority interests and shareholders' equity	269,524	268,066	1,457	0.5

2.Summary of Q1 Consolidated Statements of Income

(unit : JPY million,%)

Items	Q1 / FY2004	Q1 / FY2003	Increase / Decrease		Reference
	Amount	Amount	Amount	+/- %	Amount
I Net sales	53,746	52,230	1,516	2.9	216,406
II Cost of sales	40,053	39,701	352	0.9	164,475
Gross profit	13,692	12,529	1,163	9.3	51,931
III Selling, general and administrative expenses	10,520	10,825	-304	-2.8	42,486
Operating income	3,172	1,703	1,468	86.2	9,444
IV Non-operating income	754	628	126	20.1	2,502
V Non-operating expenses	469	628	-158	-25.3	3,194
Recurring income	3,457	1,703	1,753	102.9	8,752
VI Extraordinary profit	(66)	(139)	(-73)	-52.4	(2,014)
Gain on sales of property, plant and equipment	65	38	27	70.7	296
Gain on sales of investment securities	0	100	-100	-99.4	1,717
VII Extraordinary loss	(1,248)	(149)	(1,099)	734.5	(3,596)
Loss on disposals of property, plant and equipment	1,202	149	1,052	703.6	1,618
Others	46	0	46	-	1,977
Income before income taxes and minority interests	2,274	1,693	581	34.3	7,170
Income taxes	670	712	-41	-5.8	3,301
Minority interests	94	78	16	21.4	392
Net income	1,509	903	605	67.0	3,477

3.Summary of Q1 Consolidated Statements of Cash Flows

(unit : JPY million)

	Q1 / FY2004	Reference FY2003
Items	Amount	Amount
I Cash flows from operating activities		
Income before income taxes and minority interests	2,274	7,170
Depreciation and amortization	2,695	11,301
Increase/decrease in notes and accounts receivable(- is increases)	1,222	-365
Increase/decrease in inventories(- is increases)	-716	505
Increase/decrease in notes and accounts payable(- is decreases)	512	1,244
Others	1,274	887
Subtotal	7,264	20,745
Income taxes paid	-825	-1,874
Others	126	-517
Net cash provided by operating activities	6,565	18,353
II Cash flows from investing activities		
Purchases of property, plant and equipment	-2,568	-14,252
Proceeds from sales of property, plant and equipment	169	1,579
Purchases of investment securities	-684	-3,548
Proceeds from sales of investment securities	223	4,534
Other in increase/decrease of assets(- is increases)	-308	-1,164
Net cash used in investing activities	-3,168	-12,852
III Cash flows from financing activities		
Increase/decreases in short-term loans payable, net (- is decrease)	888	-286
Increase/decreases in commercial paper, net (- is decrease)	-	-2,500
Proceeds from long-term loans payable	-	443
Repayments of long-term loans payable	-2,357	-2,073
Dividends paid	-995	-1,659
Others	-7	-169
Net cash used in financing activities	-2,472	-6,245
IV Foreign currency translation adjustments on cash and cash equivalents	-105	-943
V Net increase (decrease) in cash and cash equivalents	818	-1,687
VI Cash and cash equivalents, beginning of year	16,066	17,754
VII Cash and cash equivalents, end of year	16,885	16,066

(Segment Information)

(1)Segment Information by Business Group

Q1 consolidated FY 2004 (from Apr. 1, 2004 to June. 30,2004)

(unit : JPY million)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Elimination or corporate	Total consolidated
Net sales and operating income or loss								
(1)Sales to customers	20,871	7,030	10,271	13,644	1,928	53,746	-	53,746
(2)Intersegment sales	84	82	225	311	780	1,485	-1,485	-
Total sales	20,956	7,113	10,497	13,955	2,709	55,232	-1,485	53,746
Operating expenses	19,151	7,085	9,525	10,769	2,557	49,090	1,483	50,574
Operating income	1,804	27	971	3,186	152	6,141	-2,969	3,172

Q1 consolidated FY 2003 (from Apr. 1, 2003 to June. 30,2003)

(unit : JPY million)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Elimination or corporate	Total consolidated
Net sales and operating income or loss								
(1)Sales to customers	20,826	7,691	9,860	12,164	1,688	52,230	-	52,230
(2)Intersegment sales	54	26	247	422	651	1,403	-1,403	-
Total sales	20,880	7,717	10,108	12,587	2,339	53,634	-1,403	52,230
Operating expenses	19,057	7,653	9,249	10,767	2,441	49,169	1,356	50,526
Operating income or loss(-)	1,823	64	858	1,820	-101	4,464	-2,760	1,703

Consolidated FY 2003 (from Apr. 1, 2003 to Mar. 31, 2004)

(unit : JPY million)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Elimination or corporate	Total consolidated
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

(2)Segment Information by Locations

Q1 consolidated FY 2004 (from Apr. 1, 2004 to June. 30,2004)

(unit : JPY million)

	Japan	Asia-Oceania	Europe	North America	Subtotal	Elimination	Total consolidated
Net sales and operating income or loss							
(1)Sales to customers	41,677	8,379	1,718	1,971	53,746	-	53,746
(2)Intersegment sales	3,894	450	254	1	4,600	-4,600	-
Total sales	45,571	8,829	1,973	1,973	58,347	-4,600	53,746
Operating expenses	43,494	8,155	2,010	1,879	55,539	-4,964	50,574
Operating income or loss(-)	2,077	674	-37	94	2,808	363	3,172

Q1 consolidated FY 2003 (from Apr. 1, 2003 to June. 30,2003)

(unit : JPY million)

	Japan	Asia-Oceania	Europe	North America	Subtotal	Elimination	Total consolidated
Net sales and operating income							
(1)Sales to customers	40,865	7,810	1,675	1,879	52,230	-	52,230
(2)Intersegment sales	2,596	410	119	0	3,128	-3,128	-
Total sales	43,462	8,221	1,794	1,880	55,358	-3,128	52,230
Operating expenses	42,381	7,595	1,951	1,814	53,743	-3,216	50,526
Operating income or loss(-)	1,081	626	-157	65	1,615	88	1,703

Consolidated FY 2003 (from Apr. 1, 2003 to Mar. 31, 2004)

(unit : JPY million)

	Japan	Asia-Oceania	Europe	North America	Subtotal	Elimination	Total consolidated
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

(3) Sales to Foreign Customers

Q1 consolidated FY 2004 (from Apr. 1, 2004 to June. 30,2004)

(unit : JPY million)

	Asia-Oceania	Europe	The Americas	Africa	Total
I Sales to foreign customers	8,900	1,751	1,977	31	12,660
II Consolidated sales					53,746
III Proportion of foregin sales in consolidated net sales	% 16.6	% 3.3	% 3.7	% 0.1	% 23.7

Q1 consolidated FY 2003 (from Apr. 1, 2003 to June. 30,2003)

(unit : JPY million)

	Asia-Oceania	Europe	The Americas	Africa	Total
I Sales to foreign customers	8,398	1,602	2,200	41	12,243
II Consolidated sales					52,230
III Proportion of foregin sales in consolidated net sales	% 16.1	% 3.1	% 4.2	% 0.1	% 23.5

Consolidated FY 2003 (from Apr. 1, 2003 to Mar. 31, 2004)

(unit : JPY million)

	Asia-Oceania	Europe	The Americas	Africa	Total
I Sales to foreign customers	34,457	7,558	9,111	169	51,295
II Consolidated sales					216,406
III Proportion of foregin sales in consolidated net sales	% 15.9	% 3.5	% 4.2	% 0.1	% 23.7