

CONSOLIDATED FINANCIAL STATEMENTS for the FY2005

(for the fiscal year ended March 31, 2006)

May 15, 2006

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
 Contact: Mr. Takeshi Suzuki, Director, CFO
 Date of Board Meeting for Settlement of Accounts: May 15, 2006
 Name of Other Related Company: TOPPAN PRINTING CO., LTD. (Security Code No.7911)
 Voting Rights by Other Related Company: 21.20%
 Application of US Accounting Standards: No

1. Consolidated operating results for the FY 2005 (from April 1, 2005 to March 31, 2006)

(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)	%
FY2005	236,203	3.0	13,153	7.2	14,142	13.1
FY2004	229,318	6.0	12,264	29.9	12,506	42.9

	Net income		Net income per share (Basic)	Net income per share (Diluted)
	JPY(million)	%	JPY	JPY
FY2005	6,283	22.6	22.01	20.44
FY2004	5,126	47.4	18.07	15.05

	Return on equity	Recurring income/ Total assets	Recurring income/ Net sales
	%	%	%
FY2005	4.5	4.9	6.0
FY2004	4.1	4.6	5.5

Note 1: Equity in earnings of associated companies : 106M JPY(FY2005), 398M JPY(FY2004)

Note 2: Average number of outstanding shares (consolidated) : 278,469,236shares(FY2005), 276,360,061shares(FY2004)

Note 3: Change in method of accounting : None

Note 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, 2006	305,336	151,524	49.6	500.38
As of March 31, 2005	271,364	125,198	46.1	452.62

Note : Number of outstanding shares at the end of the fiscal year (consolidated) :

302,510,346shares(as of March 31, 2006), 276,314,561shares(as of March 31, 2005)

(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)
FY2005	21,484	-10,432	3,579	30,366
FY2004	20,137	-14,062	-7,462	14,525

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

Number of consolidated subsidiaries : 63
 Number of non-consolidated subsidiaries accounted for by the equity method: none
 Number of associated companies accounted for by the equity method: 8

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

Number of companies newly consolidated : 4
 Number of companies excluded from consolidation : 3
 Number of companies newly accounted for by the equity method : 1
 Number of companies excluded from the equity method of accounting: 3

2. Forecast for the Year Ending 31 March, 2007 (FY2006)

	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
First half ending Sept. 2006	120,000	7,200	4,300
FY2005 ending Mar. 2007	250,000	15,500	7,500

Note : Projected net income per share for the year ending March 31, 2007 is 24.79yen

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.

Group Corporate Overview

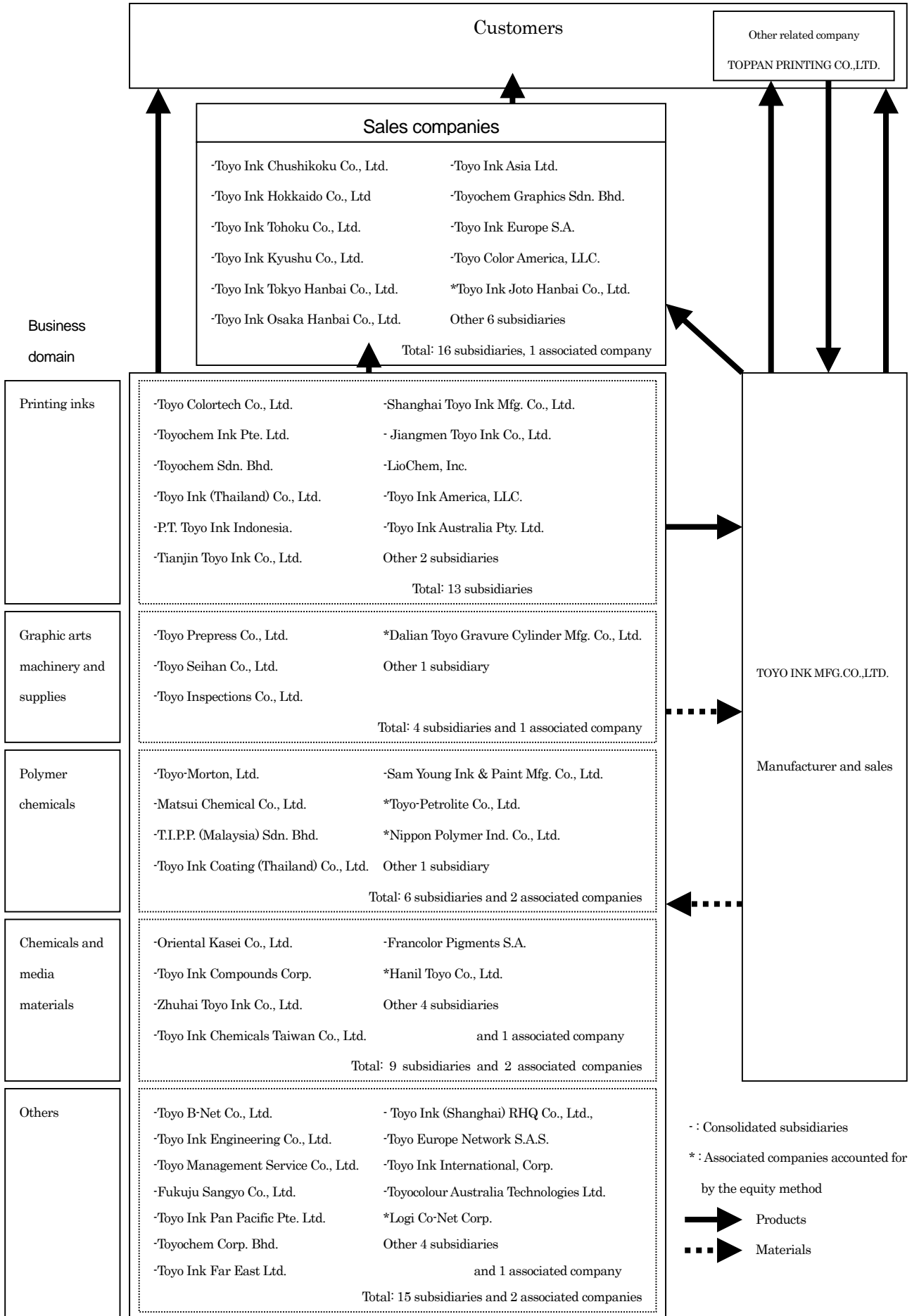
Our corporate group is organized by the company which presents the consolidated financial statements (TOYO INK MFG. CO., LTD.), 63 subsidiaries, and 8 associated companies.

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 cylinder making, etc.	Japan	Toyo Ink Mfg. Co., Ltd., Toyo Prepress Co., Ltd., Toyo Seihan Co., Ltd., etc.
		Overseas	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., Toyo-Morton Ltd., Matsui Chemical Co., Ltd., Toyo-Petrolite Co., 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, Plastic colorants, Resist inks for color filters Electronic materials, Inkjet inks, etc.	Japan	Toyo Ink Mfg. Co., Ltd., Oriental Kasei Co., Ltd., etc.
		Overseas	Zhuhai Toyo Ink Co., Ltd., Toyo Ink Chemicals Taiwan Co., Ltd. Francolor Pigments S.A., Hanil Toyo Co., Ltd., etc.
Others	Natural products, 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 Ink (Shanghai) RHQ Co., 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 trade products and commodities with TOPPAN PRINTING CO., LTD. which is an other related 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	FY2005		FY2004		Increase / Decrease
	As of March 31, 2006		As of March 31, 2005		
	Amount	composition	Amount	composition	
(Assets)		%		%	
Current assets	(155,508)	50.9	(131,587)	48.5	(23,920)
Cash and bank deposits	15,518		13,614		1,903
Notes and accounts receivable	87,217		82,499		4,718
Marketable securities	1,279		1,460		-181
Inventories	32,688		29,919		2,769
Deferred income tax assets	3,145		2,724		420
Deposit	14,211		-		14,211
Others	2,822		2,673		148
Allowance for doubtful receivables	-1,375		-1,304		-71
Fixed assets	(149,827)	49.1	(139,745)	51.5	(10,082)
Property, plant and equipment	[95,420]	31.3	[90,954]	33.5	[4,466]
Building and structures	32,420		30,084		2,335
Machinery and vehicles	30,183		28,640		1,542
Tools, furniture and fixtures	3,578		3,379		199
Land	27,103		27,234		-131
Construction in progress	2,134		1,613		520
Intangible fixed assets	[3,290]	1.1	[4,013]	1.5	[-723]
Investments and other assets	[51,117]	16.7	[44,777]	16.5	[6,339]
Investment in securities	40,790		35,139		5,651
Deferred income tax assets	776		746		30
Others	10,366		9,642		723
Allowance for doubtful receivables	-816		-751		-65
Deferred assets	(-)	-	(31)	0.0	(-31)
Total assets	305,336	100.0	271,364	100.0	33,971

(unit : JPY million)

Terms Items	FY2005		FY2004		Increase / Decrease
	As of March 31, 2006		As of March 31, 2005		
	Amount	composition	Amount	composition	
(Liabilities)		%		%	
Current liabilities	(94,603)	31.0	(94,887)	35.0	(-284)
Notes and accounts payable	44,350		43,208		1,141
Short-term loans payable	20,419		20,278		140
Commercial paper	10,000		2,000		8,000
Current portion of convertible bonds	-		14,999		-14,999
Accrued income taxes	3,633		1,062		2,571
Others	16,199		13,338		2,861
Long-term liabilities	(52,417)	17.2	(47,792)	17.6	(4,624)
Convertible bonds	14,346		14,346		-
Long-term loans payable	28,430		28,208		222
Deferred income tax liabilities	7,296		3,025		4,270
Liability for employees' retirement benefits	1,439		1,434		4
Liability for directors' retirement benefits	618		601		17
Others	286		176		109
Total liabilities	147,020	48.2	142,679	52.6	4,340
(Minority interests)					
Minority interests	6,791	2.2	3,486	1.3	3,304
(Shareholders' equity)					
Common stock	(31,711)	10.4	(24,610)	9.1	(7,101)
Capital surplus	(32,899)	10.8	(25,824)	9.5	(7,074)
Retained earnings	(78,926)	25.8	(75,019)	27.6	(3,907)
Net unrealized gains on available-for-sale securities	(9,173)	3.0	(4,168)	1.5	(5,004)
Foreign exchange translation adjustments	(-991)	-0.3	(-4,283)	-1.6	(3,291)
Treasury stock, at cost	(-194)	-0.1	(-142)	0.0	(-52)
Total shareholders' equity	151,524	49.6	125,198	46.1	26,326
Total of liabilities, minority interests and shareholders' equity	305,336	100.0	271,364	100.0	33,971

2. Consolidated Statements of Income

(unit : JPY million)

Terms Items	FY2005		FY2004		Increase / Decrease	
	From April 1, 2005 to March 31, 2006		From April 1, 2004 to March 31, 2005			
	Amount	Composition	Amount	Composition	Amount	+/-
Net sales	236,203	100.0	229,318	100.0	6,885	3.0
Cost of sales	181,614	76.9	174,622	76.1	6,992	4.0
Gross profit	54,588	23.1	54,695	23.9	-106	-0.2
Selling, general and administrative expenses	(41,435)	17.5	(42,430)	18.6	(-995)	-2.3
Packing expenses and freight charge	6,551		6,971		-420	
Salaries and allowance	9,537		9,330		206	
Bonuses	2,668		2,566		101	
Welfare expenses	2,279		2,212		67	
Depreciation expenses	1,893		1,792		100	
Research and development expenses	2,821		3,288		-467	
Others	15,683		16,268		-585	
Operating income	13,153	5.6	12,264	5.3	888	7.2
Non-operating income	(3,009)	1.3	(2,562)	1.2	(446)	17.4
Interest income	223		176		46	
Dividend income	432		296		136	
Income from lease and rent	418		455		-37	
Gain on foreign currency exchange	708		—		708	
Equity in earnings of associated companies	106		398		-291	
Others	1,119		1,235		-115	
Non-operating expenses	(2,019)	0.9	(2,320)	1.0	(-301)	-13.0
Interest expenses	988		978		9	
Compensation for damages	307		358		-50	
Others	722		982		-260	
Recurring income	14,142	6.0	12,506	5.5	1,636	13.1
Extraordinary profit	(1,600)	0.7	(961)	0.4	(639)	66.5
Gain on sales of property, plant and equipment	826		-		826	
Gain on sales of investment securities	774		874		-100	
Others	-		86		-86	
Extraordinary loss	(4,120)	1.8	(4,373)	1.9	(-253)	-5.8
Loss on disposals of property, plant and equipment	966		1,401		-435	
Loss from dismantle of property, plant and equipment	417		1,488		-1,071	
Loss on discontinued operations	611		332		279	
Environmental spending	1,050		161		888	
Loss from cession of a credit	-		313		-313	
Impairment loss on fixed assets	894		-		894	
Loss from prior period adjustment	-		342		-342	
Others	180		333		-153	
Income before income taxes and minority interests	11,623	4.9	9,093	4.0	2,529	27.8
Income taxes, current	4,201	1.8	1,715	0.8	2,486	
Income taxes, deferred	551	0.2	1,887	0.8	-1,335	
Minority interests	586	0.2	365	0.2	220	
Net income	6,283	2.7	5,126	2.2	1,157	22.6

3. Consolidated Statements of Cash Flows

(unit : JPY million)

Items	Terms	FY2005	FY2004
		From April 1, 2005 to March 31, 2006	From April 1, 2004 to March 31, 2005
		Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests		11,623	9,093
Depreciation and amortization		11,552	11,618
Impairment loss on fixed assets		894	-
Interest and dividend income		-656	-473
Interest expenses		988	978
Gain (loss) on sales of property, plant and equipment, net		-747	33
Loss on disposal of property, plant and equipment, net		844	1,276
Gain on sales of investment securities, net		-738	-835
Equity in earnings of associated companies		-106	-398
Loss from prior period adjustment		-	342
Increase/decrease in notes and accounts receivable (- is increase)		-1,715	-2,864
Increase/decrease in inventories (- is increase)		-540	-1,921
Increase/decrease in notes and accounts payable (- is decrease)		997	5,202
Others		1,254	-117
Subtotal		23,649	21,934
Interest and dividend received		715	853
Interest paid		-977	-1,003
Income taxes paid		-1,902	-1,646
Net cash provided by operating activities		21,484	20,137
II Cash flows from investing activities			
Increase in time deposits		-403	-461
Decrease in time deposits		232	65
Purchases of property, plant and equipment		-14,795	-14,081
Proceeds from sales of property, plant and equipment		1,299	475
Purchases of investment securities		-2,876	-3,386
Proceeds from sales of investment securities		3,941	3,441
Proceeds from newly consolidated subsidiaries		1,296	-
Increase in loans receivable		-	-6
Decrease in loans receivable		-	236
Others		872	-344
Net cash used in investing activities		-10,432	-14,062
III Cash flows from financing activities			
Increase/decrease in short-term loans payable, net (- is decrease)		-3,527	-1,352
Increase/decrease in commercial paper, net (- is decrease)		8,000	-2,000
Proceeds from long-term loans payable		2,798	13,893
Repayments of long-term loans payable		-301	-2,473
Redemption of corporate bonds		-823	-13,268
Dividends paid		-2,210	-2,074
Dividends paid to minority interests		-448	-149
Others		91	-38
Net cash used in financing activities		3,579	-7,462
IV Foreign currency translation adjustments on cash and cash equivalents		1,209	-153
V Net increase(decrease) in cash and cash equivalents		15,841	-1,541
VI Cash and cash equivalents, beginning of fiscal year		14,525	16,066
VII Cash and cash equivalents, end of fiscal year		30,366	14,525

4. Segment Information

(1) Segment Information by Business Group

Consolidated FY 2005 (from April 1, 2005 to March 31, 2006)

(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	93,213	33,545	43,170	58,572	7,701	236,203	—	236,203
(2) Intersegment sales	595	77	1,321	1,829	2,979	6,803	-6,803	—
Total sales	93,809	33,623	44,492	60,402	10,680	243,007	-6,803	236,203
Operating expenses	85,445	32,745	41,060	49,713	10,413	219,378	3,671	223,050
Operating income	8,363	877	3,431	10,688	266	23,628	-10,475	13,153
II Assets, depreciation, impairment loss on fixed assets and capital expenditures								
Assets	88,789	18,424	43,294	66,504	9,531	226,544	78,791	305,336
Depreciation	3,750	453	2,070	3,833	112	10,221	1,331	11,552
Impairment loss on fixed assets	-	-	-	-	343	343	551	894
Capital expenditures	3,833	891	2,406	6,177	115	13,426	439	13,865

Consolidated FY 2004 (from April 1, 2004 to March 31, 2005)

(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	87,538	32,934	41,956	55,931	10,957	229,318	—	229,318
(2) Intersegment sales	300	199	1,040	1,835	3,083	6,459	-6,459	—
Total sales	87,838	33,133	42,997	57,766	14,041	235,777	-6,459	229,318
Operating expenses	78,767	32,001	39,404	47,945	13,626	211,745	5,307	217,053
Operating income	9,070	1,131	3,593	9,821	415	24,032	-11,767	12,264
II Assets, depreciation and capital expenditures								
Assets	85,414	19,772	38,000	59,124	12,846	215,157	56,206	271,364
Depreciation	3,734	557	1,846	3,978	164	10,280	1,337	11,618
Capital expenditures	4,923	410	3,240	4,048	654	13,277	597	13,875

(2) Segment Information by Locations

Consolidated FY 2005 (from April 1, 2005 to March 31, 2006)

(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	174,244	43,889	6,845	11,223	236,203	—	236,203
(2) Intersegment sales	17,005	2,766	659	157	20,588	-20,588	—
Total sales	191,250	46,656	7,504	11,380	256,792	-20,588	236,203
Operating expenses	180,725	44,235	8,061	11,133	244,157	-21,106	223,050
Operating income or loss(-)	10,524	2,420	-557	247	12,635	518	13,153
II Assets	171,033	52,752	6,450	6,701	236,938	68,397	305,336

Consolidated FY 2004 (from April 1, 2004 to March 31, 2005)

(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	175,995	36,407	7,312	9,602	229,318	—	229,318
(2) Intersegment sales	15,295	2,002	847	35	18,181	-18,181	—
Total sales	191,290	38,410	8,159	9,638	247,499	-18,181	229,318
Operating expenses	181,687	36,073	8,454	9,542	235,757	-18,704	217,053
Operating income or loss(-)	9,603	2,337	-294	95	11,741	523	12,264
II Assets	168,297	40,903	6,591	7,142	222,934	48,429	271,364