

INTERIM CONSOLIDATED FINANCIAL STATEMENTS for the FY2005

(for the first half of fiscal year March 31, 2006 ended September 30, 2005)

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: Nov 16, 2005
 Name of Other Related Company: TOPPAN PRINTING CO., LTD. (Security Code No.7911)
 Voting Rights by Other Related Company: 23.23%
 Application of US Accounting Standards: No

1. Consolidated operating results for the first half of FY 2005(from Apr. 1,2005 to Sept. 30, 2005)

(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)	%
First half of FY2005	114,800	2.1	6,912	-0.8	7,416	0.2
First half of FY2004	112,486	6.1	6,965	75.7	7,401	102.5
FY2004	229,318		12,264		12,506	

	Net income		Net income per share (Basic)	Net income per share (Diluted)
	JPY(million)	%	JPY	JPY
First half of FY2005	2,883	9.9	10.44	9.02
First half of FY2004	2,623	32.8	9.49	7.85
FY2004	5,126		18.07	15.05

Note 1 : Equity in earnings of associated companies : 108M JPY (first half of FY2005),

259M JPY (first half of FY2004), 398M JPY(FY2004)

2 : Average number of outstanding shares (consolidated) :276,298,053shares(first half of FY2005),
276,384,338shares(first half of FY2004), 276,360,061shares(FY2004)

3 : Change in method of accounting : None

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

(2) Financial conditions

	Total assets	Shareholders' equity	Shareholders' equity/ Total assets	Shareholders' equity per share
	JPY(million)	JPY(million)	%	JPY
As of Sept. 30, 2005	277,315	129,253	46.6	467.84
As of Sept. 30, 2004	267,438	122,478	45.8	443.17
As of March 31, 2005	271,364	125,198	46.1	452.62

Note : Number of shares outstanding (consolidated) : 276,278,358shares(as of Sept. 30, 2005),

276,368,700shares(as of Sept. 30, 2004), 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)
First half of FY2005	9,283	-5,007	-3,939	15,332
First half of FY2004	10,892	-7,840	-4,117	15,060
FY2004	20,137	-14,062	-7,462	14,525

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

Number of consolidated subsidiaries : 62

Number of non-consolidated subsidiaries accounted for by the equity method: none

Number of associated companies accounted for by the equity method: 10

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

Number of companies newly consolidated : 2

Number of companies excluded from consolidation : 2

Number of companies newly accounted for by the equity method : 1

Number of companies excluded from the equity method of accounting: 1

2. Forecast for the Year Ending 31 March, 2006 (FY2005)

FY2005 ending Mar.,2006	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
	235,000	13,500	6,000

Note : Projected net income per share for the year ending March 31, 2006 is 21.22yen

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

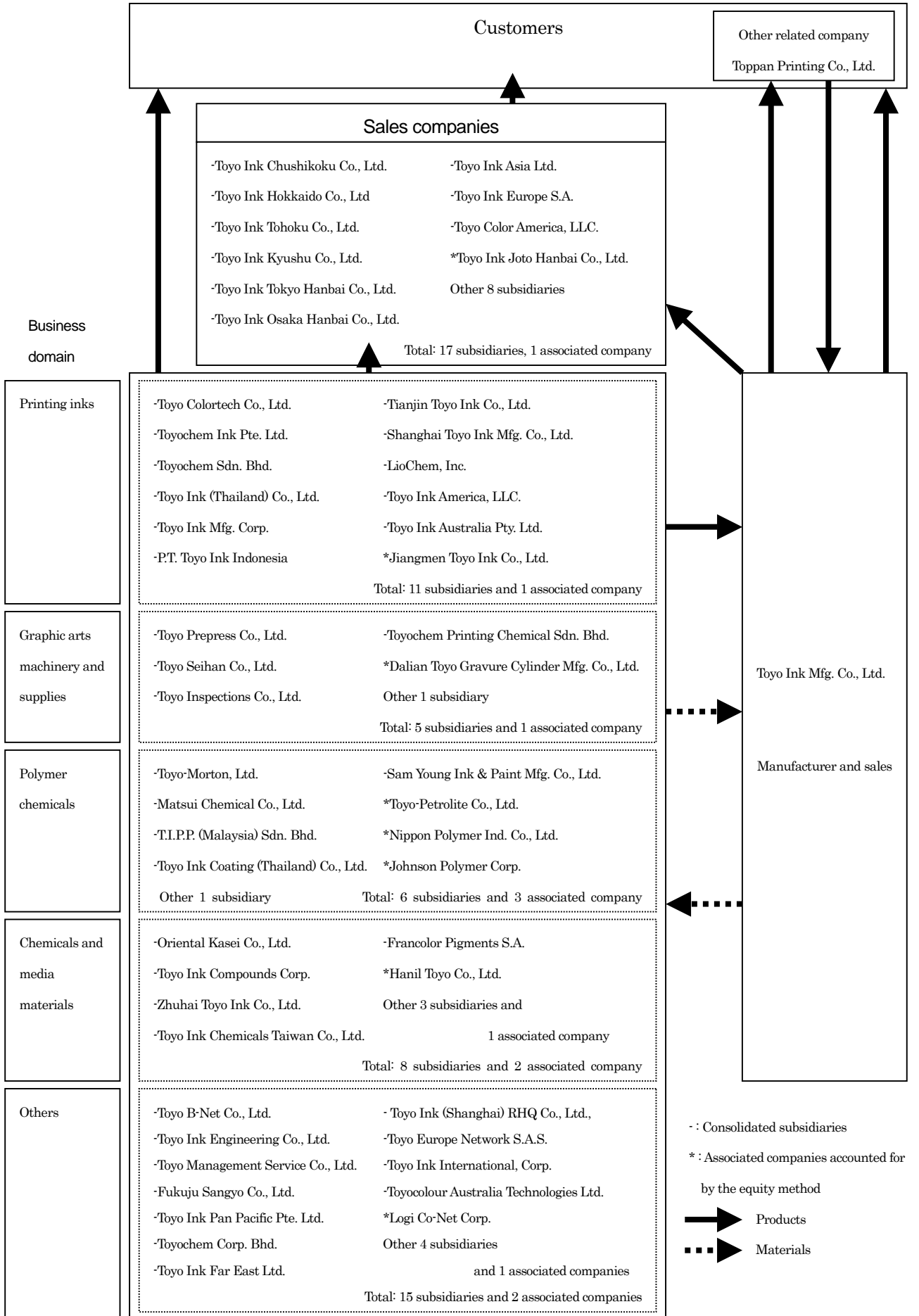
Our corporate group is organized by the company which presents the consolidated financial statements (Toyo Ink Mfg. Co., Ltd.), 62 subsidiaries, and 10 associated companies.

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 Chemical 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-Morton, 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, Dye stuff, 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	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 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 the 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 Toy Ink Mfg. Co., Ltd.

Interim Consolidated Financial Statements

(1) Consolidated Balance Sheets

(unit : JPY million)

Terms Items	First half of FY2005		First half of FY2004		FY2004	
	As of Sept. 30, 2005		As of Sept. 30, 2004		As of Mar. 31, 2005	
	Amount	composition	Amount	composition	Amount	composition
(Assets)		%		%		%
Current assets	(134,796)	48.6	(131,368)	49.1	(131,587)	48.5
Cash and bank deposits	14,798		14,165		13,614	
Notes and accounts receivable	83,658		80,409		82,499	
Marketable securities	1,244		1,286		1,460	
Inventories	31,911		28,429		29,919	
Deferred income tax assets	2,493		2,798		2,724	
Others	2,040		5,361		2,673	
Allowance for doubtful receivables	-1,350		-1,082		-1,304	
Fixed assets	(142,483)	51.4	(136,048)	50.9	(139,745)	51.5
Property, plant and equipment	[93,803]	33.8	[89,776]	33.6	[90,954]	33.5
Building and structures	31,667		29,795		30,084	
Machinery and vehicles	29,078		28,448		28,640	
Tools, furniture and fixtures	3,492		3,310		3,379	
Land	26,929		26,994		27,234	
Construction in progress	2,635		1,227		1,613	
Intangible fixed assets	[3,570]	1.3	[4,181]	1.6	[4,013]	1.5
Investments and other assets	[45,109]	16.3	[42,091]	15.7	[44,777]	16.5
Investment securities	35,552		32,036		35,139	
Deferred income tax assets	756		1,166		746	
Others	9,500		10,286		9,642	
Allowance for doubtful receivables	-701		-1,397		-751	
Deferred assets	(36)	0.0	(20)	0.0	(31)	0.0
Total assets	277,315	100.0	267,438	100.0	271,364	100.0

(unit : JPY million)

Terms Items	First half of FY2005		First half of FY2004		FY2004	
	As of Sept. 30, 2005		As of Sept. 30, 2004		As of Mar. 31, 2005	
	Amount	composition	Amount	composition	Amount	composition
(Liabilities)		%		%		%
Current liabilities	(93,408)	33.7	(94,035)	35.2	(94,887)	35.0
Notes and accounts payable	42,267		39,592		43,208	
Short-term loans payable	20,238		22,235		20,278	
Commercial paper	—		3,000		2,000	
Current portion of convertible bonds	14,999		13,268		14,999	
Accrued income taxes	1,504		1,014		1,062	
Others	14,399		14,925		13,338	
Long-term liabilities	(49,053)	17.7	(47,346)	17.7	(47,792)	17.6
Convertible bonds	14,346		29,345		14,346	
Long-term loans payable	28,284		14,381		28,208	
Deferred income tax liabilities	4,273		1,442		3,025	
Liability for employees' retirement benefits	1,410		1,418		1,434	
Liability for directors' retirement benefits	610		594		601	
Others	129		164		176	
Total liabilities	142,462	51.4	141,382	52.9	142,679	52.6
(Minority interests)						
Minority interests	(5,599)	2.0	(3,577)	1.3	(3,486)	1.3
(Shareholders' equity)						
Common stock	(24,610)	8.9	(24,610)	9.2	(24,610)	9.1
Capital surplus	(25,824)	9.3	(25,824)	9.6	(25,824)	9.5
Retained earnings	(76,677)	27.7	(73,472)	27.5	(75,019)	27.6
Net unrealized gains on available-for-sale securities	(5,531)	2.0	(2,842)	1.1	(4,168)	1.5
Foreign currency translation adjustments	(-3,232)	-1.2	(-4,150)	-1.6	(-4,283)	-1.6
Treasury stock, at cost	(-157)	-0.1	(-120)	0.0	(-142)	0.0
Total shareholders' equity	129,253	46.6	122,478	45.8	125,198	46.1
Total of liabilities, minority interests and shareholders' equity	277,315	100.0	267,438	100.0	271,364	100.0

(2) Interim Consolidated Statements of Income

(unit : JPY million)

Terms Items	First half of FY 2005		First half of FY 2004		FY 2004	
	From Apr. 1, 2005 to Sept. 30, 2005		From Apr. 1, 2004 to Sept. 30, 2004		From Apr. 1, 2004 to Mar. 31, 2005	
	Amount	Composition	Amount	Composition	Amount	Composition
		%		%		%
Net sales	114,800	100.0	112,486	100.0	229,318	100.0
Cost of sales	87,673	76.4	84,366	75.0	174,622	76.1
Gross profit	27,126	23.6	28,119	25.0	54,695	23.9
Selling, general and administrative expenses	(20,214)	17.6	(21,154)	18.8	(42,430)	18.6
Packing expenses and freight charge	3,131		3,336		6,971	
Salaries and allowance	4,761		4,717		9,330	
Bonuses	1,222		1,228		2,566	
Welfare expenses	1,150		1,233		2,212	
Depreciation expenses	903		903		1,792	
Research and development expenses	1,630		1,601		3,288	
Others	7,414		8,132		16,268	
Operating income	6,912	6.0	6,965	6.2	12,264	5.3
Non-operating income	(1,448)	1.3	(1,516)	1.4	(2,562)	1.2
Interest income	78		94		176	
Dividend income	215		203		296	
Income from lease and rent	202		223		455	
Gain on foreign currency exchange	304		220		-	
Equity in earnings of associated companies	108		259		398	
Others	538		514		1,235	
Non-operating expenses	(944)	0.8	(1,080)	1.0	(2,320)	1.0
Interest expenses	493		502		978	
Others	451		577		1,341	
Recurring Income	7,416	6.5	7,401	6.6	12,506	5.5
Extraordinary profit	(91)	0.0	(67)	0.1	(961)	0.4
Gain on sales of property, plant and equipment	-		66		-	
Gain on sales of investment securities	84		-		874	
Others	7		0		86	
Extraordinary loss	(2,179)	1.9	(2,862)	2.6	(4,373)	1.9
Loss on disposals of property, plant and equipment	654		1,064		1,401	
Loss from dismantle of property, plant and equipment	-		1,214		1,488	
Loss on discontinued operations	536		-		332	
Impairment loss on fixed assets	877		-		-	
Loss from prior period adjustment	-		342		342	
Others	111		241		808	
Income before income taxes and minority interests	5,328	4.6	4,606	4.1	9,093	4.0
Income taxes, current	1,478	1.3	1,051	0.9	1,715	0.8
Income taxes, deferred	683	0.6	717	0.7	1,887	0.8
Minority interests	282	0.2	214	0.2	365	0.2
Net income	2,883	2.5	2,623	2.3	5,126	2.2

(3) Interim Consolidated Statements of Cash Flows

(unit : JPY million)

Items	Terms	First half of FY 2005	First half of FY 2004	FY 2004
		From Apr. 1, 2005 to Sept. 30, 2005	From Apr. 1, 2004 to Sept. 30, 2004	From Apr. 1, 2004 to Mar. 31, 2005
		Amount	Amount	Amount
I Cash flows from operating activities				
Income before income taxes and minority interests		5,328	4,606	9,093
Depreciation and amortization		5,500	5,467	11,618
Interest and dividend income		-293	-297	-473
Interest expenses		493	502	978
Gain on sales of property, plant and equipment, net (profit : -)		-	-60	33
Loss on disposal of property, plant and equipment		446	1,056	1,276
Equity in earnings of associated companies		-108	-259	-398
Loss from prior period adjustment		-	342	342
Impairment loss on fixed assets		877	-	-
Increase/decrease in notes and accounts receivable(- is increases)		-232	-430	-2,864
Increase/decrease in inventories(- is increases)		-1,038	-435	-1,921
Increase/decrease in notes and accounts payable(- is decreases)		-340	1,255	5,202
Others		-74	18	-953
Subtotal		10,557	11,766	21,934
Interest and dividend received		418	683	853
Interest paid		-485	-516	-1,003
Income taxes paid		-1,207	-1,040	-1,646
Net cash provided by operating activities		9,283	10,892	20,137
II Cash flows from investing activities				
Increase in time deposits		-306	-228	-461
Decrease in time deposits		134	6	65
Purchases of property, plant and equipment		-7,334	-7,488	-14,081
Proceeds from sales of property, plant and equipment		312	183	475
Proceeds from newly consolidated subsidiaries		1,237	-	-
Purchases of investment securities		-1,167	-869	-3,386
Proceeds from sales of investment securities		1,314	579	3,441
Others		801	-23	-114
Net cash used in investing activities		-5,007	-7,840	-14,062
III Cash flows from financing activities				
Increase/decreases in short-term loans payable, net (- is decrease)		-591	464	-1,352
Increase/decreases in commercial paper, net (- is decrease)		-2,000	-1,000	-2,000
Proceeds from long-term loans payable		164	40	13,893
Repayments of long-term loans payable		-159	-2,404	-2,473
Redemption of corporate bonds		-	-	-13,268
Dividends paid		-1,105	-1,106	-2,074
Dividends paid to minority interests		-230	-95	-149
Others		-18	-17	-38
Net cash used in financing activities		-3,939	-4,117	-7,462
IV Foreign currency translation adjustments on cash and cash equivalents		471	58	-153
V Net increase(decrease) in cash and cash equivalents		807	-1,006	-1,541
VI Cash and cash equivalents, beginning of fiscal year		14,525	16,066	16,066
VII Cash and cash equivalents, end of period		15,332	15,060	14,525

4. Segment Information

(1) Segment Information by Business Group

First half of FY 2005 (from Apr. 1, 2005 to Sep. 30, 2005)

(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								
(1) Sales to customers	44,626	17,225	21,159	28,200	3,588	114,800	-	114,800
(2) Intersegment sales	244	33	578	872	1,741	3,470	-3,470	-
Total sales	44,870	17,258	21,737	29,073	5,330	118,271	-3,470	114,800
Operating expenses	40,720	16,719	19,894	23,739	5,256	106,329	1,557	107,887
Operating income	4,150	538	1,843	5,334	74	11,941	-5,028	6,912

First half of FY 2004 (from Apr. 1, 2004 to Sep. 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								
(1) Sales to customers	42,817	16,163	21,039	27,704	4,762	112,486	-	112,486
(2) Intersegment sales	130	126	493	896	1,521	3,168	-3,168	-
Total sales	42,947	16,289	21,533	28,600	6,283	115,654	-3,168	112,486
Operating expenses	38,346	15,690	19,604	23,085	6,050	102,777	2,742	105,520
Operating income	4,600	599	1,928	5,514	233	12,877	-5,911	6,965

FY 2004 (from Apr. 1, 2004 to Mar. 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
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

(2)Segment Information by Locations

First half of FY 2005 (from Apr. 1, 2005 to Sep. 30, 2005)

(unit : JPY million)

	Japan	Asia-Oceania	Europe	North America	Subtotal	Elimination	Total consolidated
Net sales and operating income or loss							
(1)Sales to customers	86,978	19,350	3,314	5,157	114,800	-	114,800
(2)Intersegment sales	8,013	1,225	383	37	9,659	-9,659	-
Total sales	94,992	20,575	3,697	5,194	124,460	-9,659	114,800
Operating expenses	89,323	19,506	3,892	5,175	117,897	-10,010	107,887
Operating income or loss(-)	5,668	1,069	-195	18	6,562	350	6,912

First half of FY 2004 (from Apr. 1, 2004 to Sep. 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	87,010	17,453	3,583	4,438	112,486	-	112,486
(2)Intersegment sales	7,803	936	331	21	9,093	-9,093	-
Total sales	94,814	18,389	3,915	4,460	121,579	-9,093	112,486
Operating expenses	89,451	17,119	4,036	4,348	114,955	-9,434	105,520
Operating income or loss(-)	5,362	1,270	-121	112	6,624	341	6,965

FY 2004 (from Apr. 1, 2004 to Mar. 31, 2005)

(unit : JPY million)

	Japan	Asia-Oceania	Europe	North America	Subtotal	Elimination	Total consolidated
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