

THE FIRST 3 MONTHS CONSOLIDATED FINANCIAL STATEMENTS for the FY2005

(for the first 3 months of fiscal year March 31, 2006 ended June 30, 2005)

Name of Company: **TOYO INK Mfg. CO., LTD.** July 29, 2005
 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

1. Notes to consolidated financial statements

- (1) Adoption of simplified method : None
 (2) Change in accounting policies : Yes
 The accounting standards for impairment of fixed assets has been adopted effective April 1,2005.
 The effect of this change was to decrease income before income taxes and minority interests by 885 million yen for the first quarter ended June 30,2005.
 (3) Changes in scope of consolidation and application of equity method :
 Number of companies newly consolidated : 2
 Number of companies excluded from consolidation : 0
 Number of companies newly accounted for by the equity method : None
 Number of companies excluded from the equity method of accounting: 1
 (4) Participation by certified public accountant or audit corporation : None

2. Operating results for the Q1 of FY 2005(from April 1, 2005 to June 30, 2005)

(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 / FY2005	55,539	3.3	3,341	5.3	3,629	5.0
Q1 / FY2004	53,746	2.9	3,172	86.2	3,457	102.9
FY2004	229,318		12,264		12,506	

	Net income		Net income per share (Basic)	Net income per share (Diluted)
	JPY(million)	%	JPY	JPY
Q1 / FY2005	1,146	-24.0	4.15	3.61
Q1 / FY2004	1,509	67.0	5.46	4.48
FY2004	5,126		18.07	15.05

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

(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, 2005	275,459	125,341	45.5	453.64
As of June 30, 2004	269,524	122,311	45.4	442.53
As of March 31, 2005	271,364	125,198	46.1	452.62

(3) 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 / FY2005	4,948	-3,378	-461	17,091
Q1 / FY2004	6,565	-3,168	-2,472	16,885
FY2004	20,137	-14,062	-7,462	14,525

3. Consolidated forecast for the year ending March 31, 2006 (FY2005)

	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
First half ending September 2005	113,000	5,700	2,200
FY2005 ending March 2006	235,000	13,000	6,000

Note : Projected net income per share for the year ending March 31, 2006 is 21.24yen

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, 2005	As of June 30, 2004	As of March 31, 2005
	Amount	Amount	Amount
(Assets)			
I Current assets			
Cash and bank deposits	16,111	15,821	13,614
Notes and accounts receivable	82,100	78,585	82,499
Inventories	32,397	28,564	29,919
Others	6,112	9,272	5,553
Total current assets	(136,722)	(132,244)	(131,587)
II Fixed assets			
Property, plant and equipment	92,345	88,946	90,954
Intangible fixed assets	3,777	3,989	4,013
Investments and other assets	42,574	44,315	44,777
Total fixed assets	(138,698)	(137,251)	(139,745)
III Deferred assets	38	28	31
Total assets	275,459	269,524	271,364
(Liabilities)			
I Current liabilities			
Notes and accounts payable	41,784	38,778	43,208
Short-term loans payable	20,742	22,495	20,278
Current portion of convertible bonds	14,999	13,268	14,999
Others	19,654	21,638	16,400
Total current liabilities	(97,180)	(96,179)	(94,887)
II Long-term liabilities			
Convertible bonds	14,346	29,345	14,346
Long-term loans payable	28,224	14,402	28,208
Others	4,851	3,824	5,238
Total long-term liabilities	(47,421)	(47,571)	(47,792)
Total liabilities	144,602	143,751	142,679
(Minority interests)			
Minority interests	5,515	3,461	3,486
(Shareholders' equity)			
Common stock	24,610	24,610	24,610
Additional paid-in capital	25,824	25,824	25,824
Retained earnings	74,949	72,366	75,019
Net unrealized gains on available-for-sale securities	3,643	4,199	4,168
Foreign currency translation adjustments	-3,541	-4,578	-4,283
Treasury stock, at cost	-145	-112	-142
Total shareholders' equity	125,341	122,311	125,198
Total of liabilities, minority interests and shareholders' equity	275,459	269,524	271,364

2.Summary of Q1 Consolidated Statements of Income

(unit : JPY million, %)

Items	Q1 / FY2005	Q1 / FY2004	Increase / Decrease		FY2004
	From April 1, 2005 to June 30, 2005	From April 1, 2004 to June 30, 2004			From April 1, 2004 to March 31, 2005
	Amount	Amount	Amount	+/-	Amount
I Net sales	55,539	53,746	1,793	3.3	229,318
II Cost of sales	42,209	40,053	2,156	5.4	174,622
Gross profit	13,329	13,692	-363	-2.7	54,695
III Selling, general and administrative expenses	9,988	10,520	-532	-5.1	42,430
Operating income	3,341	3,172	169	5.3	12,264
IV Non-operating income	743	754	-10	-1.4	2,562
V Non-operating expenses	455	469	-13	-2.9	2,320
Recurring income	3,629	3,457	172	5.0	12,506
VI Extraordinary profit	4	66	-61	-93.2	961
VII Extraordinary loss	(1,033)	(1,248)	(-214)	-17.2	(4,373)
Loss on disposals or sales of property, plant and equipment	148	1,202	-1,053	-87.7	2,890
Impairment loss on fixed assets	885	-	885	-	-
Others	-	46	-46	-	1,483
Income before income taxes and minority interests	2,600	2,274	325	14.3	9,093
Income taxes	1,297	670	626	93.4	3,602
Minority interests	156	94	61	64.9	365
Net income	1,146	1,509	-362	-24.0	5,126

3.Summary of Q1 Consolidated Statements of Cash Flows

(unit : JPY million)

	Q1 / FY2005	Q1 / FY2004	FY2004
	From April 1, 2005 to June 30, 2005	From April 1, 2004 to June 30, 2004	From April 1, 2004 to March 31, 2005
Items	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests	2,600	2,274	9,093
Depreciation and amortization	2,684	2,695	11,618
Increase/decrease in notes and accounts receivable (- is increases)	1,108	1,222	-2,864
Increase/decrease in inventories(- is increases)	-1,674	-716	-1,921
Increase/decrease in notes and accounts payable (- is decreases)	-407	512	5,202
Others	1,819	1,274	806
Subtotal	6,132	7,264	21,394
Income taxes paid	-1,322	-825	-1,646
Others	138	126	-150
Net cash provided by operating activities	4,948	6,565	20,137
II Cash flows from investing activities			
Purchases of property, plant and equipment	-3,408	-2,568	-14,081
Proceeds from sales of property, plant and equipment	145	169	475
Purchases of investment securities	-551	-684	-3,386
Proceeds from sales of investment securities	347	223	3,441
Other in increase/decrease of assets(- is increases)	87	-308	-510
Net cash used in investing activities	-3,378	-3,168	-14,062
III Cash flows from financing activities			
Increase/decreases in short-term loans payable, net (- is decrease)	165	888	-1,352
Increase/decreases in commercial paper, net (- is decrease)	500	-	-2,000
Proceeds from long-term loans payable	-	-	13,893
Repayments of long-term loans payable	-31	-2,357	-2,473
Redemption of corporate bonds	-	-	-13,268
Dividends paid	-987	-995	-2,074
Others	-108	-7	-187
Net cash used in financing activities	-461	-2,472	-7,462
IV Foreign currency translation adjustments on cash and cash equivalents	220	-105	-153
V Net increase (decrease) in cash and cash equivalents	1,328	818	-1,541
VI Cash and cash equivalents, beginning of fiscal year	14,525	16,066	16,066
VII Cash and cash equivalents of newly consolidated subsidiaries	1,237	-	-
VIII Cash and cash equivalents, end of fiscal year	17,091	16,885	14,525

4. Summary of Segment Information

(1) Segment Information by Business Group

Q1 consolidated FY 2005 (from April 1, 2005 to June 30, 2005)

(unit : JPY million)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Eliminations or corporate	Total consolidated
Net sales	21,691	7,950	10,774	14,395	2,553	57,366	-1,826	55,539
Operating expenses	19,690	7,615	9,731	11,868	2,620	51,526	671	52,198
Operating income or loss(-)	2,000	335	1,043	2,527	-67	5,839	-2,497	3,341

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

(unit : JPY million)

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

(2) Segment Information by Locations

Q1 consolidated FY 2005 (from April 1, 2005 to June 30, 2005)

(unit : JPY million)

	Japan	Asia and Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net sales	45,876	9,905	1,762	2,544	60,089	-4,549	55,539
Operating expenses	43,176	9,393	1,882	2,574	57,026	-4,827	52,198
Operating income or loss(-)	2,699	512	-119	-29	3,063	278	3,341

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

(unit : JPY million)

	Japan	Asia and Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net 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	-4,946	50,574
Operating income or loss(-)	2,077	674	-37	94	2,808	363	3,172