

## THE FIRST 9 MONTHS CONSOLIDATED FINANCIAL STATEMENTS for the FY2005

(for the first 9 months of fiscal year March 31, 2006 ended December 31, 2005)

Name of Company: **TOYO INK Mfg. CO., LTD.** February 6, 2006  
 Stock Listings: Tokyo  
 Security Code No.: 4634 (URL <http://www.toyoink.co.jp/>)  
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 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 : None  
 (3) Changes in scope of consolidation and application of equity method :  
     Number of companies newly consolidated : 3  
     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: 2

### 2. Consolidated operating results for the Q1-Q3 of FY 2005(from April 1, 2005 to December 31, 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)	%
Q1-Q3 of FY2005	175,152	3.3	11,009	13.0	11,814	18.9
Q1-Q3 of FY2004	169,588	5.7	9,743	40.7	9,934	54.7
FY2004	229,318		12,264		12,506	

	Net income		Net income per share (Basic)	Net income per share (Diluted)
	JPY(million)	%	JPY	JPY
Q1-Q3 of FY2005	5,062	28.4	18.33	15.76
Q1-Q3 of FY2004	3,942	15.4	14.26	11.79
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-Q3 of FY.

### (2) Financial conditions

	Total assets	Shareholders' equity	Shareholders' equity/ Total assets	Shareholders' equity per share
	JPY(million)	JPY(million)	%	JPY
As of Dec 31, 2005	291,547	133,577	45.8	483.53
As of Dec 31, 2004	279,009	124,442	44.6	450.33
As of Mar 31, 2005	271,364	125,198	46.1	452.62

### (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)
Q1-Q3 of FY2005	18,500	-8,319	-5,417	20,053
Q1-Q3 of FY2004	16,758	-11,174	-931	21,481
FY2004	20,137	-14,062	-7,462	14,525

### 3. Forecast for the year ending March 31, 2006 (FY2005)

	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
FY2005 ending March 2006	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.Summary of Q3 Consolidated Balance Sheets

(unit : JPY million)

Items	As of Dec 31, 2005	As of Mar 31, 2005	Increase / Decrease		As of Dec 31, 2004
	Amount	Amount	Amount	+/-	Amount
(Assets)				%	
I Current assets					
Cash and bank deposits	19,753	13,614	6,139	45.1	17,931
Notes and accounts receivable	87,915	82,499	5,415	6.6	82,808
Inventories	31,934	29,919	2,015	6.7	29,360
Others	4,892	5,553	-661	-11.9	10,947
Total current assets	( 144,496 )	( 131,587 )	( 12,909 )	9.8	( 141,047 )
II Fixed assets					
Property, plant and equipment	95,014	90,954	4,060	4.5	90,375
Intangible fixed assets	3,416	4,013	-596	-14.9	4,073
Investments and other assets	48,616	44,777	3,838	8.6	43,492
Total fixed assets	( 147,047 )	( 139,745 )	( 7,302 )	5.2	( 137,941 )
III Deferred assets	2	31	-28	-90.7	21
<b>Total assets</b>	<b>291,547</b>	<b>271,364</b>	<b>20,182</b>	<b>7.4</b>	<b>279,009</b>
(Liabilities)					
I Current liabilities					
Notes and accounts payable	47,718	43,208	4,509	10.4	44,226
Short-term loans payable	20,077	20,278	-201	-1.0	22,524
Current portion of convertible bonds	14,998	14,999	-1	-0.0	13,268
Others	18,053	16,400	1,652	10.1	22,915
Total current liabilities	( 100,846 )	( 94,887 )	( 5,959 )	6.3	( 102,935 )
II Long-term liabilities					
Convertible bonds	14,346	14,346	-	-	29,345
Long-term loans payable	28,349	28,208	141	0.5	14,467
Others	8,122	5,238	2,884	55.1	4,086
Total long-term liabilities	( 50,817 )	( 47,792 )	( 3,025 )	6.3	( 47,899 )
<b>Total liabilities</b>	<b>151,664</b>	<b>142,679</b>	<b>8,985</b>	<b>6.3</b>	<b>150,834</b>
(Minority interests)					
Minority interests	6,304	3,486	2,818	80.8	3,732
(Shareholders' equity)					
Common stock	24,611	24,610	0	0.0	24,610
Capital surplus	25,825	25,824	0	0.0	25,824
Retained earnings	77,730	75,019	2,711	3.6	73,819
Net unrealized gains on available-for-sale securities	7,942	4,168	3,774	90.5	3,722
Foreign currency translation adjustments	-2,360	-4,283	1,922	44.9	-3,401
Treasury stock, at cost	-171	-142	-29	-20.8	-133
Total shareholders' equity	<b>133,577</b>	<b>125,198</b>	<b>8,379</b>	<b>6.7</b>	<b>124,442</b>
<b>Total of liabilities, minority interests and shareholders' equity</b>	<b>291,547</b>	<b>271,364</b>	<b>20,182</b>	<b>7.4</b>	<b>279,009</b>

## 2.Summary of Q1-Q3 Consolidated Statements of Income

(unit : JPY million, %)

Items	Q1-Q3 of FY2005	Q1-Q3 of FY2004	Increase / Decrease		FY2004
	From Apr 1, 2005 to Dec 31, 2005	From Apr 1, 2004 to Dec 31, 2004	Amount	+/-	From Apr 1, 2004 to Mar 31, 2005
	Amount	Amount	Amount	%	Amount
I Net sales	175,152	169,588	5,564	3.3	229,318
II Cost of sales	133,500	128,213	5,287	4.1	174,622
Gross profit	41,651	41,374	276	0.7	54,695
III Selling, general and administrative expenses	30,641	31,631	-989	-3.1	42,430
Operating income	11,009	9,743	1,265	13.0	12,264
IV Non-operating income	2,156	1,752	404	23.1	2,562
V Non-operating expenses	1,352	1,562	-209	-13.4	2,320
Recurring income	11,814	9,934	1,880	18.9	12,506
VI Extraordinary profit	176	91	85	93.5	961
VII Extraordinary loss	( 2,617 )	( 3,262 )	( -644 )	-19.8	( 4,373 )
Loss on disposals or sales of property, plant and equipment	1,040	2,401	-1,360	-56.7	2,890
Loss on discounted operations	580	-	580	-	332
Impairment loss on fixed assets	877	-	877	-	-
Others	118	861	-742	-86.2	1,151
Income before income taxes and minority interests	9,373	6,763	2,610	38.6	9,093
Income taxes	3,842	2,517	1,324	52.6	3,602
Minority interests	467	302	165	54.5	365
Net income	5,062	3,942	1,120	28.4	5,126

### 3.Summary of Q1-Q3 Consolidated Statements of Cash Flows

(unit : JPY million)

	Q1-Q3 of FY2005	Q1-Q3 of FY2004	FY2004
	From Apr 1, 2005 to Dec 31, 2005	From Apr 1, 2004 to Dec 31, 2004	From Apr 1, 2004 to Mar 31, 2005
Items	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests	9,373	6,763	9,093
Depreciation and amortization	8,485	8,371	11,618
Increase/decrease in notes and accounts receivable (- is increases)	-3,130	-2,630	-2,864
Increase/decrease in inventories(- is increases)	-415	-1,003	-1,921
Increase/decrease in notes and accounts payable (- is decreases)	4,977	6,061	5,202
Others	991	529	806
Subtotal	20,282	18,090	21,394
Income taxes paid	-1,874	-1,638	-1,646
Others	92	306	-150
Net cash provided by operating activities	18,500	16,758	20,137
II Cash flows from investing activities			
Purchases of property, plant and equipment	-11,430	-10,590	-14,081
Proceeds from sales of property, plant and equipment	780	290	475
Proceeds from newly consolidated subsidiaries	1,296	-	-
Purchases of investment securities	-1,766	-1,040	-3,386
Proceeds from sales of investment securities	2,219	769	3,441
Others	581	-603	-510
Net cash used in investing activities	-8,319	-11,174	-14,062
III Cash flows from financing activities			
Increase/decreases in short-term loans payable, net (- is decrease)	-971	-247	-1,352
Increase/decreases in commercial paper, net (- is decrease)	-2,000	3,000	-2,000
Proceeds from long-term loans payable	191	94	13,893
Repayments of long-term loans payable	-175	-1,632	-2,473
Redemption of corporate bonds	-	-	-13,268
Dividends paid	-2,115	-1,972	-2,074
Others	-346	-173	-187
Net cash used in financing activities	-5,417	-931	-7,462
IV Foreign currency translation adjustments on cash and cash equivalents	764	762	-153
V Net increase (decrease) in cash and cash equivalents	5,527	5,415	-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	20,053	21,481	14,525

#### 4. Summary of Segment Information

##### (1) Segment Information by Business Group

Q1-Q3 of FY 2005 (from April 1, 2005 to December 31, 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	69,774	24,935	33,366	44,385	8,184	180,646	-5,494	175,152
Operating expenses	63,224	24,207	30,488	35,955	8,143	162,019	2,122	164,142
Operating income	6,549	727	2,878	8,429	40	18,626	-7,616	11,009

Q1-Q3 of FY 2004 (from April 1, 2004 to December 31, 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	66,239	23,693	32,814	42,882	9,831	175,461	-5,873	169,588
Operating expenses	59,292	22,974	29,892	35,197	9,600	156,957	2,886	159,844
Operating income	6,947	719	2,921	7,684	230	18,504	-8,760	9,743

##### (2) Segment Information by Locations

Q1-Q3 of FY 2005 (from April 1, 2005 to December 31, 2005)

(unit : JPY million)

	Japan	Asia - Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net sales	143,486	33,398	5,303	8,094	190,283	-15,130	175,152
Operating expenses	134,724	31,422	5,614	8,004	179,765	-15,623	164,142
Operating income or loss(-)	8,761	1,976	-311	90	10,517	492	11,009

Q1-Q3 of FY 2004 (from April 1, 2004 to December 31, 2004)

(unit : JPY million)

	Japan	Asia - Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net sales	141,867	28,653	5,753	6,916	183,190	-13,602	169,588
Operating expenses	134,241	26,712	5,930	6,757	173,643	-13,799	159,844
Operating income or loss(-)	7,625	1,940	-177	158	9,547	196	9,743