

THE FIRST 3 MONTHS CONSOLIDATED FINANCIAL STATEMENTS for the FY2006

(for the first 3 months of fiscal year March 31, 2007 ended June 30, 2006)

Name of Company: **TOYO INK Mfg. CO., LTD.** July 28, 2006
 Stock Listings: Tokyo
 Security Code No.: 4634 (URL <http://www.tovoink.co.jp/>)
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 Representative: Mr. Kunio Sakuma, President, CEO
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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 : 1
 Number of companies excluded from consolidation : 0
 Number of companies newly accounted for by the equity method : 0
 Number of companies excluded from the equity method of accounting: 0

2. Consolidated operating results for the Q1 of FY 2006(from April 1, 2006 to June 30, 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)	%
Q1 of FY2006	58,840	5.9	3,407	2.0	3,533	-2.6
Q1 of FY2005	55,539	3.3	3,341	5.3	3,629	5.0
FY2005	236,203		13,153		14,142	

	Net income		Net income per share (Basic)	Net income per share (Diluted)
	JPY(million)	%	JPY	JPY
Q1 of FY2006	1,908	66.4	6.31	5.88
Q1 of FY2005	1,146	-24.0	4.15	3.61
FY2005	6,283		22.01	20.44

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

(2) Financial conditions

	Total assets	Net assets	Net worth/ Total assets	Net assets per share
	JPY(million)	JPY(million)	%	JPY
As of June 30, 2006	294,965	158,167	51.3	522.87
As of June 30, 2005	275,459	125,341	45.5	453.64
As of March 31, 2006	305,336	151,524	49.6	500.38

Note : Net assets of Q1-FY2005 and FY2005 do not include minority interests.

Net worth is the same as shareholders' equity of Q1-FY2005 and FY2005, while net worth of Q1-FY2006 consists of shareholders' equity and valuation and translation adjustments.

(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 of FY2006	4,997	-4,497	-11,548	19,349
Q1 of FY2005	4,948	-2,141	-461	17,091
FY2005	21,484	-10,432	3,579	30,366

3. Forecast for the year ending March 31, 2007 (FY2006)

	Net sales	Recurring income	Net income
	JPY(million)	JPY(million)	JPY(million)
First half ending September 2006	120,000	7,200	4,300
FY2006 ending March 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.

1.Summary of Q1 Consolidated Balance Sheets

(unit : JPY million)

Items	Terms	As of June 30,	As of March 31,	Increase / Decrease		As of June 30,
		2006	2006	Amount	+/-	2005
		Amount	Amount	Amount	%	Amount
(Assets)						
I	Current assets					
	Cash and bank deposits	15,724	15,518	205	1.3	16,111
	Notes and accounts receivable	86,100	87,217	-1,117	-1.3	82,100
	Inventories	33,340	32,688	652	2.0	32,397
	Deposit	-	14,211	-14,211	-	-
	Others	9,110	5,871	3,238	55.2	6,112
	Total current assets	(144,276)	(155,508)	(-11,232)	-7.2	(136,722)
II	Fixed assets					
	Property, plant and equipment	96,979	95,420	1,558	1.6	92,345
	Intangible fixed assets	3,098	3,290	-191	-5.8	3,777
	Investments and other assets	50,611	51,117	-506	-1.0	42,574
	Total fixed assets	(150,689)	(149,827)	(861)	0.6	(138,698)
III	Deferred assets	-	-	-	-	38
Total assets		294,965	305,336	-10,370	-3.4	275,459
(Liabilities)						
I	Current liabilities					
	Notes and accounts payable	44,742	44,350	391	0.9	41,784
	Short-term loans payable	20,317	20,419	-102	-0.5	20,742
	Commercial paper	-	10,000	-10,000	-	2,500
	Current portion of convertible bonds	-	-	-	-	14,999
	Others	20,347	19,833	513	2.6	17,154
	Total current liabilities	(85,406)	(94,603)	(-9,196)	-9.7	(97,180)
II	Long-term liabilities					
	Convertible bonds	14,343	14,346	-3	-0.0	14,346
	Long-term loans payable	28,427	28,430	-3	-0.0	28,224
	Others	8,621	9,640	-1,019	-10.6	4,851
	Total long-term liabilities	(51,391)	(52,417)	(-1,025)	-2.0	(47,421)
Total liabilities		136,798	147,020	-10,221	-7.0	144,602
(Minority interests)						
	Minority interests	-	6,791	-	-	5,515
(Shareholders' equity)						
I	Common stock	-	31,711	-	-	24,610
II	Capital surplus	-	32,899	-	-	25,824
III	Retained earnings	-	78,926	-	-	74,949
IV	Net unrealized gains on available-for-sale securities	-	9,173	-	-	3,643
V	Foreign currency translation adjustments	-	-991	-	-	-3,541
VI	Treasury stock, at cost	-	-194	-	-	-145
Total shareholders' equity		-	151,524	-	-	125,341
Total of liabilities, minority interests and shareholders' equity		-	305,336	-	-	275,459
(Net assets)						
I	Shareholders' equity					
	Common stock	31,713	-	-	-	-
	Capital surplus	32,901	-	-	-	-
	Retained earnings	79,327	-	-	-	-
	Treasury stock, at cost	-204	-	-	-	-
	Total shareholders' equity	(143,738)	(-)	(-)	-	(-)
II	Valuation and translation adjustments					
	Net unrealized gains on available-for-sale securities	8,188	-	-	-	-
	Foreign currency translation adjustments	-662	-	-	-	-
	Total valuation and translation adjustments	(7,526)	(-)	(-)	-	(-)
III	Minority interests	6,902	-	-	-	-
Total net assets		158,167	-	-	-	-
Total of liabilities and net assets		294,965	-	-	-	-

2.Summary of Q1 Consolidated Statements of Income

(unit : JPY million)

Items	Terms	Q1 of FY2006	Q1 of FY2005	Increase / Decrease		FY2005
		From April 1, 2006 to June 30, 2006	From April 1, 2005 to June 30, 2005	Amount	+/-	From April 1, 2005 to March 31, 2006
		Amount	Amount	Amount	%	Amount
I	Net sales	58,840	55,539	3,301	5.9	236,203
II	Cost of sales	44,784	42,209	2,574	6.1	181,614
	Gross profit	14,056	13,329	726	5.5	54,588
III	Selling, general and administrative expenses	10,649	9,988	660	6.6	41,435
	Operating income	3,407	3,341	65	2.0	13,153
IV	Non-operating income	579	743	-164	-22.1	3,009
V	Non-operating expenses	453	455	-2	-0.5	2,019
	Recurring income	3,533	3,629	-96	-2.6	14,142
VI	Extraordinary profit	7	4	2	62.9	1,600
VII	Extraordinary loss	160	1,033	-873	-84.5	4,120
	Income before income taxes and minority interests	3,380	2,600	780	30.0	11,623
	Income taxes	1,306	1,297	8	0.7	4,753
	Minority interests	166	156	10	6.5	586
	Net income	1,908	1,146	761	66.4	6,283

3.Summary of Q1 Consolidated Statements of Cash Flows

(unit : JPY million)

Terms Items	Q1 of FY2006	Q1 of FY2005	FY2005
	From April 1, 2006 to June 30, 2006	From April 1, 2005 to June 30, 2005	From April 1, 2005 to March 31, 2006
	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests	3,380	2,600	11,623
Depreciation and amortization	2,748	2,684	11,552
Increase/decrease in notes and accounts receivable (- is increases)	1,340	1,108	-1,715
Increase/decrease in inventories(- is increases)	-520	-1,674	-540
Increase/decrease in notes and accounts payable (- is decreases)	133	-407	997
Others	910	1,819	1,732
Subtotal	7,992	6,132	23,649
Income taxes paid	-3,038	-1,322	-1,902
Others	42	138	-261
Net cash provided by operating activities	4,997	4,948	21,484
II Cash flows from investing activities			
Purchases of property, plant and equipment	-3,572	-3,408	-14,795
Proceeds from sales of property, plant and equipment	23	145	1,299
Purchases of investment securities	-944	-551	-2,876
Proceeds from sales of investment securities	33	347	3,941
Proceeds from newly consolidated subsidiaries	-	1,237	1,296
Others	-38	87	701
Net cash used in investing activities	-4,497	-2,141	-10,432
III Cash flows from financing activities			
Increase/decreases in short-term loans payable, net (- is decrease)	-111	165	-3,527
Increase/decreases in commercial paper, net (- is decrease)	-10,000	500	8,000
Proceeds from long-term loans payable	-	-	2,798
Repayments of long-term loans payable	-59	-31	-301
Redemption of convertible bonds	-	-	-823
Dividends paid	-1,256	-987	-2,210
Others	-120	-108	-356
Net cash used in/ provided by financing activities	-11,548	-461	3,579
IV Foreign currency translation adjustments on cash and cash equivalents	30	220	1,209
V Net increase (decrease) in cash and cash equivalents	-11,017	2,566	15,841
VI Cash and cash equivalents, beginning of fiscal year	30,366	14,525	14,525
VII Cash and cash equivalents, end of period	19,349	17,091	30,366

4. Summary of Segment Information

(1) Segment Information by Business Group

Q1 of FY 2006 (from April 1, 2006 to June 30, 2006)

(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	24,102	7,223	11,539	15,185	2,600	60,650	-1,809	58,840
Operating expenses	22,129	7,125	10,490	12,454	2,454	54,654	778	55,433
Operating income	1,972	98	1,048	2,731	145	5,996	-2,588	3,407

Q1 of 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

(2) Segment Information by Locations

Q1 of FY 2006 (from April 1, 2006 to June 30, 2006)

(unit : JPY million)

	Japan	Asia - Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net sales	46,994	12,462	1,683	2,764	63,905	-5,064	58,840
Operating expenses	44,521	11,662	1,937	2,621	60,742	-5,309	55,433
Operating income or loss(-)	2,473	800	-253	142	3,162	244	3,407

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

(unit : JPY million)

	Japan	Asia - 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