

## THE FIRST 9 MONTHS CONSOLIDATED FINANCIAL STATEMENTS for the FY2006

(for the first 9 months of fiscal year March 31, 2007 ended December 31, 2006)

Name of Company: **TOYO INK Mfg. CO., LTD.** February 5, 2007  
 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, Managing 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 :                           | 5 |
| Number of companies excluded from consolidation :                  | 1 |
| 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-Q3 of FY 2006(from April 1, 2006 to December 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)	%
Q1-Q3 of FY2006	183,731	4.9	9,984	-9.3	10,348	-12.4
Q1-Q3 of FY2005	175,152	3.3	11,009	13.0	11,814	18.9
FY2005	236,203		13,153		14,142	

	Net income		Net income per share (Basic)	Net income per share (Diluted)
	JPY(million)	%	JPY	JPY
Q1-Q3 of FY2006	6,475	27.9	21.41	19.92
Q1-Q3 of FY2005	5,062	28.4	18.33	15.76
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-Q3 of FY.

### (2) Financial conditions

	Total assets	Net assets	Net worth/ Total assets	Net worth per share
	JPY(million)	JPY(million)	%	JPY
As of December 31, 2006	302,458	160,900	50.9	508.52
As of December 31, 2005	291,547	133,577	45.8	483.53
As of March 31, 2006	305,336	151,524	49.6	500.38

Note : Net assets of Q3-FY2005 and FY2005 do not include minority interests.  
 Net worth is the same as shareholders' equity of Q3-FY2005 and FY2005, while net worth of Q3-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-Q3 of FY2006	13,278	-11,057	-14,482	18,181
Q1-Q3 of FY2005	18,500	-8,319	-5,417	20,053
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)
FY2006 ending March 2007	250,000	13,500	7,500

Note : Projected net income per share for the year ending March 31, 2007 is 24.80yen

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	Terms	As of December	As of March 31,	Increase / Decrease		As of December
		31, 2006	2006	Amount	+/-	31, 2005
		Amount	Amount	Amount	%	Amount
<b>(Assets)</b>						
I	Current assets					
	Cash and bank deposits	17,506	15,518	1,987	12.8	19,753
	Notes and accounts receivable	90,386	87,217	3,168	3.6	87,915
	Inventories	35,386	32,688	2,697	8.3	31,934
	Deposit	-	14,211	-14,211	-	-
	Others	6,058	5,871	187	3.2	4,892
	Total current assets	( 149,338 )	( 155,508 )	( -6,170 )	-4.0	( 144,496 )
II	Fixed assets					
	Property, plant and equipment	100,164	95,420	4,744	5.0	95,014
	Intangible fixed assets	2,749	3,290	-540	-16.4	3,416
	Investments and other assets	50,206	51,117	-911	-1.8	48,616
	Total fixed assets	( 153,120 )	( 149,827 )	( 3,293 )	2.2	( 147,047 )
III	Deferred assets	-	-	-	-	2
Total assets		302,458	305,336	-2,877	-0.9	291,547
<b>(Liabilities)</b>						
I	Current liabilities					
	Notes and accounts payable	51,306	44,350	6,956	15.7	47,718
	Short-term loans payable	32,836	20,419	12,417	60.8	20,077
	Commercial paper	-	10,000	-10,000	-	-
	Current portion of convertible bonds	-	-	-	-	14,998
	Others	19,972	19,833	138	0.7	18,053
	Total current liabilities	( 104,115 )	( 94,603 )	( 9,512 )	10.1	( 100,846 )
II	Long-term liabilities					
	Convertible bonds	14,343	14,346	-3	-0.0	14,346
	Long-term loans payable	14,782	28,430	-13,647	-48.0	28,349
	Others	8,316	9,640	-1,323	-13.7	8,122
	Total long-term liabilities	( 37,442 )	( 52,417 )	( -14,974 )	-28.6	( 50,817 )
Total liabilities		141,558	147,020	-5,461	-3.7	151,664
<b>(Minority interests)</b>						
	Minority interests	-	6,791	-	-	6,304
<b>(Shareholders' equity)</b>						
I	Common stock	-	31,711	-	-	24,611
II	Capital surplus	-	32,899	-	-	25,825
III	Retained earnings	-	78,926	-	-	77,730
IV	Net unrealized gains on available-for-sale securities	-	9,173	-	-	7,942
V	Foreign currency translation adjustments	-	-991	-	-	-2,360
VI	Treasury stock, at cost	-	-194	-	-	-171
Total shareholders' equity		-	151,524	-	-	133,577
Total of liabilities, minority interests and shareholders' equity		-	305,336	-	-	291,547
<b>(Net assets)</b>						
I	Shareholders' equity					
	Common stock	31,713	-	-	-	-
	Capital surplus	32,901	-	-	-	-
	Retained earnings	82,543	-	-	-	-
	Treasury stock, at cost	-222	-	-	-	-
	Total shareholders' equity	( 146,936 )	( - )	( - )	-	( - )
II	Valuation and translation adjustments					
	Net unrealized gains on available-for-sale securities	6,981	-	-	-	-
	Foreign currency translation adjustments	-109	-	-	-	-
	Total valuation and translation adjustments	( 6,871 )	( - )	( - )	-	( - )
III	Minority interests	( 7,092 )	( - )	( - )	-	( - )
Total net assets		160,900	-	-	-	-
Total of liabilities and net assets		302,458	-	-	-	-

## 2.Q1-Q3 Consolidated Statements of Income

(unit : JPY million)

Terms Items	Q1-Q3 of FY 2006	Q1-Q3 of FY 2005	Increase / Decrease		FY2005
	From April 1, 2006 to December 31, 2006	From April 1, 2005 to December 31, 2005	Amount	+/-	From April 1, 2005 to March 31, 2006
	Amount	Amount	Amount	%	Amount
I Net sales	183,731	175,152	8,579	4.9	236,203
II Cost of sales	141,334	133,500	7,833	5.9	181,614
Gross profit	42,397	41,651	745	1.8	54,588
III Selling, general and administrative expenses	( 32,412 )	( 30,641 )	( 1,770 )	5.8	( 41,435 )
Packing expenses and freight charge	5,015	4,854	160		6,551
Salaries and allowance	7,717	6,944	772		9,537
Bonuses	1,986	1,947	38		2,668
Welfare expenses	1,919	1,814	105		2,279
Depreciation expenses	1,424	1,442	-17		1,893
Research and development expenses	2,047	2,159	-112		2,821
Others	12,302	11,479	823		15,683
Operating income	9,984	11,009	-1,025	-9.3	13,153
IV Non-operating income	( 1,791 )	( 2,156 )	( -365 )	-17.0	( 3,009 )
Interest income	157	141	16		223
Dividend income	420	351	69		432
Income from lease and rent	256	309	-52		418
Gain on foreign currency exchange	153	538	-384		708
Equity in earnings of associated companies	103	128	-25		106
Others	698	687	11		1,119
V Non-operating expenses	( 1,426 )	( 1,352 )	( 74 )	5.5	( 2,019 )
Interest expenses	808	761	46		988
Others	618	590	27		1,030
Recurring Income	10,348	11,814	-1,465	-12.4	14,142
VI Extraordinary profit	( 1,568 )	( 176 )	( 1,392 )	788.3	( 1,600 )
Gain on sales of property, plant and equipment	13	64	-51		826
Gain on sales of investment securities	93	112	-18		774
Gain on termination of employees' retirement benefit trust	1,108	-	1,108		-
Reversal of allowance for doubtful receivables	354	-	354		-
VII Extraordinary loss	( 597 )	( 2,617 )	( -2,020 )	-77.2	( 4,120 )
Loss on disposals of property, plant and equipment	343	790	-446		966
Loss from dismantle of property, plant and equipment	171	250	-78		417
Loss on discontinued operations	-	580	-580		611
Environmental spending	71	-	71		1,050
Impairment loss on fixed assets	-	877	-877		894
Others	10	118	-108		180
Income before income taxes and minority interests	11,320	9,373	1,946	20.8	11,623
Income taxes, current	2,922	3,030	-107		4,201
Income taxes, deferred	1,398	812	586		551
Minority interests	523	467	55		586
Net income	6,475	5,062	1,412	27.9	6,283

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

(unit : JPY million)

Terms Items	Q1-Q3 of FY2006	Q1-Q3 of FY2005	FY2005
	From April 1, 2006 to December 31, 2006	From April 1, 2005 to December 31, 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	11,320	9,373	11,623
Depreciation and amortization	8,553	8,485	11,552
Increase/decrease in notes and accounts receivable (- is increases)	-2,577	-3,130	-1,715
Increase/decrease in inventories(- is increases)	-2,274	-415	-540
Increase/decrease in notes and accounts payable (- is decreases)	6,046	4,977	997
Others	-2,665	991	1,732
Subtotal	18,403	20,282	23,649
Income taxes paid	-5,230	-1,874	-1,902
Others	105	92	-261
Net cash provided by operating activities	13,278	18,500	21,484
II Cash flows from investing activities			
Purchases of property, plant and equipment	-9,766	-11,430	-14,795
Proceeds from sales of property, plant and equipment	131	780	1,299
Purchases of investment securities	-1,587	-1,766	-2,876
Proceeds from sales of investment securities	384	2,219	3,941
Proceeds from newly consolidated subsidiaries	-	1,296	1,296
Others	-219	581	701
Net cash used in investing activities	-11,057	-8,319	-10,432
III Cash flows from financing activities			
Increase/decreases in short-term loans payable, net (- is decrease)	-993	-971	-3,527
Increase/decreases in commercial paper, net (- is decrease)	-10,000	-2,000	8,000
Proceeds from long-term loans payable	-	191	2,798
Repayments of long-term loans payable	-510	-175	-301
Redemption of convertible bonds	-	-	-823
Dividends paid	-2,602	-2,115	-2,210
Others	-375	-346	-356
Net cash used in/ provided by financing activities	-14,482	-5,417	3,579
IV Foreign currency translation adjustments on cash and cash equivalents	77	764	1,209
V Net increase (decrease) in cash and cash equivalents	-12,185	5,527	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	18,181	20,053	30,366

#### 4. Summary of Segment Information

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

Q1-Q3 of FY 2006 (from April 1, 2006 to December 31, 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	76,170	23,973	35,274	45,451	7,243	188,114	-4,382	183,731
Operating expenses	69,586	23,223	32,231	38,189	6,821	170,053	3,693	173,747
Operating income	6,583	749	3,042	7,262	421	18,060	-8,076	9,984

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

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

Q1-Q3 of FY 2006 (from April 1, 2006 to December 31, 2006)

(unit : JPY million)

	Japan	Asia - Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net sales	145,615	39,602	5,578	8,922	199,718	-15,987	183,731
Operating expenses	138,052	37,362	6,386	8,420	190,222	-16,475	173,747
Operating income or loss(-)	7,563	2,239	-808	502	9,496	487	9,984

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