

THE FIRST 3 MONTHS CONSOLIDATED FINANCIAL STATEMENTS for the FY2007

(for the first 3 months of fiscal year March 31, 2008 ended June 30, 2007)

Name of Company:

TOYO INK Mfg. CO., LTD.

July 30, 2007

Stock Listings:

Tokyo

Security Code No.:

4634

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Representative:

Mr. Kunio Sakuma, President, CEO

Contact:

Mr. Takeshi Suzuki, Managing Director, CFO

1. Consolidated business results for the Q1 of FY 2007(from April 1, 2007 to June 30, 2007)

(1) Results of operations

Note : Amounts of less than million yen are omitted.

	Net sales		Operating income		Recurring income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Q1 of FY2007	60,285	2.5	1,935	-43.2	2,266	-35.9
Q1 of FY2006	58,840	5.9	3,407	2.0	3,533	-2.6
FY2006	245,490	-	11,869	-	12,249	-

	Net income		Net income per share (Basic)	Net income per share (Diluted)
	Millions of Yen	%	Yen	Yen
Q1 of FY2007	1,065	-44.1	3.52	3.32
Q1 of FY2006	1,908	66.4	6.31	5.88
FY2006	7,900	-	26.12	24.33

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 worth per share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2007	303,359	163,343	51.3	514.88
As of June 30, 2006	294,965	158,167	51.3	522.87
As of March 31, 2007	307,439	163,509	50.7	515.85

(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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Q1 of FY2007	2,911	-4,311	-2,606	18,585
Q1 of FY2006	4,997	-4,497	-11,548	19,349
FY2006	20,746	-14,684	-14,267	22,572

2. Forecast for the year ending March 31, 2008 (FY2007)

	Net sales		Operating income		Recurring income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Interim	125,000	3.5	4,500	-32.1	4,500	-33.4	1,900	-56.4
Full-year	260,000	5.9	12,000	1.1	12,000	-2.0	6,000	-24.1

Note : Projected net income per share for the year ending March 31, 2008 is 19.83yen

3. Others

(1) Changes in significant subsidiaries during the period : None

(2) Adoption of simplified method : None

(3) Change in accounting policies : None

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 : Millions of Yen)

Items	Terms		Increase / Decrease		As of June 30, 2006 Amount
	As of March 31, 2007 Amount	As of June 30, 2007 Amount	Amount	+/-	
(Assets)				%	
I Current assets					
Cash and bank deposits	22,934	19,076	-3,858	-16.8	15,724
Notes and accounts receivable	87,283	85,110	-2,172	-2.5	86,100
Inventories	36,385	37,302	917	2.5	33,340
Others	5,625	5,244	-381	-6.8	9,110
Total current assets	(152,228)	(146,734)	(-5,494)	-3.6	(144,276)
II Fixed assets					
Property, plant and equipment	102,929	102,949	19	0.0	96,979
Intangible fixed assets	2,203	2,039	-163	-7.4	3,098
Investments and other assets	50,077	51,635	1,558	3.1	50,611
Total fixed assets	(155,210)	(156,624)	(1,414)	0.9	(150,689)
Total assets	307,439	303,359	-4,079	-1.3	294,965
(Liabilities)					
I Current liabilities					
Notes and accounts payable	50,626	47,367	-3,259	-6.4	44,742
Short-term loans payable	34,394	33,717	-676	-2.0	20,317
Others	22,383	22,107	-275	-1.2	20,347
Total current liabilities	(107,404)	(103,193)	(-4,210)	-3.9	(85,406)
II Long-term liabilities					
Convertible bonds	14,343	14,303	-40	-0.3	14,343
Long-term loans payable	14,093	14,082	-10	-0.1	28,427
Others	8,088	8,436	347	4.3	8,621
Total long-term liabilities	(36,525)	(36,822)	(297)	0.8	(51,391)
Total liabilities	143,929	140,016	-3,913	-2.7	136,798
(Net assets)					
I Shareholders' equity					
Common stock	31,713	31,733	20	0.1	31,713
Capital surplus	32,902	32,922	20	0.1	32,901
Retained earnings	83,968	83,068	-900	-1.1	79,327
Treasury stock, at cost	-229	-235	-5	-2.5	-204
Total shareholders' equity	(148,354)	(147,488)	(-865)	-0.6	(143,738)
II Valuation and translation adjustments					
Net unrealized gains on available-for-sale securities	6,417	6,899	481	7.5	8,188
Foreign currency translation adjustments	1,245	1,369	124	10.0	-662
Total valuation and translation adjustments	(7,662)	(8,268)	(605)	7.9	(7,526)
III Minority interests	(7,492)	(7,586)	(93)	1.3	6,902
Total net assets	163,509	163,343	-166	-0.1	158,167
Total of liabilities and net assets	307,439	303,359	-4,079	-1.3	294,965

2.Summary of Q1 Consolidated Statements of Income

(unit : Millions of Yen)

Items	Terms	Q1 of FY2006	Q1 of FY2007	Increase / Decrease		FY2006
		From April 1, 2006 to June 30, 2006	From April 1, 2007 to June 30, 2007			From April 1, 2006 to March 31, 2007
		Amount	Amount	Amount	+/-	Amount
I Net sales		58,840	60,285	1,444	2.5	245,490
II Cost of sales		44,784	47,537	2,753	6.1	191,028
Gross profit		14,056	12,747	-1,309	-9.3	54,461
III Selling, general and administrative expenses		(10,649)	(10,811)	(162)	1.5	(42,592)
Packing expenses and freight charge		1,624	1,597	-26		6,675
Salaries and allowance		2,546	2,681	134		10,071
Bonuses		670	662	-8		2,691
Welfare expenses		593	633	39		2,422
Depreciation expenses		459	476	16		1,895
Research and development expenses		683	682	-1		2,763
Others		4,069	4,078	9		16,072
Operating income		3,407	1,935	-1,472	-43.2	11,869
IV Non-operating income		(579)	(819)	(239)	41.4	(2,308)
Interest income		39	47	8		239
Dividend income		191	244	52		455
Income from lease and rent		78	75	-3		322
Gain on foreign currency exchange		-	289	289		259
Equity in earnings of associated companies		30	-	-30		-
Others		239	163	-76		1,032
V Non-operating expenses		(453)	(488)	(35)	7.7	(1,928)
Interest expenses		251	296	45		1,089
Depreciation expenses of rental assets		39	66	27		196
Loss on foreign currency exchange		52	-	-52		-
Equity in losses of associated companies		-	15	15		0
Others		110	109	-0		641
Recurring Income		3,533	2,266	-1,267	-35.9	12,249
VI Extraordinary profit		(7)	(12)	(5)	74.5	(3,365)
Gain on sales of property, plant and equipment		7	3	-3		-
Gain on sales of investment securities		-	8	8		1,698
Reversal of allowance for doubtful receivables		-	-	-		465
Gain on termination of employees' retirement benefit trust		-	-	-		1,108
Others		-	-	-		93
VII Extraordinary loss		(160)	(102)	(-57)	-36.0	(1,276)
Loss on disposals of property, plant and equipment		108	60	-47		499
Loss from dismantle of property, plant and equipment		52	32	-19		199
Loss on discontinued operations		-	-	-		383
Environmental spending		-	-	-		175
Others		-	9	9		18
Income before income taxes and minority interests		3,380	2,176	-1,204	-35.6	14,338
Income taxes, current		1,256	884	-372		4,780
Income taxes, deferred		49	44	-4		933
Minority interests		166	181	14		724
Net income		1,908	1,065	-842	-44.1	7,900

3.Summary of Q1 Consolidated Statements of Cash Flows

(unit : Millions of Yen)

Items	Terms	Q1 of FY2006	Q1 of FY2007	FY2006
		From April 1, 2006 to June 30, 2006	From April 1, 2007 to June 30, 2007	From April 1, 2006 to March 31, 2007
		Amount	Amount	Amount
I	Cash flows from operating activities			
	Income before income taxes and minority interests	3,380	2,176	14,338
	Depreciation and amortization	2,748	2,951	11,741
	Increase/decrease in notes and accounts receivable (- is increases)	1,340	2,258	1,212
	Increase/decrease in inventories(- is increases)	-520	-890	-2,730
	Increase/decrease in notes and accounts payable (- is decreases)	133	-2,755	5,119
	Others	910	1,443	-2,994
	Subtotal	7,992	5,183	26,687
	Income taxes paid	-3,038	-2,405	-5,671
	Others	42	133	-268
	Net cash provided by operating activities	4,997	2,911	20,746
II	Cash flows from investing activities			
	Purchases of property, plant and equipment	-3,572	-4,137	-14,808
	Proceeds from sales of property, plant and equipment	23	23	255
	Purchases of investment securities	-944	-8	-5,062
	Proceeds from sales of investment securities	33	19	5,033
	Others	-38	-208	-101
	Net cash used in investing activities	-4,497	-4,311	-14,684
III	Cash flows from financing activities			
	Increase/decreases in short-term loans payable, net (- is decrease)	-111	-668	17
	Increase/decreases in commercial paper, net (- is decrease)	-10,000	-	-10,000
	Proceeds from long-term loans payable	-	-	2
	Repayments of long-term loans payable	-59	-37	-1,177
	Dividends paid	-1,256	-1,783	-2,723
	Others	-120	-116	-387
	Net cash used in financing activities	-11,548	-2,606	-14,267
IV	Foreign currency translation adjustments on cash and cash equivalents	30	18	411
V	Net increase (decrease) in cash and cash equivalents	-11,017	-3,987	-7,793
VI	Cash and cash equivalents, beginning of fiscal year	30,366	22,572	30,366
VII	Cash and cash equivalents, end of period	19,349	18,585	22,572

4. Summary of Segment Information

(1) Segment Information by Business Group

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

(unit : Millions of Yen)

	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 2007 (from April 1, 2007 to June 30, 2007)

(unit : Millions of Yen)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Eliminations or corporate	Total consolidated
Net sales	25,399	6,694	12,187	15,034	2,254	61,570	-1,285	60,285
Operating expenses	23,493	6,619	10,989	13,595	2,125	56,823	1,526	58,349
Operating income	1,906	74	1,198	1,439	129	4,747	-2,812	1,935

FY 2006 (from April 1, 2006 to March 31, 2007)

(unit : Millions of Yen)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Eliminations or corporate	Total consolidated
Net sales	101,262	32,858	46,760	61,617	9,250	251,749	-6,259	245,490
Operating expenses	92,904	31,877	42,891	52,483	9,042	229,199	4,421	233,621
Operating income	8,357	980	3,868	9,134	208	22,549	-10,680	11,869

(2) Segment Information by Locations

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

(unit : Millions of Yen)

	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 2007 (from April 1, 2007 to June 30, 2007)

(unit : Millions of Yen)

	Japan	Asia - Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net sales	45,966	14,579	1,980	2,669	65,196	-4,911	60,285
Operating expenses	44,688	13,668	2,522	2,601	63,480	-5,131	58,349
Operating income or loss(-)	1,277	911	-541	68	1,715	219	1,935

FY 2006 (from April 1, 2006 to March 31, 2007)

(unit : Millions of Yen)

	Japan	Asia - Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
Net sales	193,695	54,248	7,829	11,740	267,514	-22,024	245,490
Operating expenses	184,621	51,290	9,044	11,203	256,158	-22,537	233,621
Operating income or loss(-)	9,074	2,958	-1,214	537	11,356	512	11,869