

Consolidated Quarterly Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2008

February 4, 2008

Name of Listed Company: **TOYO INK MFG. CO., LTD.** Listings: Tokyo Stock Exchange, First Section
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1. Consolidated Quarterly Financial Results for the Third Quarter of Fiscal 2007

(From April 1, 2007 to December 31, 2007)

(Figures are rounded to the nearest one million yen)

(1) Business Results

(Figures in percentages denote the year-on-year change)

| | Net sales | | Operating income | | Recurring income | | Net income | |
|---------------|-------------|-----|------------------|-------|------------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Q3 of FY 2007 | 192,365 | 4.7 | 7,257 | -27.3 | 7,226 | -30.2 | 3,887 | -40.0 |
| Q3 of FY 2006 | 183,731 | 4.9 | 9,984 | -9.3 | 10,348 | -12.4 | 6,475 | 27.9 |
| FY2006 | 245,490 | — | 11,869 | — | 12,249 | — | 7,900 | — |

| | Net income per share | Diluted net income per share |
|---------------|-------------------------|---------------------------------|
| | Yen | Yen |
| Q3 of FY 2007 | 12.85 | 12.06 |
| Q3 of FY 2006 | 21.41 | 19.92 |
| FY2006 | 26.12 | 24.33 |

(2) Financial Position

| | Total assets | Net assets | Net worth/ Total assets | Net worth per share |
|-------------------------|--------------|-------------|----------------------------|---------------------|
| | Million yen | Million yen | % | Yen |
| As of December 31, 2007 | 303,539 | 159,812 | 50.1 | 503.23 |
| As of December 31, 2006 | 302,458 | 160,900 | 50.9 | 508.52 |
| As of March 31, 2007 | 307,439 | 163,509 | 50.7 | 515.85 |

(3) Consolidated Cash Flow Condition

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Balance of cash and cash equivalents |
|---------------|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen |
| Q3 of FY 2007 | 7,369 | -12,831 | -972 | 16,049 |
| Q3 of FY 2006 | 13,278 | -11,057 | -14,482 | 18,181 |
| FY2006 | 20,746 | -14,684 | -14,267 | 22,572 |

2. Forecast for the Fiscal Year Ending March 31, 2008

[Reference]

(From April 1, 2007 to March 31, 2008)

(Percentage figures denote the year-on-year increase or decrease.)

| | Net sales | | Operating income | | Recurring income | | Net income | | Net income per share |
|-----------|-------------|-----|------------------|-----|------------------|------|-------------|-------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full-year | 260,000 | 5.9 | 12,000 | 1.1 | 12,000 | -2.0 | 6,000 | -24.1 | 19.84 |

3. Others

- (1) Important changes of subsidiaries during the term
(change of specified subsidiaries that led to a change in the scope of consolidation): No
- (2) Adoption of simplified accounting policies: No
- (3) Changes in accounting policies: No

* Explanation about the proper use of financial forecasts and other important notes

The above forecasts are based on the information available on the date these materials are released and incorporate assumptions about uncertainties that may affect future earnings. Actual earnings could differ materially from these forecasts due to various factors in the future.

[Qualitative Data, Financial Statements and Other Information]

1. Qualitative Data on the Consolidated Financial Results

An expanding global economy led by emerging nations and a modestly recovering Japanese economy that was moving in step with the global trend confronted a period of rapid change in the third quarter of fiscal 2007. Developments during the third quarter, including turmoil in financial and capital markets associated with the subprime housing loan issue, and sharp increases in prices of crude oil and other materials, began to threaten the futures of the U.S. and Japanese economies.

The operating environment for the Toyo Ink Group remained extremely difficult, with domestic printing markets still weak, markets for liquid crystal materials tightening, and prices of major raw materials climbing because of rising naphtha prices and strengthening environmental regulations worldwide. In this environment, the Toyo Ink Group sought to improve its business performance by reducing costs from a global perspective and offering products and services that satisfy genuine demands of customers. Nonetheless, we posted a consolidated income decline in the quarter under review, as net sales, despite posting year-on-year growth, failed to offset the loss in the first half.

A look at each of our segments follows:

In the Printing Inks segment, domestic sales of offset inks remained sluggish. Moreover, prices of offset ink materials rose sharply. We endeavored to meet the price hike with raw material substitution and improvements in operational efficiency. However, our efforts fell short of plan, and the price hike placed heavy pressure on income. We began revising selling prices in the second half of fiscal 2007 in an attempt to improve income. Meanwhile, sales expansion continued in China and Southeast Asia. The recovery also progressed in Oceania, where performance had been weak in the first half.

Domestic sales of gravure inks increased only slightly, as applications for food packaging failed to expand as expected. However, gravure ink sales rose in China and Southeast Asia. Notwithstanding growth in these areas and our efforts to reduce costs and partially revise selling prices, income stalled on petroleum materials, prices of which stayed at unexpectedly high levels.

In the Graphic Arts Machinery and Supplies segment, sales of large printing presses rose, but computer-to-plate (CTP) printmaking machines and page inspection equipment failed to increase, as their adoption by users came full circle. We also began selling machinery to meet new demand among newspaper companies. However, income for this segment declined year on year, as we posted development costs ahead of sales.

In the Polymer Chemicals segment, sales of high-functional adhesives and coating materials for electronics and other customers increased in Japan and overseas. In addition, coating materials for cans achieved robust sales in Southeast Asia. Both net sales and income for this segment increased year on year, thanks to expansion in sales of high value-added products, and our efforts to partially revise selling prices and to reduce costs. The income situation, however, does not allow for optimism, as raw material prices are continuing to climb sharply.

In the Chemicals and Media Materials segment, sales of high-performance pigments increased, and commodity-type pigments continued to achieve growth in China. We pulled out of the commodity-type pigment market in Europe, where demand declined, because of internal production by customers and fierce price competition. We are working to switch sales to high value-added products in Europe. The segment recorded a

substantial income decline, attributable to increased transitional expenses that accompanied the operational switch. The plastic colorant business expanded steadily overseas. Plastic colorants achieved higher sales in North America, China and Thailand.

LCD color filter materials entered the course for recovery in the second half. However, they achieved low sales and low income in the quarter under review, reflecting the adverse effects of internal production by liquid crystal panel manufacturers and overseas market reorganization. Meanwhile, ink-jet materials posted higher sales overseas, and continued their impressive results.

2. Qualitative Data on the Consolidated Financial Position

The balance of total assets at the end of the third quarter of fiscal 2007 was ¥303,539 million, down ¥3,899 million from their balance at the beginning of the quarter. Notes and accounts receivable increased as a result of net sales growth, but the appraised value of investment securities declined, the result of sluggish stock markets. Cash and deposits also decreased.

The balance of liabilities at the end of the quarter under review was ¥143,727 million, down ¥202 million from their balance at the beginning of the quarter. Short-term loans payable decreased, and long-term loans payable rose, the result of the refunding of syndicated credit by the Company.

The balance of net assets at the end of the quarter under review was ¥159,812 million. The balance declined ¥3,697 million from the beginning of the quarter, on factors such as a decrease in net unrealized gains on available-for-sale securities.

3. Qualitative Data on the Consolidated Earnings Forecasts

We adjusted our consolidated full-year forecast published on May 21, 2007 in the “First 3 Months Consolidated Financial Statements for the FY2007,” which was published on July 30, 2007. We have made no adjustments to forecasts since that point.

4. Summary of Q3 Consolidated Financial Statements

(1) Summary of Q3 Consolidated Balance Sheets

(Unit: million yen)

| Items | As of March 31, 2007 | As of December 31, 2007 | Increase / Decrease | | As of December 31, 2006 |
|---|-------------------------|----------------------------|---------------------|-------|----------------------------|
| | Amount | Amount | Amount | +/- | Amount |
| (Assets) | | | | % | |
| I Current asset | | | | | |
| Cash and bank deposits | 22,934 | 16,131 | -6,803 | -29.7 | 17,506 |
| Notes and accounts receivable | 87,283 | 92,491 | 5,207 | 6.0 | 90,386 |
| Inventories | 36,385 | 37,442 | 1,057 | 2.9 | 35,386 |
| Others | 5,625 | 5,292 | -333 | -5.9 | 6,058 |
| Total current assets | (152,228) | (151,357) | (-871) | -0.6 | (149,338) |
| II Fixed assets | | | | | |
| Property, plant and equipment | 102,929 | 104,052 | 1,122 | 1.1 | 100,164 |
| Intangible fixed assets | 2,203 | 1,765 | -437 | -19.9 | 2,749 |
| Investments and other assets | 50,077 | 46,363 | -3,713 | -7.4 | 50,206 |
| Total fixed assets | (155,210) | (152,181) | (3,028) | -2.0 | (153,120) |
| Total assets | 307,439 | 303,539 | -3,899 | -1.3 | 302,458 |
| (Liabilities) | | | | | |
| I Current liabilities | | | | | |
| Notes and accounts payable | 50,626 | 52,052 | 1,425 | 2.8 | 51,306 |
| Short-term loans payable | 34,394 | 29,069 | -5,324 | -15.5 | 32,836 |
| Others | 22,383 | 19,279 | -3,103 | -13.9 | 19,972 |
| Total current liabilities | (107,404) | (100,401) | (-7,003) | -6.5 | (104,115) |
| II Long-term liabilities | | | | | |
| Convertible bonds | 14,343 | 14,303 | -40 | -0.3 | 14,343 |
| Long-term loans payable | 14,093 | 23,523 | 9,429 | 66.9 | 14,782 |
| Others | 8,088 | 5,499 | -2,588 | -32.0 | 8,316 |
| Total long-term liabilities | (36,525) | (43,326) | (6,800) | 18.6 | (37,442) |
| Total liabilities | 143,929 | 143,727 | -202 | -0.1 | 141,558 |
| (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 | 84,227 | 258 | 0.3 | 82,543 |
| Treasury stock, at cost | -229 | -248 | -18 | -8.2 | -222 |
| Total shareholders' equity | (148,354) | (148,634) | (279) | 0.2 | (146,936) |
| II Valuation and translation adjustments | | | | | |
| Net unrealized gains on available-for-sale securities | 6,417 | 2,082 | -4,335 | -67.6 | 6,981 |
| Foreign currency translation adjustments | 1,245 | 1,504 | 259 | 20.8 | -109 |
| Total valuation and translation adjustments | (7,662) | (3,586) | (-4,075) | -53.2 | (6,871) |
| III Minority interests | (7,492) | (7,591) | (98) | 1.3 | (7,092) |
| Total net assets | 163,509 | 159,812 | -3,697 | -2.3 | 160,900 |
| Total of liabilities and net assets | 307,439 | 303,539 | -3,899 | -1.3 | 302,458 |

(Note) Increases and decreases represent changes from the end of the previous consolidated fiscal year.

(2) Summary of Q3 Consolidated Statements of Income

(Unit: million yen)

| Items | Q3 of FY2006 | Q3 of FY2007 | Increase / Decrease | | FY2006 |
|--|---|---|---------------------|-------|---|
| | From April 1, 2006 to December 31, 2006 | From April 1, 2007 to December 31, 2007 | Amount | +/- | From April 1, 2006 to March 31, 2007 |
| | Amount | Amount | Amount | +/- | Amount |
| I. Net sales | 183,731 | 192,365 | 8,634 | 4.7 | 245,490 |
| II. Cost of sales | 141,334 | 152,105 | 10,771 | 7.6 | 191,028 |
| Gross profit | 42,397 | 40,260 | -2,137 | -5.0 | 54,461 |
| III. Selling, general and administrative expenses | (32,412) | (33,002) | (590) | 1.8 | (42,592) |
| Packing expenses and freight charge | 5,015 | 4,959 | -55 | | 6,675 |
| Salaries and allowance | 7,717 | 7,848 | 130 | | 10,071 |
| Bonuses | 1,986 | 1,968 | -17 | | 2,691 |
| Welfare expenses | 1,919 | 1,890 | -28 | | 2,422 |
| Depreciation expenses | 1,424 | 1,426 | 2 | | 1,895 |
| Research and development expenses | 2,047 | 2,067 | 20 | | 2,763 |
| Others | 12,302 | 12,841 | 538 | | 16,072 |
| Operating income | 9,984 | 7,257 | -2,727 | -27.3 | 11,869 |
| IV. Non-operating income | (1,791) | (1,553) | (-237) | -13.3 | (2,308) |
| Interest income | 157 | 159 | 1 | | 239 |
| Dividend income | 420 | 502 | 81 | | 455 |
| Income from lease and rent | 256 | 200 | -56 | | 322 |
| Gain on foreign currency exchange | 153 | 10 | -143 | | 259 |
| Equity in earnings of associated companies | 103 | - | -103 | | - |
| Others | 698 | 681 | -17 | | 1,032 |
| V. Non-operating expenses | (1,426) | (1,584) | (157) | 11.0 | (1,928) |
| Interest expenses | 808 | 875 | 67 | | 1,089 |
| Depreciation expenses of rental assets | 131 | 192 | 60 | | 196 |
| Compensation for damages | 100 | 193 | 92 | | 125 |
| Equity in losses of associated companies | - | 72 | 72 | | 0 |
| Others | 386 | 250 | -135 | | 515 |
| Recurring income | 10,348 | 7,226 | -3,122 | -30.2 | 12,249 |
| VI. Extraordinary income | (1,568) | (2,765) | (1,196) | 76.3 | (3,365) |
| Gain on sales of property, plant and equipment | 13 | 620 | 607 | | 93 |
| Gain on sales of investment securities | 93 | 2,144 | 2,051 | | 1,698 |
| Reversal of allowance for doubtful receivables | 354 | - | -354 | | 465 |
| Gain on termination of employees' retirement benefit trust | 1,108 | - | -1,108 | | 1,108 |
| VII. Extraordinary losses | (597) | (1,616) | (1,019) | 170.6 | (1,276) |
| Loss on disposals of property, plant and equipment | 515 | 464 | -50 | | 698 |
| Loss on discontinued operations | - | 1,124 | 1,124 | | 383 |
| Environmental spending | 71 | -- | -71 | | 175 |
| Others | 10 | 27 | 16 | | 18 |
| Income before income taxes and minority interests | 11,320 | 8,375 | -2,944 | -26.0 | 14,338 |
| Income taxes, current | 2,922 | 3,283 | 361 | | 4,780 |
| Income taxes, deferred | 1,398 | 677 | -720 | | 933 |
| Minority interests | 523 | 526 | 2 | | 724 |
| Net income | 6,475 | 3,887 | -2,587 | -40.0 | 7,900 |

(3) Summary of Q3 Consolidated Statements of Cash Flows

(Unit: million yen)

| Items | Q3 of FY2006 | Q3 of FY2007 | FY2006 |
|---|---|---|---|
| | From April 1, 2006 to December 31, 2006 | From April 1, 2007 to December 31, 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 | 11,320 | 8,375 | 14,338 |
| Depreciation and amortization | 8,553 | 9,573 | 11,741 |
| Increase/decrease in notes and accounts receivable (- denotes an increase) | -2,577 | -3,660 | 1,212 |
| Increase/decrease in inventories (- denotes an increase) | -2,274 | -223 | -2,730 |
| Increase/decrease in notes and accounts payable (- denotes a decrease) | 6,046 | 1,635 | 5,119 |
| Others | -2,665 | -3,926 | -2,994 |
| Subtotal | 18,403 | 11,773 | 26,687 |
| Income taxes paid | -5,230 | -4,298 | -5,671 |
| Others | 105 | -105 | -268 |
| Net cash provided by operating activities | 13,278 | 7,369 | 20,746 |
| II. Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | -9,766 | -12,781 | -14,808 |
| Proceeds from sales of property, plant and equipment | 131 | 1,875 | 255 |
| Purchases of investment securities | -1,587 | -8,907 | -5,062 |
| Proceeds from sales of investment securities | 384 | 6,891 | 5,033 |
| Others | -219 | 91 | -101 |
| Net cash used in investing activities | -11,057 | -12,831 | -14,684 |
| III. Cash flows from financing activities | | | |
| Increase/decrease in short-term loans payable, net (- denotes a decrease) | -993 | 6,785 | 17 |
| Increase/decrease in commercial paper, net (- denotes a decrease) | -10,000 | - | -10,000 |
| Proceeds from long-term loans payable | - | 10,000 | 2 |
| Repayments of long-term loans payable | -510 | -13,843 | -1,177 |
| Dividends paid | -2,602 | -3,472 | -2,723 |
| Others | -375 | -441 | -387 |
| Net cash used in financing activities | -14,482 | -972 | -14,267 |
| IV. Foreign currency translation adjustments on cash and cash equivalents | 77 | -88 | 411 |
| V. Net increase (decrease) in cash and cash equivalents | -12,185 | -6,523 | -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 | 18,181 | 16,049 | 22,572 |

(4) Summary of Segment Information

[Segment Information by Business Group]

Q3 of FY2006 (from April 1, 2006 to December 31, 2006)

(Unit: million yen)

| | 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 |

Q3 of FY2007 (from April 1, 2007 to December 31, 2007)

(Unit: million yen)

| | Printing inks | Graphic arts machinery and supplies | Polymer chemicals | Chemicals and media materials | Others | Subtotal | Eliminations or corporate | Total consolidated |
|--------------------|---------------|-------------------------------------|-------------------|-------------------------------|--------|----------|---------------------------|--------------------|
| Net sales | 81,297 | 24,386 | 37,909 | 46,762 | 6,082 | 196,438 | (4,072) | 192,365 |
| Operating expenses | 74,966 | 23,673 | 34,663 | 41,540 | 5,856 | 180,700 | 4,408 | 185,108 |
| Operating income | 6,330 | 713 | 3,246 | 5,222 | 225 | 15,738 | (8,480) | 7,257 |

FY2006 (from April 1, 2006 to March 31, 2007)

(Unit: million 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 |

(Notes) 1. Industry segments are divided mainly by business groups with consideration given to the similarity of markets.

2. Major products in respective segments:

(1) Printing inks:

Offset inks, gravure inks, and others

(2) Graphic arts machinery and supplies:

Printing presses, printing equipment, prepress systems, printing supplies, gravure cylinders, and others

(3) Polymer chemicals:

Inside and outside can coatings, metal printing inks, resins, adhesives, waxes, coating materials, and others

(4) Chemicals and media materials:

Organic pigments, processed pigments, master batch and plastic colorants, concentrated resin colors, color filter materials, electronics materials, ink-jet materials, and others

(5) Others:

Natural materials, service provision, and others

[Segment Information by Location]

Q3 of FY2006 (from April 1, 2006 to December 31, 2006)

(Unit: million yen)

| | 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 |

Q3 of FY2007 (from April 1, 2007 to December 31, 2007)

(Unit: million yen)

| | Japan | Asia – Oceania | Europe | North America | Subtotal | Eliminations or corporate | Total consolidated |
|------------------------------|---------|-------------------|--------|------------------|----------|------------------------------|-----------------------|
| Net sales | 147,998 | 47,333 | 5,352 | 7,426 | 208,111 | (15,745) | 192,365 |
| Operating expenses | 143,180 | 44,171 | 6,856 | 7,240 | 201,449 | (16,340) | 185,108 |
| Operating income or loss (-) | 4,817 | 3,161 | -1,503 | 186 | 6,661 | 595 | 7,257 |

[Reference] FY2006 (from April 1, 2006 to March 31, 2007)

(Unit: million 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 |

(Notes) 1. The division of countries and regions is based on geographical vicinity.

2. Major countries or regions belonging to segments other than Japan:

(1) Asia – Oceania:

People's Republic of China, Taiwan, Australia, Malaysia and Singapore

(2) Europe:

France and Belgium

(3) North America:

The United States