CONSOLIDATED FINANCIAL STATEMENTS
for the Year ended March 2008

May 16, 2008

Name of Listed Company: TOYO INK MFG, CO., LTD.
Listings: Tokyo Stock Exchange, First Section
Code: 4634 URL: http://www.toyoink.co.jp/
Representative: Kunio Sakuma, President, CEO
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Scheduled date of ordinary shareholders' meeting: June 27, 2008
Scheduled dividend payment start date: June 30, 2008
Scheduled date of submission of financial report: June 27, 2008

Note: Amounts of less than million yen are omitted.

1. Consolidated business results for the year ended March, 2008 (from April 1, 2007 to March 31, 2008)

(1) Business results (Figures in percentages denote the year-on-year change.)

Year ended	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March, 2008	257,446	4.9	10,512	-11.4	9,825	-19.8	6,719	-15.0
March, 2007	245,490	3.9	11,869	-9.8	12,249	-13.4	7,900	25.7

Year ended	Net income per share (Basic)	Net income per share (Diluted)	Return on equity	Recurring income/ Total assets	Operating income/ Net sales
	Yen	Yen	%	%	%
March, 2008	22.21	20.74	4.4	3.3	4.1
March, 2007	26.12	24.33	5.1	4.0	4.8

(Note) Equity in earnings of associated companies: -105 million yen (March, 2008), -0 million yen (March, 2007)

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net worth per share
	Million yen	Million yen	%	Yen
March, 2008	294,961	160,493	51.8	505.02
March, 2007	307,439	163,509	50.7	515.85

(Note) Net worth: 152,760 million yen (March, 2008), 156,017 million yen (March, 2007)

(3) Consolidated cash flow condition

Year ended	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
March, 2008	9,894	-18,818	-1,480	12,086
March, 2007	20,746	-14,684	-14,267	22,572

2. Dividend

	Dividends per share			Dividends total (Annual)	Dividend payout ratio (consolidated)	Dividends/Net assets
Date of standard	Interim	Year-end	Annual			
	Yen	Yen	Yen	Million yen	%	%
March, 2007	4.50	6.50	11.00	3,327	42.1	2.2
March, 2008	5.50	5.50	11.00	3,327	49.5	2.2
Mrach, 2009 (Forecast)	5.50	5.50	11.00	–	51.2	–

(Note) Breakdown of the year-end dividend for the fiscal year ending March 2007: Common dividend: 4.5 yen; commemorative dividend: 2.0 yen (100th anniversary)

3. Forecast for the year ending 31 March, 2009 (from April 1, 2008 to March 31, 2009)

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

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	131,600	5.5	5,400	28.6	5,400	24.6	2,300	34.1	7.60
Full-year	270,000	4.9	12,500	18.9	12,500	27.2	6,500	-3.3	21.49

4. Others

(1) Important changes of subsidiaries during the term : No

(2) Changes in accounting policies

1) Change dueto the modification in accounting methods: Yes

2) Any other changes: No

(Note) For details, refer to “Important Matters for the Consolidated Financial Statements” on page 20.

(3) Number of shares issued as of the end of the period (Common stock)

1) Number of shares issued (including treasury stock):

March, 2008 303,108,724 shares, March, 2007 303,034,513 shares

2) Number of treasury stock at the end of the period: March, 2008 624,410 shares, March, 2007 586,042 shares

(Note) For the number of shares that is the basis for computing (consolidated) net income per share, refer to “Per Share Information” on page 43.

Reference: Financial summary (Non-consolidated) Note: Amounts of less than million yen are omitted.

1. Non-consolidated business results for the year ended March, 2008 (from April 1, 2007 to March 31, 2008)

(1) Results of operations (Percentages show year-on-year rates.)

Year ended	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March, 2008	180,835	1.4	4,491	-27.8	6,874	-34.7	4,920	-19.1
March, 2007	178,301	0.1	6,219	-14.5	10,527	2.9	6,079	7.3

Year ended	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
March, 2008	16.27	15.27
March, 2007	20.10	18.80

(2) Financial conditions

Year ended	Total assets	Net assets	Net worth/Total assets	Net worth per share
	Million yen	Million yen	%	Yen
March, 2008	236,956	134,163	56.6	443.54
March, 2007	250,003	139,558	55.8	461.41

(Note) Net worth: 134,163 million yen (March, 2008), 139,558 million yen (March, 2007)

2. Forecast for the year ending 31 March, 2009 (from April 1, 2008 to March 31, 2009)

(Percentages show year-on-year rates.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	90,000	4.3	2,200	55.4	3,500	27.1	1,500	-40.4	4.96
Full-year	185,000	2.3	5,500	22.5	7,800	13.5	4,200	-14.6	13.88

* 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. For notes about assumptions of earnings forecasts and the use of earnings forecasts, refer to page 9 of the attachment.

1. Operating Results

(1) Analysis of operating results

(Million yen)

	Net sales	Operating income	Recurring income	Net income
March, 2008	257,446	10,512	9,825	6,719
March, 2007	245,490	11,869	12,249	7,900
Growth rate (%)	4.9	-11.4	-19.8	-15.0

In the first half of the fiscal year under review, the Japanese economy continued its long, moderate recovery, backed by improving corporate earnings that were in turn supported by sustained global economic growth. In the second half, however, the economy began to slow on soaring prices of raw materials, especially crude oil, and global turmoil in financial markets triggered by the U.S. subprime mortgage crisis. The operating environment that confronted Toyo Ink Group was very difficult because of the sluggish growth in the domestic printing market, soaring naphtha prices, and the tightening of global environmental regulations.

In this environment, the Group, as a global manufacturer, developed its operations with a focus on providing products and services that meet the true needs of customers in countries around the world, adopting the following three management policies for the fiscal year:

1. Cutting costs using the Group's own global approach and the perspective of supply chain management (SCM)
2. Developing a new type of manufacturing unique to a Japanese corporate group, with the Group supporting development, exploration, and expansion in every division
3. Each business unit generating growth model and achieving maximum sales and maximum profit

The Group also endeavored to cut costs in all areas by streamlining production through the consolidation of merchandise categories and a review of the distribution of production in Japan and overseas, by reviewing raw materials and stepping up global sourcing, and by reducing distribution costs through more efficient SCM. However, we were not able to offset soaring raw material prices through cost cutting alone, and so we revised the selling prices of major products.

To increase revenues in the future, we bolstered our supply and sales systems to facilitate an expansion in operations overseas. In addition to the development of high-performance pigments and an associated global supply system, we expanded plastic colorant operations in individual areas overseas and established new subsidiaries and joint ventures in North America and Europe. In the Printing Inks segment, we are preparing to commence production and sales in India, where we expect high growth. In domestic operations, to bolster the adhesive business, we made the joint venture Toyo-Petrolite (name changed to TOYO ADL in April 2008) a wholly owned subsidiary and began operations at a new plant.

The Group celebrated its 100th year in business in January 2007, and organized private shows in Tokyo and Osaka in July 2007. At the shows, we introduced new products in each business segment and demonstrated our overall strength. We also organized a number of seminars. All events attracted impressive audiences.

Not all factors were positive, with adverse developments including expenses associated with a shift in operations in Europe, sharp rises in raw material costs that were not offset by cost cutting and revised selling prices, and the poor performance of LCD color filter materials. As a result, while net sales rose to 257,446 million yen (up 4.9% year on year), operating income, recurring income, and net income fell to 10,512 million yen (down 11.4%), 9,825 million yen (down 19.8%), and 6,719 million yen (down 15.0%), respectively.

Results by Segment

(i) By business category

(Million yen)

	Net sales			Operating income		
	Previous term	Term under review	Change (%)	Previous term	Term under review	Change (%)
Printing inks	101,262	107,996	6.7	8,357	8,447	1.1
Graphic arts machinery and supplies	32,858	33,908	3.2	980	1,028	4.9
Polymer chemicals	46,760	51,090	9.3	3,868	3,998	3.3
Chemicals and media materials	61,617	61,891	0.4	9,134	8,075	-11.6
Others	9,250	7,960	-13.9	208	37	-82.0
Subtotal	251,749	262,847	4.4	22,549	21,587	-4.2
Eliminations or corporate	-6,259	-5,400	–	-10,680	-11,074	–
Total consolidated	245,490	257,446	4.9	11,869	10,512	-11.4

<u>a. Printing Inks segment</u>

We took steps to expand sales of offset inks by providing high-quality products that meet the needs of customers. In September, we launched WD LEO-X, a new ink for web rotary offset presses that improves printing performance and environmental response, and expanded the product lineup of the Kaleido Ink series of wide-color-gamut paper printing inks. Nonetheless, sales struggled in the face of weak domestic demand. Moreover, although we revised selling prices in the second half to reflect soaring raw material prices, the revised prices did not sufficiently offset the sharp spike in costs. Newspaper inks also experienced sluggish growth because of reductions in page numbers and intensifying price competition.

Overseas, sales continued to rise in China and Southeast Asia and recovered in Oceania from a weak performance in the previous fiscal year. In Europe, we built an extensive distribution network and this has enabled us to bolster revenue. We began to build a paper printing ink plant and established a sales company in a joint venture with a local firm in India.

While growth in domestic demand for gravure inks for packaging was sluggish, sales of functional coating materials for displays and inks for cardboard expanded. We revised selling prices in the second half. To comply with regulations for the emission of volatile organic compounds (VOCs), we introduced inks for EcoVALUE, a solvent recovery and reuse system, in July.

Sales expanded in China and Southeast Asia, but earnings continued to lag because of rises in raw material costs. Performance was poor in North America following a fall in demand for architectural ornament printing.

Overall, net sales in this segment rose to 107,996 million yen (up 6.7% year on year), while operating income stood at 8,447 million yen (increasing 1.1%).

b. Graphic Arts Machinery and Supplies segment

In graphic arts supplies, sales of printing materials for computer-to-plate (CTP) printmaking and dry printing increased, while the plate making business using cylinders for gravure printing experienced sluggish growth because of self-manufacturing by customers and intensifying price competition.

Turning to graphic arts machinery, we enjoyed replacement demand for equipment in the second half. Sales of large printing presses and digital printing presses were higher. Sales of solvent recovery equipment also increased as customers took new measures to preserve the environment. In contrast, CTP printmaking machines and page inspection equipment stalled, as adoption by users came full circle. We began selling machinery to meet new demand among newspaper publishers, and we posted development costs ahead of sales.

In the segment overall, net sales increased to 33,908 million yen (rising 3.2%) and operating income reached 1,028 million yen (up 4.9%).

c. Polymer Chemicals segment

Domestic demand for coating materials for cans (FINISHES) declined, and raw material prices remained at high levels. In response, we continued to appropriately reflect raw material prices in selling prices and cut costs. In Southeast Asia, demand within the region increased, and sales expanded.

Although we expanded sales of high value-added resin products, given the higher raw materials costs this failed to translate into higher earnings in Japan or overseas.

For adhesives, sales of laminating adhesives for food packaging and high-performance adhesives for displays were strong. We stepped up sales of the DYNAGRAND series of highly durable adhesives for industrial purposes. With no sign of an easing of raw material prices, we reflected the increases in selling prices and took steps to reduce costs. In the second half of the term, we set up the Toyo-Petrolite joint venture. The results of the subsidiary were consolidated.

In coating materials, we experienced weak demand for marking film materials, which are coating compositions that are pasted. In contrast, we boosted sales of high-performance products for new markets, including the electronics markets. A new company that sells automobile interior finishings in China made steady gains.

In the segment overall, net sales rose to 51,090 million (increasing 9.3%) while operating income reached 3,998 million (climbing 3.3%).

d. Chemicals and Media Materials segment

Sales of high-performance pigments continued to rise, while demand for commodity-type pigments stalled in Japan. Raw material prices soared in China, the main country of origin, because of environmental issues and revisions to the export tax system. In response, we revised selling prices, which did not offset rises in raw material prices. In overseas operations, commodity-type pigments continued to increase in China. On the other hand, we pulled out of the commodity-type pigment market in Europe, where demand declined because of internal production by customers, and price competition was intensifying. We switched sales to high value-added products in Europe, and earnings in the pigment business there declined substantially, because of the rise in transitional expenses that accompanied the operational switch.

Sales of plastic colorants for the automobile and electronics industries increased, but sales of plastic colorants for containers were weak in Japan. The plastic colorant business expanded steadily overseas and achieved higher sales in North America, China and Thailand.

LCD color filter materials began to recover in the second half on rising demand. Nonetheless, this recovery could not offset the weak performance in the first half, which reflected the adverse effects of internal production by liquid crystal panel manufacturers, market reorganization, and the failures of certain customers. Back coating materials for back-up tapes for computers also failed to increase. We did, however, post higher sales of ink-jet materials both in Japan and overseas, sustaining their impressive results.

In the segment overall, net sales rose slightly to 61,891 million yen (up 0.4%), while operating income slipped to 8,075 million yen (down 11.6%).

e. Others

With respect to functional materials from naturally-derived ingredients, a plant for extracting natural materials established at the end of the preceding fiscal year continued to operate steadily. In the meantime, we bolstered the product lineup of health supplements, including one using a bamboo grass extract. However, sales of other products fell. As a result, sales and operating income in the segment declined to 7,960 million yen (down 13.9%) and 37 million yen (falling 82.0%), respectively.

(ii) By geographical area

(Millions of yen)

	Net sales			Operating income or loss (-)		
	Previous term	Term under review	Change (%)	Previous term	Term under review	Change (%)
Japan	193,695	199,995	3.3	9,074	7,202	-20.6
Asia – Oceania	54,248	64,194	18.3	2,958	3,962	33.9
Europe	7,829	6,268	-19.9	-1,214	-1,660	–
North America	11,740	9,387	-20.0	537	269	-49.8
Subtotal	267,514	279,846	4.6	11,356	9,774	-13.9
Eliminations or corporate	-22,024	-22,399	–	512	738	–
Total consolidated	245,490	257,446	4.9	11,869	10,512	-11.4

a. Japan

Sales of gravure inks, adhesives, high-performance pigments and ink-jet materials grew. In the second half, we recorded higher revenues from graphic arts machinery.

Looking at earnings, the sluggish sales of LCD color filter materials in the first half and increases in raw-material prices and continued high raw-material prices for major products were not sufficiently offset with cost cutting achieved by relying on less expensive raw materials and consolidating merchandise categories, nor by the reasonable passing of raw-material prices along to selling prices. Spot expenses arose from the organization of the 100th anniversary private show and a presentation at the

International Graphic Arts Show (IGAS), which is held every four years. However, sales of new products presented at the shows increased.

As a result, net sales amounted to 199,995 million yen (up 3.3% year on year), but operating income fell to 7,202 million yen (down 20.6%).

b. Asia, Oceania

In China, demand is strong, and we expanded operations. Consequently, sales of major products, including printing inks, grew, and both sales and profit continued to increase. In Taiwan LCD color filter materials saw sluggish growth.

In Southeast Asia, printing inks and coating materials for cans continued to achieve robust sales, and the colorant business expanded, especially in Thailand and Malaysia. We developed production and sales systems for offset inks in India, and incurred up-front expenses.

Income increased sharply in Oceania. Sales of offset inks and other products expanded. We also posted temporary selling expenditures in association with new orders received in the preceding fiscal year.

Net sales rose to 64,194 million (up 18.3%), and operating income increased to 3,962 million (rising 33.9%).

c. Europe

We withdrew from the commodity-type pigments business, a mainstay operation that had been struggling, and shifted to high value-added products. We moved further into the red on personnel expenses and up-front outlays for new operations. We also posted extraordinary losses in association with expenses for the withdrawal, including retirement benefits and losses on the retirement of equipment.

We were, however, able to establish a low-cost structure with the change in operations and expanded sales in high-performance pigments and ink-jet materials. We built a distributor network covering 16 nations for offset inks and doubled sales. In France, we established a new plastic colorant manufacturing and sales company, which is slated to commence operations in June 2008.

Consequently, net sales fell to 6,268 million yen (declining 19.9%), and the operating loss jumped sharply to 1,660 million yen (from 1,214 million yen).

d. North America

Sales of colorant for automobiles were strong, and sales of environmentally friendly offset inks expanded. In contrast, our mainstay gravure inks for architectural ornament printing registered sluggish growth due to the deterioration of housing demand caused by the subprime mortgage crisis and other factors, and certain customers withdrew from display-related operations. As a result, net sales were 9,387 million yen (down 20.0%), and operating income was 269 million yen (falling 49.8%).

(2) Analysis of financial position

(i) Assets, liabilities, and net assets

(Million yen)

	End of previous fiscal year	End of fiscal year under review	Change
Total assets	307,439	294,961	-12,477
Liabilities	143,929	134,468	-9,460
Net assets	163,509	160,493	-3,016

Total assets at the end of the fiscal year under review were 294,961 million yen, a decline of 12,477 million yen from the beginning of the fiscal year. Liabilities at the end of the fiscal year were 134,468 million yen, down 9,460 million yen. Cash and bank deposits, along with accounts payable, declined from the previous fiscal year when they increased because the end of that fiscal year fell on a bank holiday and settlement was delayed into the next month. In addition, the appraisal value of investment securities fell due to the softening stock market situation.

As a result of conversions of syndicate loans payable of the Company, short-term loans payable fell, and long-term loans payable rose. Since convertible bonds became redeemable within one year, we transferred the convertible bonds from long-term liabilities to current liabilities.

Net assets fell 3,016 million yen from the beginning of the term, to 160,493 million at the end of the term. While retained earnings rose, net unrealized gains on available-for-sale securities declined.

(ii) Cash flows

(Million yen)

	Previous term	Term under review	Change
Cash flows from operating activities	20,746	9,894	-10,852
Cash flows from investing activities	-14,684	-18,818	-4,133
Cash flows from financing activities	-14,267	-1,480	12,786
Balance of cash and cash equivalents	22,572	12,086	-10,486

Cash and cash equivalents (hereinafter “funds”) at the end of the fiscal year under review fell 10,486 million yen from the beginning of the term, to 12,086 million yen.

Funds provided in operating activities were 9,894 million yen, a fall of 10,852 million yen from the previous fiscal year, reflecting primarily a decline in income before income taxes and minority interests and a decrease in notes and accounts payable with the end of the preceding fiscal year falling on a bank holiday.

Funds used in investing activities were 18,818 million yen, a rise of 4,133 million from the previous period. This result was attributable to an increase in purchases of property, plant and equipment, the decision to make Toyo-Petrolite a wholly owned subsidiary, and investments in joint ventures.

Funds used in financing activities declined 12,786 million yen, to 1,480 million yen, mainly as a result of the redemption of commercial paper due to repayments of bond sinking funds (cash equivalents). Interest-bearing debt at the end of the fiscal year was 67,149 million yen.

Trends in Group cash flows are as follows:

	Term ended March 2005	Term ended March 2006	Term ended March 2007	Term ended March 2008
Capital adequacy ratio (%)	46.1	49.6	50.7	51.8
Market value-based capital adequacy ratio(%)	43.0	60.3	43.3	35.4
Ratio of interest-bearing debt to cash flows (years)	4.0	3.4	3.1	6.8
Interest coverage ratio (times)	20.1	22.0	19.3	8.2

Capital adequacy ratio: Shareholders' equity / total assets

Market value-based capital adequacy ratio: Market capitalization / total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / cash flows

Interest coverage ratio: Cash flows / interest payments

(Notes) 1. Each indicator is calculated using consolidated financial data.

2. Market capitalization is computed based on the number of shares issued excluding treasury stock.

3. Cash flows denote cash flows from operating activities.

4. Interest-bearing debt denotes all debts and discounted notes receivable recorded in consolidated balance sheets that pay interest.

(3) Forecasts for the next fiscal year

(Million yen)

	Net sales	Operating income	Recurring income	Net income
Term ending March, 2009	270,000	12,500	12,500	6,500
Term ended March, 2008	257,446	10,512	9,825	6,719
Growth rate (%)	4.9	18.9	27.2	-3.3

There is growing concern that this economic downturn—during which corporate earnings are deteriorating—will be prolonged on continued uncertainty, including protracted turmoil in the financial markets, soaring crude oil prices, and violent currency exchange fluctuations. In the environment surrounding the Group, prices of main raw materials are expected to continue to rise as a result of soaring naphtha costs and the tightening of global environmental regulations.

In this difficult business environment, the Group intends to expand its operations by launching and developing operations in growth areas and providing goods and services that will meet the true needs of customers. As a manufacturer, we will continue to make every effort to cut costs, but we will appropriately pass on to selling prices rises in raw material prices that exceed the level that we are reasonably able to offset.

We will expand distribution channels for LCD color filter materials. In European business, which continues to operate at a loss, we believe we will achieve a turnaround by shifting to high value-added operations.

As a result, we expect to post net sales of 270.0 billion yen (up 4.9% year on year), operating income of 12.5 billion yen (rising 18.9%), recurring income of 12.5 billion yen (increasing 27.2%), and net income of 6.5 billion yen (down 3.3%).

(4) Basic policy on profit distribution and dividends for the term under review and next term

The Company’s basic policy on profit distribution is to continue to pay stable dividends to shareholders while enhancing retained earnings to bolster its operating base. The Company plans to appropriate retained earnings for capital expenditure in basic and growth businesses and for R&D that will contribute to future increases in earnings.

As announced at the beginning of the term, the Company plans to pay 5.5 yen per share as a year-end dividend (11 yen for the full year).

The Company plans to pay an annual dividend of 11 yen per share (an interim dividend of 5.5 yen and a year-end dividend of 5.5 yen).

(5) Risks in operations

(i) Risks relating to economic trends

The markets for mainstays of the Group, including printing inks, are susceptible to general consumption trends. Sales and profits of the Group, which is stepping up the development and sale of highly functional and high value-added products, are at risk of falling if consumption trends decline or selling prices drop.

The main raw materials for products manufactured by the Group are petrochemicals, the purchase prices of which can fluctuate violently because of trends in supply-demand balances and international crude oil markets. Unexpectedly steep rises in prices of petrochemicals or an unanticipated tight supply could cause declines in the profit of the Group.

(ii) Risks relating to general laws and regulations

General laws and regulations apply to the operations of the Group in Japan and foreign countries where the Group has operations. To comply with these laws and regulations, the Group has established a Risk Management Subcommittee, a Compliance Subcommittee, and an Environment and Safety Subcommittee under the Corporate Social Responsibility (CSR) Committee. In addition, the Internal Control Promotion Committee is building an internal control system to ensure the adequacy of financial reporting. However, there is no guarantee that there will be no lawsuits, disputes, or other legal proceedings with the potential to have significant effects on the operations of the Group in relation to environmental issues, product liability, patent infringement, and other issues in association with domestic and overseas operations. If legal proceedings should commence, they might have adverse effects on the operating results and financial position of the Group, depending on the amounts involved and other factors.

(iii) Risks relating to information leaks

The Group has growing transactions with customers competing with foreign corporate groups in the high-tech industry, forming, as a specialty chemical maker, supply chains involving materials for electronic parts with the customers. This business is characterized by a large volume of confidential information concerning the performance of operations, which is accompanied by information risks. In addition, a large volume of information necessary for corporate activities is stored as electronic information, and the use of this information is accompanied by information risks. The Group has established an Information Security Office to mitigate these risks. In the event of unexpected occurrences, however, there is a risk of a loss of credibility, violations of non-disclosure agreements, and a loss of competitiveness from leaks of the Group’s expertise.

(iv) Risks relating to general debt collection

The Group delivers its products to a large number of customers in a range of industries both in Japan and overseas, and faces the risk of being unable to collect notes and accounts receivable, and loans to customers in relation to transactions. The Group posts an estimated irrecoverable amount of existing receivables as an allowance and is bolstering credit control to reduce the volume irrecoverable debts. However, if an unexpectedly large volume of irrecoverable debts occur, it could have adverse effects on the operating results and financial position of the Group.

(v) Potential risks in overseas activities

The Group performs production and sales activities overseas and plans to make inroads into growth markets overseas. The expansion of operations overseas has the intrinsic risks described below, each of which has the potential to adversely affect the operating results and financial position of the Group:

- Unexpected laws and regulations, unfavorable changes in the taxation system
- Adverse effects of insufficient social infrastructure on the activities of the Group
- Political factors that have a negative influence on the Group
- Social turmoil caused by terrorism, war, or contagious diseases such as bird flu
- Unexpectedly rapid changes in the labor environment
- Unexpectedly rapid movements in exchange rates

(vi) Risks relating to disasters and effects on the environment

The Group’s principal business is to manufacture chemicals and it handles a number of dangerous and chemical materials that are included in raw materials and products. We have a strong commitment to preventing accidents, including fire, and to minimizing the effects on the circumstances surrounding our plants under the direction of the Environment and Safety Subcommittee of the CSR Committee, as part of our social responsibility management. In addition, the Environment Division takes every possible step to address risks assumed in relation to the use of chemical materials. Notwithstanding these efforts, in the event of unforeseeable circumstances or problems such as land contamination arising from activities before relevant laws were developed, we may lose production capacity or the confidence of the community. We have also taken steps to address risks relating to natural disasters including earthquakes. We are considering specific measures such as preparing an emergency action manual as part of our measures against a possible earthquake in the Tokai or Tokyo metropolitan areas. However, if damage is more extensive than expected or if the interruption is longer than expected, our supply capacity is at risk of being reduced.

2. Group Overview

Since there has been no significant change from the organization chart of businesses and the status of subsidiaries and affiliates in the latest financial report (submitted on June 28, 2007), disclosure is omitted.

3. Management Policy

(1) Basic management policy

All corporate activities of the Group are guided by a corporate philosophy of "People-oriented management," a corporate policy of "Aiming to be a company creating new values for human culture throughout the world," and guiding principles that call for customer satisfaction, employee satisfaction, and community satisfaction.

As a manufacturer in the 21st century, we will consistently propose and provide new value for ever-changing living from consumers' perspective, will consider harmony with the environment centered on the conservation of energy and materials, as well as a commitment to safety and security, and will fulfill the corporate social responsibility of a chemical corporation. Through these activities we will aspire to maximize the satisfaction of all stakeholders. To this end, we will establish a healthy and robust operating base and enhance corporate value with the development of environmentally friendly products, the proactive disclosure of information in IR and PR activities, appropriate internal controls and corporate governance, and management focused on efficiency and performance.

(2) Target management indicators

To move into a new era following our 100th anniversary in 2007, the Group has developed a new corporate vision, named SCC2017 (SCC = Specialty Chemical maker Challenge), for the period from FY2008 to FY2016 (fiscal year ending March 31, 2017).

Under this corporate vision, we will continue to reform our business and profit structures to increase not only sales and profit but also ROA and ROE, as a company creating high added value.

(3) Medium- to long-term management strategy

Under SCC2017, we aim to evolve into a specialty chemical maker that is able to make a global contribution, based on a firm corporate policy. We will achieve the goals in SCC2017 in three three-year medium-term management plans, named SCC-I, II, and III. The medium-term management plan SCC-I from FY2008 is the first step.

In SCC-I we will execute the following basic policies:

First, we will tenaciously pursue product development, market exploration, and marketing-led business expansion and create new revenue growth. Specifically, we will focus on expanding operations into growth areas and developing new products for rapidly changing markets. Globally, we will develop production bases in growth areas in China, Southeast Asia, India, and other emerging countries, achieving growth by organically using these facilities. To develop changing and niche markets, we will focus on electronics, displays, automobiles, and environment and energy-related materials.

Second, we will promote the vertical development of core materials and technologies, emphasizing our commitment to manufacturing. Specifically, we will manufacture the right categories of products using the right materials in the right quantities based on a commitment to conserving energy and materials, as well as to ensuring safety and security, and will thereby build a production system that will enable us to improve efficiency and at the same time to manufacture products that will meet diverse needs and reduce pressure on the environment. We will also promote cost cutting using a unique approach from the perspective of total SCM (supply chain management).

We will build a management system that emphasizes harmony with the environment, risk response, and global coexistence, and will manage our Company with an emphasis on corporate social responsibility (CSR). To address diversifying risks, we will bolster our risk management system in terms of both prevention and response and will execute a transformation to network-type management.

(4) Our challenges

Under the medium-term management plan, we recognize the following challenges to the successful execution of our profit plan for fiscal 2008:

- Building a cross-functional cooperation structure that encompasses every aspect from development to production and sales
- Refining targets and expand operations
- Developing and increasing sales of high-value-added products
- Cutting costs through the consolidation of merchandise categories and other actions
- Making concentrated investments and rebuilding operational bases to develop an optimal product supply system based on the market characteristics of each area.

To address these challenges and achieve our goals, we will take the following initiatives in each business:

In the offset inks business of the Printing Inks segment, we will reform our sales structure and develop the market with sophisticated and high value-added products in Japan. Meanwhile, we will begin production in India and develop a global system. By reviewing our SCM, we will streamline our operations and strive to meet a broad array of needs. In the gravure inks business, we will expand our production strategy. For example, we will launch new packaging products and commercialize environmentally friendly systems. Operations, we will launch operations in Texas at an early stage. We will also begin marketing activities in India.

In the Graphic Arts Machinery and Supplies segment, we will promote development in digital, on-demand printing.

In the Polymer Chemicals segment, we will expand sales of high-value-added products for the electronics, life science, and automobile-related markets, while promoting production innovation and cutting costs radically. Overseas, we will expand operations in Shanghai and start operations in Texas early.

In the Chemicals and Media Materials segment, we will put the high-performance pigments business on a steady growth track following the restructuring of pigment operations in Europe. In the plastic colorant business expanding overseas, we will continue to develop operational bases, considering the expansion of sales and global SCM. In the LCD Color Filter Materials segment, we will seek to expand operations in Taiwan, looking to future operations in the Chinese market. Finally, in the optoelectronics field, we will bring to market an array of differentiated products.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

		As of March 31, 2007			As of March 31, 2008			Increase/ Decrease
Account title	Note number	Amount (Million yen)		Composition (%)	Amount (Million yen)		Composition (%)	Million yen
(Assets)								
I. Current assets								
1.Cash and bank deposits	*2		22,934			12,785		
2.Notes and accounts receivable	*2, 5		87,283			88,369		
3.Marketable securities			616			467		
4.Inventories			36,385			39,218		
5.Deferred income tax assets			2,893			2,608		
6.Others			3,036			2,482		
Allowance for doubtful receivables			-921			-758		
Total current assets			152,228	49.5		145,172	49.2	-7,056
II. Fixed assets								
1.Property, plant and equipment								
(1) Building and structures	*2	77,515			81,228			
Accumulated depreciation		-43,227	34,288		-45,841	35,386		
(2) Machinery and vehicles		130,856			138,747			
Accumulated depreciation		-99,702	31,154		-106,615	32,132		
(3) Tools, furniture and fixtures		18,594			19,434			
Accumulated depreciation		-15,003	3,591		-16,122	3,311		
(4) Land	*2		27,968			27,424		
(5) Construction in progress			5,927			4,285		
Total Property, plant and equipment			102,929	33.5		102,540	34.8	-389
2. Intangible fixed assets			2,203	0.7		2,237	0.7	34
3. Investments and other assets								
(1) Investment in securities	*1		42,989			33,443		
(2) Deferred income tax assets			921			3,568		
(3) Others	*2		6,873			8,655		
Allowance for doubtful receivables			-707			-656		
Total investments and other assets			50,077	16.3		45,011	15.3	-5,066
Total fixed assets			155,210	50.5		149,788	50.8	-5,421
Total assets			307,439	100.0		294,961	100.0	-12,477

Account title	Note number	As of March 31, 2007 Amount (Million yen)	As of March 31, 2007 Composition (%)	As of March 31, 2008 Amount (Million yen)	As of March 31, 2008 Composition (%)	Increase/ Decrease Million yen
(Liabilities)						
I. Current liabilities						
1. Notes and accounts payable	*5	50,626		46,992		
2. Short-term loans payable	*2	34,394		19,917		
3. Convertible bonds due for redemption within one year		–		14,303		
4. Accrued income taxes		2,746		2,529		
5. Others		19,636		14,865		
Total current liabilities		107,404	35.0	98,607	33.4	-8,796
II. Long-term liabilities						
1. Convertible bonds		14,343		–		
2. Long-term loans payable		14,093		32,333		
3. Deferred income tax liabilities		6,229		1,698		
4. Liability for employees' retirement benefits		1,487		1,394		
5. Liability for directors' retirement benefits		203		219		
6. Others		168		215		
Total long-term liabilities		36,525	11.9	35,860	12.2	-664
Total liabilities		143,929	46.9	134,468	45.6	-9,460
(Net assets)						
I. Shareholders' equity						
1. Common stock		31,713	10.3	31,733	10.8	20
2. Capital surplus		32,902	10.7	32,922	11.2	20
3. Retained earnings		83,968	27.3	87,058	29.5	3,089
4. Treasury stock, at cost		-229	-0.1	-249	-0.1	-19
Total shareholders' equity		148,354	48.2	151,464	51.4	3,109
II. Valuation and translation adjustment						
1. Net unrealized gains on available-for-sale securities		6,417	2.1	-541	-0.2	-6,959
2. Foreign currency translation adjustments		1,245	0.4	1,838	0.6	593
Total valuation and translation adjustment		7,662	2.5	1,296	0.4	-6,366
III. Minority interests		7,492	2.4	7,732	2.6	239
Total net assets		163,509	53.1	160,493	54.4	-3,016
Total of liabilities and net assets		307,439	100.0	294,961	100.0	-12,477

(2) Consolidated Statements of Income

Account title	Note number	From April 1, 2006 to March 31, 2007 Amount (Million yen)		Composition (%)	From April 1, 2007 to March 31, 2008 Amount (Million yen)		Composition (%)	Increase/ Decrease Million yen
I. Net sales			245,490	100.0		257,446	100.0	11,956
II. Cost of sales	*1		191,028	77.8		203,209	78.9	12,180
Gross profit			54,461	22.2		54,237	21.1	-224
III. Selling, general and administrative expenses								
1. Packing expenses and freight charge		6,675			6,608			
2. Salaries and allowance		10,071			10,475			
3. Bonuses		2,691			2,651			
4. Welfare expenses		2,422			2,512			
5. Depreciation expenses		1,895			1,914			
6. Research and development expenses	*1	2,763			2,748			
7. Others		16,072	42,592	17.4	16,814	43,724	17.0	1,132
Operating income			11,869	4.8		10,512	4.1	-1,356
IV. Non-operating income								
1. Interest income		239			235			
2. Dividend income		455			507			
3. Income from lease and rent		322			245			
4. Gain on foreign currency exchange		259			–			
5. Others		1,032	2,308	1.0	1,318	2,307	0.9	-1
V. Non-operating expenses								
1. Interest expenses		1,089			1,194			
2. Depreciation expenses of rental assets		196			–			
3. Loss on foreign currency exchange		–			682			
4. Equity in losses of associated companies		0			105			
5. Others		641	1,928	0.8	1,012	2,994	1.2	1,066
Recurring Income			12,249	5.0		9,825	3.8	-2,424
VI. Extraordinary profit								
1. Gain on sales of property, plant and equipment	*2	–			619			
2. Gain on sales of investment securities		1,698			2,149			
3. Reversal of allowance for doubtful receivables		465			–			
4. Gain on termination of employees' retirement benefit		1,108			–			
5. Others		93	3,365	1.3	–	2,768	1.1	-596
VII. Extraordinary loss								
1. Loss on disposals of property, plant and equipment	*3	499			580			
2. Loss from dismantle of property, plant and equipment		199			–			
3. Loss on discontinued operations		383			2,000			
4. Environmental spending		175			–			
5. Others		18	1,276	0.5	238	2,819	1.1	1,543
Income before income taxes and minority interests			14,338	5.8		9,774	3.8	-4,564
Income taxes, current		4,780			4,314			
Income taxes, deferred		933	5,713	2.3	-1,948	2,365	0.9	-3,347
Minority interests			724	0.3		689	0.3	-34
Net income			7,900	3.2		6,719	2.6	-1,181

(3) Consolidated Statements of Changes in Net Assets

(From April 1, 2006 to March 31, 2007) (Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	31,711	32,899	78,926	-194	143,343
Changes of items during the period					
Increase by conversion of convertible bonds	1	1			2
Dividends from surplus *			-1,361		-1,361
Dividends from surplus			-1,361		-1,361
Bonuses to directors *			-149		-149
Net income			7,900		7,900
Purchases of treasury stock				-38	-38
Sales of treasury stock		1		4	5
Increase due to exclusion of consolidated companies			13		13
Effect of change in equity ratio in associated companies				-0	-0
Net changes except for shareholders' equity					
Total changes of items during the period	1	2	5,042	-34	5,011
Balance at the end of the period	31,713	32,902	83,968	-229	148,354

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on available-for sale securities	Foreign currency translation adjustments	Total valuation and translation adjustment		
Balance at the end of previous period	9,173	-991	8,181	6,791	158,315
Changes of items during the period					
Increase by conversion of convertible bonds					2
Dividends from surplus *					-1,361
Dividends from surplus					-1,361
Bonuses to directors *					-149
Net income					7,900
Purchases of treasury stock					-38
Sales of treasury stock					5
Increase due to exclusion of consolidated companies					13
Effect of change in equity ratio in associated companies					-0
Net changes except for shareholders' equity	-2,755	2,236	-518	701	182
Total changes of items during the period	-2,755	2,236	-518	701	5,193
Balance at the end of the period	6,417	1,245	7,662	7,492	163,509

* was one of the disposal of profit resolved at annual shareholders meeting on June, 2006.

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

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	31,713	32,902	83,968	-229	148,354
Changes of items during the period					
Increase by conversion of convertible bonds	20	19			39
Dividends from surplus			-3,629		-3,629
Net income			6,719		6,719
Purchases of treasury stock				-29	-29
Sales of treasury stock		0		9	9
Net changes except for shareholders' equity					
Total changes of items during the period	20	20	3,089	-19	3,109
Balance at the end of the period	31,733	32,922	87,058	-249	151,464

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on available-for sale securities	Foreign currency translation adjustments	Total valuation and translation adjustment		
Balance at the end of previous period	6,417	1,245	7,662	7,492	163,509
Changes of items during the period					
Increase by conversion of convertible bonds					39
Dividends from surplus					-3,629
Net income					6,719
Purchases of treasury stock					-29
Sales of treasury stock					9
Net changes except for shareholders' equity	-6,959	593	-6,366	239	-6,126
Total changes of items during the period	-6,959	593	-6,366	239	-3,016
Balance at the end of the period	-541	1,838	1,296	7,732	160,493

(4) Consolidated Statements of Cash Flows

Account title	Note number	From April 1, 2006 to March 31, 2007 Amount (Million yen)	From April 1, 2007 to March 31, 2008 Amount (Million yen)	Increase/Decrease Million yen
I. Cash flows from operating activities				
Income before income taxes and minority interests		14,338	9,774	
Depreciation and amortization		11,741	13,105	
Interest and dividend income		-694	-743	
Interest expenses		1,089	1,194	
Gain on sale of property, plant and equipment		–	-402	
Loss on disposals of property, plant and equipment		438	221	
Gain on sales of investment securities, net		-1,687	-2,149	
Equity/loss in earnings of associated companies (- is equity)		0	105	
Increase/decrease in notes and accounts receivable (- is increases)		1,212	379	
Increase/decrease in inventories (- is increases)		-2,730	-1,956	
Increase/decrease in notes and accounts payable (- is decreases)		5,119	-3,377	
Others		-2,141	-1,000	
Subtotal		26,687	15,150	-11,536
Interest and dividend received		803	500	
Interest paid		-1,072	-1,200	
Income taxes paid		-5,671	-4,555	
Net cash provided by operating activities		20,746	9,894	-10,852
II. Cash flows from investing activities				
Increase in time deposits		-244	-924	
Decrease in time deposits		169	665	
Purchases of property, plant and equipment		-14,808	-17,994	
Proceeds from sales of property, plant and equipment		255	1,897	
Purchases of investment securities		-5,062	-8,117	
Proceeds from sales of investment securities		5,033	7,193	
Proceeds from newly consolidated subsidiaries	*3	–	-940	
Others		-26	-598	
Net cash used in investing activities		-14,684	-18,818	-4,133
III. Cash flows from financing activities				
Increase/decrease in short-term loans payable, net (- is decrease)		17	-1,865	
Increase/decrease in commercial paper, net (- is decrease)		-10,000	–	
Proceeds from long-term loans payable		2	19,000	
Repayments of long-term loans payable		-1,177	-14,458	
Dividends paid		-2,723	-3,628	
Dividends paid to minority interests		-356	-509	
Others		-30	-18	
Net cash used in/provided by financing activities		-14,267	-1,480	12,786
IV. Foreign currency translation adjustments on cash and cash equivalents		411	-81	-493
V. Net increase (decrease) in cash and cash equivalents (- is decrease)		-7,793	-10,486	-2,692
VI. Cash and cash equivalents, beginning of period		30,366	22,572	-7,793
VII. Cash and cash equivalents, end of period	*1	22,572	12,086	-10,486

Important Matters for the Consolidated Financial Statements

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
1. Scope of consolidation The Company had 66 consolidated subsidiaries; all of the subsidiaries were consolidated. Names of major consolidated subsidiaries: Matsui Kagaku Co., Ltd.; Toyo Ink Chushikoku Co., Ltd.; ToyoB-Net Co., Ltd.; Toyo-Morton, Ltd.; Tianjin Toyo Ink Co., Ltd.; FRANCOLOR PIGMENTS S.A.; Sam Young Ink & Paint Mfg. Co., Ltd.; Toyo Ink (Thailand) Co., Ltd.; LioChem Inc. During the consolidated fiscal year under review, the Company consolidated five subsidiaries and deconsolidated two subsidiaries. - Toyonex Co., Ltd., Toyo Ink India Pvt. Ltd., Toyo Adhesion Material (Tianjin) Pvt., Ltd., TOYO INK EUROPE (PARIS) S.A.S., and Toyo Ink Korea Co., Ltd. were founded and consolidated by the Company during the consolidated fiscal year under review. - Zhuhai Toyo Paint Pvt., Ltd., which was a consolidated subsidiary in the previous consolidated fiscal year, was deconsolidated because the subsidiary was merged with Zhuhai Toyo Ink Pvt., Ltd. during the consolidated fiscal year under review. - Intex Israel Technologies Corp. Ltd., a consolidated subsidiary in the preceding consolidated fiscal year, was deconsolidated because the subsidiary was liquidated during the consolidated fiscal year under review. During the consolidated fiscal year under review, the Company renamed the following consolidated subsidiaries. - Toyo Ink Europe Holding S.A.S. (Formerly Toyo Europe Network S.A.S.)	1. Scope of consolidation The Company had 68 consolidated subsidiaries; all of the subsidiaries were consolidated. Names of major consolidated subsidiaries: Matsui Kagaku Co., Ltd.; ToyoB-Net Co., Ltd.; Toyo-Morton, Ltd.; Toyo Ink Chushikoku Co., Ltd.; Tianjin Toyo Ink Co., Ltd.; Toyo Ink (Thailand) Co., Ltd.; FRANCOLOR PIGMENTS S.A.; Sam Young Ink & Paint Mfg. Co., Ltd.; LioChem Inc. During the consolidated fiscal year under review, the Company consolidated three subsidiaries and deconsolidated one subsidiary. - Technova Toyo Ink Co., Ltd. and Toyo Ink Europe Colorant Co., Ltd. were founded and consolidated by the Company during the consolidated fiscal year under review. - Toyo-Petrolite Co., Ltd. (renamed Toyo ADL Corporation since April 2008), an equity method affiliate in the preceding consolidated fiscal year, was consolidated since the consolidated fiscal year under review because the Company acquired all voting rights of the subsidiary. - Toyo Ink Manufacturing Co., Ltd., which was a consolidated subsidiary in the previous consolidated fiscal year, was deconsolidated because the subsidiary was merged with TOYO INK (PHILIPPINES) CO. INC. during the consolidated fiscal year under review.
2. Application of the equity method The equity method is applied to investments in eight affiliates. Names of major subsidiaries Toyo-Petrolite Co., Ltd.	2. Application of the equity method The equity method is applied to investments in nine affiliates. Names of major subsidiaries NIPPON POLYMER IND. CO., LTD., Sumika Polymer Compounds Europe Ltd. During the consolidated fiscal year under review, the Company made two companies equity method affiliates and excluded one company from its equity method affiliates. - Sumika Polymer Compounds America Inc. was founded during the consolidated fiscal year under review and included in equity method affiliates. - Sumika Polymer Compounds Europe Limited was included in equity method affiliates during the consolidated fiscal year under review after the Company acquired shares. - Toyo-Petrolite Co., Ltd., which was an equity method affiliate in the previous consolidated fiscal year, was consolidated during the consolidated fiscal year under review after the Company acquired all voting rights.

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
3. Fiscal year end of consolidated subsidiaries All overseas consolidated subsidiaries settle their accounts on December 31, which is within three months of the consolidated settlement day. The Company therefore carried out no provisional settlement of accounts. In connection with this, significant transactions accrued until the consolidated settlement day were adjusted for consolidation.	3. Fiscal year end of consolidated subsidiaries Same as at left
4. Accounting standards (1) Important appraisal standards and appraisal method for assets 1) Securities a. Bonds held to maturity Stated at amortized cost. (Straight-line method) b. Available-for-sale securities For those with market value Stated at market value based on market prices, etc., as of the period-end (Unrealized valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.) For those without market value Stated at cost as determined by the moving average method. 2) Derivatives Market value method 3) Inventories a. Products and work-in-process In principal, the cost method based on the gross average method b. Raw material In principal, the cost method based on the gross average method is applied to the Company and its domestic consolidated subsidiaries. The lower cost of the first-in first-out method or the moving-average method is applied to overseas consolidated subsidiaries. c. Goods and supplies In principal, the last cost method was applied to the Company and its domestic consolidated subsidiaries. In principal, the lower cost of the first-in first-out method or the moving-average method was applied to overseas consolidated subsidiaries.	4. Accounting standards (1) Important appraisal standards and appraisal method for assets 1) Securities a. ―――――― b. Available-for-sale securities For those with market value Same as at left For those without market value Same as at left 2) Derivatives Same as at left 3) Inventories a. Products and work-in-process Same as at left b. Raw material Same as at left c. Goods and supplies Same as at left

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(2) Depreciation method of important depreciable fixed assets Tangible fixed assets In particular, the constant percentage method was applied to the Company and its domestic consolidated subsidiaries, except for buildings (not including associated facilities) acquired on or after April 1, 1998, for which the straight-line method was applied. In principal, the straight-line method was applied to overseas consolidated subsidiaries. Major useful lives: Building and structures Eight to 50 years Machinery and vehicles Four to 15 years Tools, furniture and fixtures Three to eight years	(2) Depreciation method of important depreciable fixed assets Tangible fixed assets In particular, the constant percentage method was applied to the Company and its domestic consolidated subsidiaries, except for buildings (not including associated facilities) acquired on or after April 1, 1998, for which the straight-line method was applied. In principal, the straight-line method was applied to overseas consolidated subsidiaries. Major useful lives: Building and structures Eight to 50 years Machinery and vehicles Four to 15 years Tools, furniture and fixtures Three to 15 years (Change in accounting policies) Since the consolidated fiscal year under review, the Company and its domestic consolidated subsidiaries have adopted the method for depreciating the property, plant and equipment acquired on and after April 1, 2007 based on the Corporation Tax Law as amended in fiscal 2007. As a result, operating income decreased by ¥290 million, while recurring income and income before income taxes and minority interests decreased respectively by ¥303 million. The impacts on segment information are described in the corresponding parts of the segment. (Additional information) After the Corporate Tax Law was revised in fiscal 2007, the Company and its domestic consolidated subsidiaries have equally depreciated over five years the difference between the value that is equivalent to 5% of the value of the property, plant and equipment acquired on and before March 31, 2007 and their memorandum value, and posted the difference in depreciation expenses after the consolidated fiscal year following when the value of the property, plant and equipment depreciated based on the Corporate Tax Law before the revision reaches 5% of the acquisition value. As results, operating income decreased by ¥567 million, while recurring income and income before income taxes and minority interests respectively decreased by ¥595 million. The impacts on segment information are described in the corresponding parts of the segment.

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(3) Accounting for deferred assets The cost of the stock issue was posted in expenses in full. (4) Important standards for appropriation of allowances 1) Allowance for doubtful receivables We record an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables. 2) Liability for retirement benefits to employees We record an amount recognized to have accrued at the end of fiscal year based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. Past service costs are posted in expenses based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees when costs accrue from their service. Unrecognized actuarial differences are posted in expenses after the consolidated fiscal year following their accruals based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees. 3) Liability for retirement benefits to directors and corporate auditors Three of the domestic consolidated subsidiaries posted an allowance for retirement benefits to be paid to officers at the end of the consolidated fiscal year pursuant to the internal rules. The ordinary general meeting of shareholders of the Company held on June 29, 2008 approved a retirement benefit payment termination proposal following the abolition of the system of retirement benefits for officers. Based on the resolution approved, the Company paid retirement benefits to officers at termination by reversing the entire allowance for retirement benefits for officers. (5) Standards for translating significant foreign currency-denominated assets or liabilities into Japanese yen Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the consolidated settlement day. The effect of exchange rate changes is posted as a translation gain or loss. In connection with this, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rates on their settlement day. Revenues and expenses are translated into Japanese yen at the average rate during the year. The effect of exchange rate changes is posted in foreign currency translation adjustments and minority interests in the section of net assets.	(3) Accounting for deferred assets Same as at left (4) Important standards for appropriation of allowances 1) Allowance for doubtful receivables Same as at left 2) Liability for retirement benefits to employees We record an amount recognized to have accrued at the end of fiscal year based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. Past service costs are posted in expenses based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees when costs accrue from their service. Unrecognized actuarial differences are posted in expenses after the consolidated fiscal year following their accruals based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees. (Additional information) The Company has adopted a corporate pension fund scheme as a defined benefit pension plan. In addition, the Company has decided to introduce a defined contribution pension plan from April 2008. Accordingly, when the “Accounting for Transfers Between Retirement Benefit Plans” (Financial Accounting Standards Implementation Guidance No. 1) is applied, retirement benefit liabilities in the consolidated fiscal year under review decreased by ¥1,655 million while the equal amount of past service costs increased. 3) Liability for retirement benefits to directors and corporate auditors Three of the domestic consolidated subsidiaries posted an allowance for retirement benefits to be paid to officers at the end of the consolidated fiscal year pursuant to the internal rules. (5) Standards for translating significant foreign currency-denominated assets or liabilities into Japanese yen Same as at left

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(6) Accounting treatment for important lease transactions Finance leases other than those which are deemed to transfer ownership of leased assets to lessees are accounted for as ordinary operating leases.	(6) Accounting treatment for important lease transactions Same as at left
(7) Significant hedge accounting 1) Hedge accounting Among interest swap transactions, those that satisfy special transaction requirements are processed.	(7) Significant hedge accounting 1) Hedge accounting Same as at left
2) Hedging method and hedging target Hedging method: Interest swap transactions Hedging target: Long-term borrowings	2) Hedging method and hedging target Same as at left
3) Hedging policy The Company engages in interest swap transactions to prevent the risk of payable interest rate fluctuations and to fix payable interest cash flow.	3) Hedging policy Same as at left
4) Assessing hedging effectiveness Assessing hedging effectiveness is omitted because interest swap transactions have satisfied requirements for special transactions.	4) Assessing hedging effectiveness Same as at left
(8) Other important matters for production of the consolidated financial statements Accounting treatment of consumption tax, etc. Amounts shown are exclusive of consumption tax and local consumption tax.	(8) Other important matters for production of the consolidated financial statements Accounting treatment of consumption tax, etc. Same as at left
5. Valuation of assets and liabilities of consolidated subsidiaries All assets and liabilities of consolidated subsidiaries are valuated with the mark-to-market method.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as at left
6. Amortization of goodwill and negative goodwill Goodwill and negative goodwill are equally amortized individually over a reasonable period of up to 20 years. Those for which a reasonable period cannot be estimated are amortized equally over a period of five years.	6. Amortization of goodwill and negative goodwill Same as at left
7. Cash and cash equivalents In preparing the consolidated cash flow statements, cash on hand, readily available deposits, and short-term liquid investments with maturities not exceeding three months at the time of purchase and little risk of changing values are considered to be cash and cash equivalents.	7. Cash and cash equivalents Same as at left

Change to Basis of Presenting Consolidated Financial Statements

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(Accounting standard for presentation of net assets in the balance sheet) Effective from the current fiscal year, the Company has adopted "Accounting standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5: Accounting Standards Board of Japan, December 9, 2005) and "Guidance for Accounting Standard for Presentation for Net Assets in the Balance Sheet" (ASBJ Guidance No.8: Accounting Standards Board of Japan, December 9, 2005). Amount corresponding to conventional total shareholders equity in the balance sheet is 156,017 million yen. The net assets section in the Consolidated Balance Sheets for the consolidated fiscal year under review has been prepared in accordance with the revised Regulations for Terminologies, Forms and Methods of Preparation of Consolidated Financial Statements.	――――――
(Accounting for bonuses to officers) Since the consolidated fiscal year under review, the Company has adopted the "Accounting Standard for Directors' Bonuses" (ASBJ Statement No. 4, November 29, 2005). Accordingly, operating income, recurring income, and income before income taxes and minority interests decreased by ¥24 million respectively.	――――――

Changes to Basis of Presenting Consolidated Financial Statements

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(Consolidated Income Statement) Since the account title "compensation for damages" (¥125 million for the consolidated fiscal year under review), which had been posted separately in the preceding consolidated fiscal year, amounted to less than 10/100 of the aggregate non-operating expenses, the amount was posted in "others" in non-operating expenses. Since "depreciation expenses of rental assets," which had been included in "others" in non-operating expenses in the preceding consolidated fiscal year, exceeded 10/100 of the aggregate non-operating expenses, the account title was posted separately in the consolidated fiscal year under review. In connection with this, "depreciation expenses on rental assets" that had been posted in "others" in non-operating expenses in the preceding consolidated fiscal year was ¥183 million. Since the account title "gain on sales of property, plant and equipment" (¥93 million for the consolidated fiscal year under review), which had been posted separately in the preceding consolidated fiscal year, stood at less than 10/100 of aggregate extraordinary income, the amount was posted in "others" in extraordinary income in the consolidated fiscal year under review.	(Consolidated Income Statement) Since "depreciation expenses of rental assets" (¥257 million for the consolidated fiscal year under review), which had been posted separately in the preceding consolidated fiscal year, stood at less than 10/100 of the aggregate non-operating expenses, the amount was posted in "others" in non-operating expenses in the consolidated fiscal year under review. Since "gain on sales of property, plant and equipment," which had been posted in "others" in extraordinary income in the preceding consolidated fiscal year, exceeded 10/100 of the aggregate extraordinary income, the account title was posted separately in the consolidated fiscal year under review. In connection with this, the amount of "gain on sales of property, plant and equipment" posted in "others" in extraordinary income in the preceding consolidated fiscal year was ¥93 million. Since "loss from dismantle of property, plant and equipment" (¥134 million for the consolidated fiscal year under review), which had been separately posted in the preceding consolidated fiscal year, stood at less than 10/100 of the aggregate extraordinary losses, the amount was posted in "loss on disposals of property, plant and equipment" in extraordinary losses in the consolidated fiscal year under review.
(Consolidated Cash Flow Statement) Since "gain on sale of property, plant and equipment" (¥30 million for the consolidated fiscal year under review), which had been posted separately in the preceding consolidated fiscal year, became insignificant, the amount was posted in "others" in cash flow from operating activities in the consolidated fiscal year under review.	(Consolidated Cash Flow Statement) "Gain on sale of property, plant and equipment," which had been posted in "others" in cash flow from operating activities in the preceding consolidated fiscal year, became significant, the account title was separately posted in the consolidated fiscal year under review. In connection with this, "gain on sale of property, plant and equipment" for the preceding consolidated fiscal year stood at ¥30 million.

Explanatory Notes

(Notes to Consolidated Balance Sheet)

(Million yen)

As of March 31, 2007		As of March 31, 2008	
*1. Shares of affiliates		*1. Shares of affiliates	
Investment securities (stocks)	3,380	Investment securities (stocks)	3,366
*2. Assets pledged as collateral and secured debt		*2. Assets pledged as collateral and secured debt	
Assets pledged as collateral		Assets pledged as collateral	
Building and structures	102	Building and structures	109
Land	538	Land	255
Others	107	Others	84
Total	748	Total	449
Secured debt		Secured debt	
Short-term loans payable	714	Short-term loans payable	36
3. Liabilities on guarantee		3. Liabilities on guarantee	
Liabilities on guarantee	1,986	Liabilities on guarantee	2,262
4. Discounts on notes and accounts receivable	607	4. Discounts on notes and accounts receivable	395
Endorsement of notes and accounts receivable	121	Endorsement of notes and accounts receivable	1,318
*5. Accounting for notes and accounts due on the last day of the consolidated fiscal year		————	
Notes and accounts due on the last day of the consolidated fiscal year under review were posted as if they were settled on the day, even though the day fell on a holiday for financial institutions. The amounts of notes and accounts due on the last day of the consolidated fiscal year under review stood as follows:			
Notes receivable	2,964		
Notes payable	285		

(Notes to Consolidated Statement of Income) (Million yen)

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
*1. Research and development expenses included in selling, general and administrative expenses and manufacturing cost for the year were ¥7,147 million.	*1. Research and development expenses included in selling, general and administrative expenses and manufacturing cost for the year were ¥7,553 million.
――――――	*2. Significant components of loss on sales of fixed assets Land 588 Others 30 Total 619
*3. Details of loss on sale of property, plant and equipment are as follows: Building and structures 119 Machinery and vehicles 339 Others 40 Total 499	*3. Details of loss on sale of property, plant and equipment are as follows: Building and structures 261 Machinery and vehicles 255 Others 63 Total 580

(Notes to Consolidated Statement of Changes in Net Assets)
From April 1, 2006 to March 31, 2007
1. Matters concerning the type and the number of shares issued and treasury stock (Thousand shares)

	At the end of previous period	*Increase*	*Decrease*	At the end of this period
Shares issued				
Common stock (Note 1)	303,028	5	–	303,034
Total	303,028	5	–	303,034
Treasury stock				
Common stock (Note 2, 3)	518	78	10	586
Total	518	78	10	586

(Notes) 1. An increase of 5,000 shares in the total number of shares of common stock issued was attributed to the issuing of new shares as a result of conversion of convertible bonds.
2. An increase of 78,000 own shares of common stock was attributed to an increase of 77,000 shares as a result of purchasing shares of less than one unit and an increase of 1,000 own shares, the portion belonging to the Company (shares of the Company), as a result of fluctuations in the equity ratios of the equity method affiliates, which were held by those affiliates.
3. A decrease of 10,000 own shares of common stock was attributed to the request for sale of shares of less than one unit.

2. Matters concerning dividend
(1) Dividend payments

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 29, 2006	Common stock	1,361	4.50	March 31, 2006	June 29, 2006
Board of directors' meeting on November 16, 2006	Common stock	1,361	4.50	September 30, 2006	December 5, 2006

(Note) Of dividends on own shares held by equity method affiliates, the portion equivalent to their equity was deducted. The amount of dividends before deduction, which was resolved at the ordinary general meeting of shareholders held on June 29, 2006, was ¥1,361 million, while the amount of dividends resolved by the Board of Directors' meeting held on November 16, 2006 was ¥1,361 million.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of stock	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 28, 2007	Common stock	1,965	Retained earnings	6.50	March 31, 2007	June 29, 2007

(Notes) 1. Dividends per share includes a two-yen commemorative dividend for the 100th anniversary of the Company.
2. Of dividends on own shares held by equity method affiliates, the portion of dividends equivalent to their equity was deducted. The amount of dividends before deduction was ¥1,966 million.

From April 1, 2007 to March 31, 2008

1. Matters concerning the type and the number of shares issued and treasury stock (Thousand shares)

	At the end of previous period	*Increase*	*Decrease*	At the end of this period
Shares issued				
Common stock (Note 1)	303,034	74	–	303,108
Total	303,034	74	–	303,108
Treasury stock				
Common stock (Note 2, 3)	586	69	30	624
Total	586	69	30	624

(Notes)
1. An increase of 74,000 shares in the total number of shares of common stock issued was attributed to the issuing of new shares as a result of conversion of convertible bonds.
2. An increase of 69,000 own shares of common stock was attributed to the purchasing shares of less than one unit.
3. A decrease of 30,000 own shares of common stock was attributable to a decrease of 15,000 shares as a result of request for sale of shares of less than unit and a decrease of 14,000 own shares, the portion belonging to the Company (shares of the Company), which were sold by equity method affiliates.

2. Matters concerning dividend

(1) Dividend payments

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 28, 2007	Common stock	1,965	6.50	March 31, 2007	June 29, 2007
Board of directors' meeting on November 15, 2007	Common stock	1,663	5.50	September 30, 2007	December 5, 2007

(Notes)
1. Of dividends on own shares held by equity method affiliates, the portion equivalent to their equity was deducted. The amount of dividends before deduction, which was resolved at the ordinary general meeting of shareholders held on June 28, 2007, was ¥1,966 million, while the amount of dividends resolved by the Board of Directors' meeting held on November 15, 2007 was ¥1,663 million.
2. Dividends per share, resolved at the ordinary general meeting of shareholders held on June 28, 2007, included a two-yen commemorative dividend for the 100th anniversary of the Company.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of stock	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on June 27, 2008	Common stock	1,663	Retained earnings	5.50	March 31, 2008	June 30, 2008

(Consolidated Cash Flow Statement) (Million yen)

<table>
<tr><th>From April 1, 2006
to March 31, 2007</th><th>From April 1, 2007
to March 31, 2008</th></tr>
<tr><td>*1. Reconciliation of the consolidated balance sheet items to cash and cash equivalents in the consolidated cash flows statements
Cash and time deposits 22,934
Securities 616
Tota 23,551
Time deposits with maturity of more than 3 months -975
Investments due within one year -3
Cash and cash equivalents 22,572

2. Significant non-fund transactions
An increase in investment securities, following the cancellation of the retirement allowance trust in the consolidated fiscal year under review, stood at ¥5,174 million.
——————</td>
<td>*1. Reconciliation of the consolidated balance sheet items to cash and cash equivalents in the consolidated cash flows statements
Cash and time deposits 12,785
Securities 467
Tota 13,252
Time deposits with maturity of more than 3 months -1,153
Investments due within one year -12
Cash and cash equivalents 12,086

——————

*3. Details of major assets and liabilities of a subsidiary consolidated as a result of acquiring the stock
Consolidated assets and liabilities after acquiring the stock of Toyo-Petrolite Co., Ltd., the expenditure for the acquisition of the subsidiary, and their relations are detailed as follows (net):
(As of September 30, 2007)
Current assets 2,410
Fixed assets 1,996
Current liabilities -2,119
Long-term liabilities -66
Negative goodwill -10
Cost for acquiring Toyo-Petrolite Co., Ltd. 2,211

Cost for acquiring Toyo-Petrolite Co., Ltd. until the end of the interim consolidated fiscal year under review -1,111
Difference: Cost for acquiring Toyo-Petrolite Co., Ltd. for the consolidated fiscal year under review 1,100

Cash and cash equivalents of Toyo-Petrolite Co., Ltd. -160
Difference: Expense for acquiring Toyo-Petrolite Co., Ltd. 940</td></tr>
</table>

(Matters Related to Retirement Benefit) (Million yen)

<table>
<tr><th>From April 1, 2006
to March 31, 2007</th><th>From April 1, 2007
to March 31, 2008</th></tr>
<tr><td>1. Overview of the adopted retirement benefits plan
The Company and its domestic consolidated subsidiaries have set up a corporate pension fund scheme, a qualified retirement pension scheme, and a retirement lump sum grants scheme, which are part of our defined benefit pension plan. The Company may also offer premium severance pay to employees on their retirement that is not subject to retirement benefit liabilities based on the actuarial calculation pursuant to the retirement benefit accounting. Certain domestic consolidated subsidiaries have adopted the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, while certain overseas consolidated subsidiaries have adopted a defined contribution scheme, in addition to a defined benefit pension plan. In addition, the Company has set retirement allowance trust.</td><td>1. Overview of the adopted retirement benefits plan
The Company and its domestic consolidated subsidiaries have set up a corporate pension fund scheme, a qualified retirement pension scheme, and a retirement lump sum grants scheme, which are part of our defined benefit pension plan. The Company may also offer premium severance pay to employees on their retirement that is not subject to retirement benefit liabilities based on the actuarial calculation pursuant to the retirement benefit accounting. Certain domestic consolidated subsidiaries have adopted the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, while certain overseas consolidated subsidiaries have adopted a defined contribution scheme, in addition to a defined benefit pension plan. In addition, the Company has decided to introduce a defined contribution pension scheme from April 2008, in addition to the schemes mentioned above. In connection with this, the Company has set retirement allowance trust.</td></tr>
<tr><td>2. Matters related to the retirement benefit obligations
(1) Retirement benefit obligations: -36,988
(2) Pension assets: 41,482
(3) Unfunded retirement benefit obligations ((1)＋(2)): 4,493
(4) Unrecognized actuarial differences: 1,437
(5) Unrecognized prior service cost (Decrease in liabilities): -2,968
(6) Amount (net) in the consolidated balance sheets ((3)＋(4)＋(5)): 2,962
(7) Prepaid pension expenses: 4,449
(8) Liabilities for retirement benefits to employees ((6)－(7)): -1,487</td><td>2. Matters related to the retirement benefit obligations
(1) Retirement benefit obligations: -34,675
(2) Pension assets: 38,859
(3) Unfunded retirement benefit obligations ((1)＋(2)): 4,183
(4) Unrecognized actuarial differences: 4,699
(5) Unrecognized prior service cost (Decrease in liabilities): -4,229
(6) Amount (net) in the consolidated balance sheets ((3)＋(4)＋(5)): 4,653
(7) Prepaid pension expenses: 6,048
(8) Liabilities for retirement benefits to employees ((6)－(7)): -1,394</td></tr>
<tr><td>(Notes) 1. Extra premium severance pay is not included.
2. Some consolidated subsidiaries calculated the retirement benefit obligations using the simplification method.</td><td>(Notes) 1. Extra premium severance pay is not included.
2. Some consolidated subsidiaries calculated the retirement benefit obligations using the simplification method.
3. The Company has adopted a corporate pension fund scheme as a defined benefit scheme. In addition, the Company has decided to introduce a defined contribution pension scheme from April 2008. As a result, when the “Accounting for Transfers between Retirement Benefit Plans” (Financial Accounting Standards Implementation Guidance No.1) is applied, retirement benefit liabilities in the consolidated fiscal year under review decreased by ¥1,655 million, while past service cost increased by the same amount.</td></tr>
</table>

(Million yen)

<table>
<tr><th>From April 1, 2006
to March 31, 2007</th><th>From April 1, 2007
to March 31, 2008</th></tr>
<tr><td>3. Matters related to retirement benefit expenses
(1) Service expenses (Note 2) 1,471
(2) Interest expenses 918
(3) Expected return -900
(4) Actuarial differences charged to the expenses 151
(5) Prior service cost charged to the expenses -362
(6) Retirement benefit expenses ((1)＋(2)＋(3)＋(4)＋(5)) 1,278
(7) Gain (loss) on partial cancellation of retirement allowance trust -1,108
(8) Total ((6)＋(7)) 170

(Notes) 1. Besides the retirement benefit expenses mentioned above, ¥37 million was posted in selling, general and administrative expenses for retirement benefits such as premium severance pay.
2. Service expenses include premiums in the Smaller Enterprise Retirement Allowance Mutual Aid Scheme and amounts of contribution in the defined contribution pension schemes adopted by overseas consolidated subsidiaries.
3. The retirement benefit expense borne by consolidated subsidiaries employing the simplification method is included in “(1) Service expenses.”
4. The Company cancelled certain trust assets of the retirement allowance trust on September 25, 2006, and posted ¥1,108 million in extraordinary income.</td><td>3. Matters related to retirement benefit expenses
(1) Service expenses (Note 2) 1,609
(2) Interest expenses 890
(3) Expected return -897
(4) Actuarial differences charged to the expenses 418
(5) Prior service cost charged to the expenses -394
(6) Retirement benefit expenses ((1)+ (2)＋(3)＋ (4)＋⑤) 1,627

(Notes) 1. Besides the retirement benefit expenses mentioned above, ¥98 million was posted in selling, general and administrative expenses for retirement benefits such as premium severance pay, while ¥13 million was posted as an extraordinary loss.
2. Service expenses include premiums in the Smaller Enterprise Retirement Allowance Mutual Aid Scheme and amounts of contribution in the defined contribution pension schemes adopted by overseas consolidated subsidiaries.
3. The retirement benefit expense borne by consolidated subsidiaries employing the simplification method is included in “(1) Service expenses.”</td></tr>
<tr><td>4. Matters related to the basis for computation of the retirement benefit expense and other figures
(1) Periodic allocation of expected retirement benefits
Fixed amount for each period
(2) Discount rate 2.5% in general
(3) Rate of expected return 2.5%
(4) Years for amortization of prior service cost 13 years
(The straight-line method adopts a fixed period of years within the average remaining service period of employees on an accrual basis.)
(5) Years for amortization of actuarial differences 13 years
(Expenses after the consolidated fiscal year following accruals are posted based on the straight-line method, which adopts a fixed period of years within the average remaining service period of employees.)</td><td>4. Matters related to the basis for computation of the retirement benefit expense and other figures
(1) Periodic allocation of expected retirement benefits
Same as at left
(2) Discount rate 2.5% in general
(3) Rate of expected return 2.5%
(4) Years for amortization of prior service cost 13 years
Same as at left
(5) Years for amortization of actuarial differences 13 years
Same as at left</td></tr>
</table>

(Tax Effect Accounting) (Million yen)

As of March 31, 2007

1. Major components of deferred tax assets and liabilities

(Current assets)	
Deferred income tax assets	
Reserve for bonuses	1,247
Environmental spending	369
Accrued enterprise tax	269
Others	1,095
Deferred income tax assets subtotal	2,982
Valuation reserve	-42
Deferred income tax assets total	2,939
Total of deferred income tax liabilities	-45
Deferred income tax assets (net)	2,893
(Fixed assets)	
Deferred income tax assets	
Depreciation expenses	2,763
Loss on consolidated subsidiaries carried forward	1,777
Reserve for retirement benefits	1,529
Loss on valuation of investment securities	448
Others	1,203
Deferred income tax assets subtotal	7,722
Valuation reserve	-2,845
Deferred income tax assets total	4,877
Deferred income tax liabilities	
Net unrealized gain on available-for sale securities	-4,407
Reserve for advanced appreciation of fixed assets	-3,939
Variance on revaluation of assets of consolidated subsidiaries	-930
Reserve for special depreciation	-368
Others	-539
Total of deferred income tax liabilities	-10,184
Deferred income tax liabilities (net)	-5,307

(Note) Deferred income tax assets and deferred income tax liabilities (net) for the consolidated fiscal year under review are included in the following account titles of the Consolidated Balance Sheets.

Current assets—Deferred income tax assets	2,893
Property, plant and equipment—Deferred income tax assets	921
Fixed liabilities—Deferred income tax liabilities	-6,229

As of March 31, 2008

1. Major components of deferred tax assets and liabilities

(Current assets)	
Deferred income tax assets	
Reserve for bonuses	1,219
Environmental spending	427
Accrued enterprise tax	223
Others	790
Deferred income tax assets subtotal	2,660
Valuation reserve	-11
Deferred income tax assets total	2,649
Total of deferred income tax liabilities	-40
Deferred income tax assets (net)	2,608
(Fixed assets)	
Deferred income tax assets	
Loss on consolidated subsidiaries carried forward	3,793
Depreciation expenses	2,980
Loss on valuation of stocks of consolidated subsidiaries	2,788
Reserve for retirement benefits	891
Variance on revaluation of other marketable securities	508
Loss on valuation of investment securities	452
Others	904
Deferred income tax assets subtotal	12,320
Valuation reserve	-4,760
Deferred income tax assets total	7,559
Deferred income tax liabilities	
Reserve for advanced appreciation of fixed assets	-3,914
Variance on revaluation of assets of consolidated subsidiaries	-945
Net unrealized gain on available-for sale securities	-135
Reserve for special depreciation	-125
Others	-569
Total of deferred income tax liabilities	-5,689
Deferred income tax assets (net)	1,870

(Note) Deferred income tax assets and deferred income tax liabilities (net) for the consolidated fiscal year under review are included in the following account titles of the Consolidated Balance Sheets.

Current assets—Deferred income tax assets	2,608
Property, plant and equipment—Deferred income tax assets	3,568
Fixed liabilities—Deferred income tax liabilities	-1,698

As of March 31, 2007		As of March 31, 2008	
2. Breakdown of major factors in the difference between the effective statutory tax rate and corporate tax burden rate after the application of the tax effect accounting		2. Breakdown of major factors in the difference between the effective statutory tax rate and corporate tax burden rate after the application of the tax effect accounting	
Statutory tax rate	40.69%	Statutory tax rate	40.69%
(Adjustment)		(Adjustment)	
Entertainment expenses and other items not to be included in expenses indefinitely	2.66%	Entertainment expenses and other items not to be included in expenses indefinitely	5.86%
Gain on dividend income not permitted for inclusion in expenses	-1.29%	Gain on dividend income not permitted for inclusion in expenses	-2.11%
Impacts on deconsolidation of dividends received	6.15%	Impacts on deconsolidation of dividends received	20.49%
Deduction of tax on test and research expenses	-4.69%	Deduction of tax on test and research expenses	-12.47%
Different tax rates on overseas consolidated subsidiaries	-2.58%	Impacts on increase/decrease in valuation reserve	-19.29%
Others	-1.09%	Different tax rates on overseas consolidated subsidiaries	-9.27%
Effective tax rate	39.85%	Others	0.30%
		Effective tax rate	24.20%

(Segment Information)
a. Segment information by business group
From April 1, 2006 to March 31, 2007 (Million yen)

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Eliminations or corporate	Total consolidated
I. Net sales and operating income or loss								
(1) Sales to customers	100,704	32,822	45,553	59,105	7,304	245,490	–	245,490
(2) Intersegment sales	557	35	1,207	2,512	1,946	6,259	(6,259)	–
Total 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
II. Assets, depreciation and capital expenditures								
Assets	95,230	20,442	47,615	69,042	10,713	243,044	64,394	307,439
Depreciation expenses	3,810	486	2,010	4,027	121	10,456	1,284	11,741
Capital expenditures	4,460	463	3,046	8,993	822	17,786	214	18,001

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

	Printing inks	Graphic arts machinery and supplies	Polymer chemicals	Chemicals and media materials	Others	Subtotal	Eliminations or corporate	Total consolidated
I. Net sales and operating income or loss								
(1) Sales to customers	107,318	33,822	49,576	60,017	6,712	257,446	–	257,446
(2) Intersegment sales	677	85	1,513	1,874	1,248	5,400	(5,400)	–
Total sales	107,996	33,908	51,090	61,891	7,960	262,847	(5,400)	257,446
Operating expenses	99,548	32,879	47,091	53,816	7,923	241,260	5,674	246,934
Operating income	8,447	1,028	3,998	8,075	37	21,587	(11,074)	10,512
II. Assets, depreciation and capital expenditures								
Assets	96,576	17,418	50,388	68,823	8,762	241,969	52,991	294,961
Depreciation expenses	3,866	478	2,274	5,000	150	11,770	1,334	13,105
Capital expenditures	2,638	247	2,410	6,647	153	12,097	586	12,684

(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

3. Among operating expenses, those included in eliminations or corporate that cannot be allocated are mainly expenses at the control section of the head office of the Company and basic research expenses.

Previous consolidated fiscal year	11,074 million yen
Consolidated fiscal year under review	11,570 million yen

4. Among the assets, major Company-wide assets included in eliminations or corporate are long-term investment assets (investment securities) and assets associated with the control section and the research section of the Company.

Previous consolidated fiscal year	66,628 million yen
Consolidated fiscal year under review	54,870 million yen

5. Change in accounting policies

(Consolidated fiscal year under review)

As stated in the “Important Matters on Presenting Consolidated Financial Statements,” the Company and its domestic consolidated subsidiaries have adopted, from this consolidated fiscal year, a method for depreciating property, plant and equipment acquired on or after April 1, 2007 based on the Corporate Tax Law, as amended in fiscal 2007. As a result of the changes, compared with the past depreciation methods, operating expenses for the consolidated fiscal year under review increased by ¥52 million in “Printing inks,” ¥5 million in “Graphic arts machinery and supplies,” ¥39 million in “Polymer chemicals,” ¥151 million in “Chemicals and media materials,” ¥1 million in “Others,” ¥38 million in “Eliminations or corporate,” while operating income decreased by their corresponding amounts.

6. Additional information

(Consolidated fiscal year under review)

As stated in the “Important Matters on Presenting Consolidated Financial Statements,” after the Corporate Tax Law was amended in fiscal 2007, the Company and its domestic consolidated subsidiaries have equally depreciated, over five years, the difference between the value that is equivalent to 5% of the value of the property, plant and equipment acquired on and before March 31, 2007 and their memorandum value, and posted the difference in depreciation expenses from the consolidated fiscal year following the year in which the value of the property, plant and equipment depreciated based on the Corporate Tax Law before the revision reaches 5% of the acquisition value. As the result of the changes, compared with the past depreciation methods, operating expenses for the consolidated fiscal year under review increased by ¥245 million in “Printing inks,” ¥25 million in “Graphic arts machinery and supplies,” ¥118 million in “Polymer chemicals,” ¥171 million in “Chemicals and media materials,” ¥6 million in “Others,” while operating income decreased by their corresponding amounts.

b. Segment information by location

From April 1, 2006 to March 31, 2007 (Million yen)

	Japan	Asia – Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
I. Net sales and operating income or loss							
(1) Sales to customers	175,872	51,018	6,910	11,687	245,490	–	245,490
(2) Intersegment sales	17,822	3,229	918	53	22,024	(22,024)	–
Total 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
II. Assets	175,860	60,210	9,769	6,589	252,429	55,009	307,439

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

	Japan	Asia – Oceania	Europe	North America	Subtotal	Eliminations or corporate	Total consolidated
I. Net sales and operating income or loss							
(1) Sales to customers	182,091	60,565	5,421	9,369	257,446	–	257,446
(2) Intersegment sales	17,904	3,629	846	18	22,399	(22,399)	–
Total sales	199,995	64,194	6,268	9,387	279,846	(22,399)	257,446
Operating expenses	192,793	60,232	7,928	9,117	270,071	(23,137)	246,934
Operating income or loss (-)	7,202	3,962	-1,660	269	9,774	738	10,512
II. Assets	172,036	65,203	7,119	7,616	251,976	42,985	294,961

(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
3. Among the assets, major Company-wide assets included in eliminations or corporate are long-term investment assets (investment securities) and assets associated with the control section and the research section of the Company.

Previous consolidated fiscal year	65,857 million yen
Consolidated fiscal year under review	54,153 million yen

4. Change in accounting policies
(Consolidated fiscal year under review)
As stated in the "Important Matters on Presenting Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries have adopted, from this consolidated fiscal year, a method for depreciating property, plant and equipment acquired on or after April 1, 2007 based on the Corporate Tax Law, as amended in fiscal 2007. As the results of the changes, compared with the past depreciation methods, operating expenses in "Japan" for the consolidated fiscal year under review increased by ¥290 million, while operating income decreased by the corresponding amount.
5. Additional information
(Consolidated fiscal year under review)
As stated in the "Important Matters on Presenting Consolidated Financial Statements," after the Corporate Tax Law was amended in fiscal 2007, the Company and its domestic consolidated subsidiaries have equally depreciated, over five years, the difference between the value that is equivalent to 5% of the value of the property, plant and equipment acquired on and before March 31, 2007 and their memorandum value, and posted the difference in depreciation expenses from the consolidated fiscal year following the year in which the value of the property, plant and equipment depreciated based on the Corporate Tax Law before the revision reaches 5% of the acquisition value. As the results of the changes, compared with the past depreciation methods, operating expenses in "Japan" for the consolidated fiscal year under review increased by ¥567 million, while operating income decreased by the corresponding amount.

c. Sales to foreign cutomers

From April 1, 2006 to March 31, 2007 (Million yen)

	Asia – Oceania	Europe	The Americas	Africa	Total
I. Sales to foreign customers	53,899	6,743	11,874	283	72,801
II. Consolidated net sales					245,490
III. Ratio of sales to foreign customers	22.0	2.8	4.8	0.1	29.7

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

	Asia – Oceania	Europe	The Americas	Africa	Total
I. Sales to foreign customers	64,026	5,315	10,125	213	79,680
II. Consolidated net sales					257,446
III. Ratio of sales to foreign customers	24.9	2.1	3.9	0.1	31.0

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

2. Major countries or regions belonging to segments:

(1) Asia – Oceania:
People’s Republic of China, Taiwan, Australia, Malaysia and Singapore

(2) Europe:
France, Germany

(3) The Americas:
The United States, Mexico

(4) Africa:
South Africa

3. Overseas sales refer to sales achieved by the consolidated subsidiaries in countries and regions other than by the Company and its domestic consolidated subsidiaries (not including internal sales among consolidated subsidiaries).

(Transactions Among Related Corporations)
From April 1, 2006 to March 31, 2007
1. Parent company and major corporate shareholders

Attribute	Name of company, etc.	Address	Capital stock or investment (Million yen)	Business or occupation	Percentage of voting rights or equity share held	Relationship details		Transaction details	Transaction amount (million yen) (Note 1)	Accounting item	Balance at end of period (million yen) (Note 1)
						Concurrent post	Business relationship				
Other subsidiaries and affiliates	Toppan Printing Co., Ltd.	Taito-ku, Tokyo	104,986	Makeups, printing, binding, processing, and other associated business	(Held) Direct 22.69	Concurrent Three persons	Sale of our products and purchases of products and printing materials of Toppan Printing	Sale of products and goods (Note 2)	13,827	Note and accounts receivable	8,547

Terms and conditions of trade and determining their policies
(Notes) 1. Trading amounts include no consumption tax, which is posted in the year-end balance.
2. Prices and terms and conditions on sale of products and goods are the same with other non-affiliated companies.

2. Directors and individual shareholders

Attribute	Name of company, etc.	Address	Capital stock or investment (million yen)	Business or occupation	Percentage of voting rights or equity share held	Relationship details		Transaction details	Transaction amount (million yen) (Note 1)	Accounting item	Balance at end of period (million yen) (Note 1)
						Concurrent post	Business relationship				
Officer	Keiji Miki	–	–	Director of the Company, President and Representative Director of Toyo Seikan Kasha, Ltd.	None	–	–	Sale of products and goods to Toyo Seikan Kasha, Ltd. (Notes 2 and 4)	3,580	Accounts receivable	686
								Purchase of raw materials and goods from Toyo Seikan kaisha, Ltd. (Notes 3 and 4)	221	Accounts payable	39
								Receiving dividends from Toyo Seikan kaisha, Ltd. (Note 4)	26	–	–

Terms and conditions of trade and determining their policies
(Notes) 1. Trading amounts include no consumption tax, which is posted in the year-end balance.
2. Prices and terms and conditions on sale of products and goods are the same with other non-affiliated companies.
3. The Company determines purchases of raw materials and goods through negotiations with Toyo Seikan Kaisha, Ltd. based on prices offered by the company and in reference to prices in other ordinary trading.
4. Trades with Toyo Seikan Kaisha, Ltd. are so-called trades for third parties.

From April 1, 2007 to March 31, 2008

1. Parent company and major corporate shareholders

Attribute	Name of company, etc.	Address	Capital stock or investment (million yen)	Business or occupation	Percentage of voting rights or equity share held	Relationship details: Concurrent post	Relationship details: Business relationship	Transaction details	Transaction amount (million yen) (Note 1)	Accounting item	Balance at end of period (million yen) (Note 1)
Other subsidiaries and affiliates	Toppan Printing Co., Ltd.	Taito-ku, Tokyo	104,986	Makeups, printing, binding, processing, and other associated business	(Held) Direct 22.68	Concurrent Three persons	Sale of our products and purchases of products and printing materials of Toppan Printing	Sale of products and goods (Note 2)	14,092	Note and accounts receivable	7,390

Terms and conditions of trade and determining their policies

(Notes) 1. Trading amounts include no consumption tax, which is posted in the year-end balance.
2. Prices and terms and conditions on sale of products and goods are the same with other non-affiliated companies.

2. Directors and individual shareholders

Attribute	Name of company, etc.	Address	Capital stock or investment (million yen)	Business or occupation	Percentage of voting rights or equity share held	Relationship details: Concurrent post	Relationship details: Business relationship	Transaction details	Transaction amount (million yen) (Note 1)	Accounting item	Balance at end of period (million yen) (Note 1)
Officer	Keiji Miki	–	–	Director of the Company, President and Representative Director of Toyo Seikan Kasha, Ltd.	None	–	–	Sale of products and goods to Toyo Seikan Kasha, Ltd. (Notes 2 and 4)	3,653	Accounts receivable	644
								Purchase of raw materials and goods from Toyo Seikan kaisha, Ltd. (Notes 3 and 4)	199	Accounts payable	30
								Receiving dividends and compensation from Toyo Seikan Kaisha, Ltd. (Note 4)	39	–	–
								Paying compensation to Toyo Seikan Kaisha, Ltd. (Note 4)	5	–	–

Terms and conditions of trade and determining their policies

(Notes) 1. Trading amounts include no consumption tax, which is posted in the year-end balance.
2. Prices and terms and conditions on sale of products and goods are the same with other non-affiliated companies.
3. The Company determines purchases of raw materials and goods through negotiations with Toyo Seikan Kaisha, Ltd. based on prices offered by the company and in reference to prices in other ordinary trading.
4. Trades with Toyo Seikan Kaisha, Ltd. are so-called trades for third parties.

(Per Share Information)

From April 1, 2006 to March 31, 2007		From April 1, 2007 to March 31, 2008	
Net assets per share	515.85 yen	Net assets per share	505.02 yen
Net income per share	26.12 yen	Net income per share	22.21 yen
Diluted net income per share	24.33 yen	Diluted net income per share	20.74 yen

(Notes) 1. The grounds for the calculation of basic net income per share and diluted net income per share

	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
Net income per share		
Net income (million yen)	7,900	6,719
Amount not belonging to common shareholders (million yen)	–	–
Net income associated with common shares (million yen)	7,900	6,719
Weighted average number of shares issued and outstanding during the period (thousand shares)	302,478	302,481
Diluted net income per share		
Adjustment of net income (million yen)	105	105
Interest expenses (after deduction of the tax-equivalent amount) (million yen)	(102)	(101)
Increase in common shares (thousand shares)	26,610	26,536
Convertible bonds (thousand shares)	(26,610)	(26,536)
Summary of dilutive shares not included in the calculation of diluted net income per share as they do not have a dilutive effect	–	–

2. The grounds for the calculation of net assets per share

	As of March 31, 2007	As of March 31, 2008
Net assets on the interim consolidated balance sheet (million yen)	163,509	160,493
Amount deducted from total net assets (million yen)	7,492	7,732
Minority interests	(7,492)	(7,732)
Year-end net assets concerning common shares (million yen)	156,017	152,760
Common shares used for calculation of net assets per share (thousand shares)	302,448	302,484

(Important Subsequent Events)

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
――――――	(Dissolution of consolidated subsidiaries) The Board of Directors' meeting held on April 23, 2008 passed a resolution that dissolves TOYO INK EUROPE HOLDING S.A.S., a consolidated subsidiary of the Company. Expected loss on the dissolution is reflected on profit and loss for the fiscal year under review. The impact on the future performance of the Company is negligible. (1) Reasons for dissolution The dissolution of TOYO INK EUROPE HOLDING S.A.S., which is the holding company and management company in Europe, is aimed at strengthening the governance of the Toyo Ink Group's companies in Europe and accelerating expansion of businesses in the region. Following the dissolution, capital relations with business enterprises in the region have been changed to direct investment by the Company. (2) Summary of the consolidated subsidiary to be dissolved 1) Corporate name TOYO INK EUROPE HOLDING S.A.S. 2) Equity holding of the Company 100% 3) Business Holding and management company in Europe region 4) Assets (as of December 31, 2007) Total assets: 5,210 million yen Net assets: 4,933 million yen (3) Schedule The Company will commence dissolution procedures in April 2008 and complete them by the end of July 2008.

(Omission of Disclosure)

Notes to lease transactions, marketable securities, and derivatives are omitted because their disclosure in the brief announcement of the consolidated financial statements ended March 2007 is not considered important.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

Account title	Note number	As of March 31, 2007 Amount (Million yen)		Composition (%)	As of March 31, 2008 Amount (Million yen)		Composition (%)	Increase/ Decrease Million yen
(Assets)								
I. Current assets								
1.Cash and bank deposits			7,344			1,390		
2.Notes receivable	*1, 4		17,200			17,032		
3. Accounts receivable	*1		57,071			55,953		
4.Marketable securities			1			0		
5. Goods			1,197			1,326		
6. Products			7,658			7,798		
7. Raw material			3,247			3,228		
8. Work-in-process			4,135			4,201		
9. Supplies			170			195		
10. Advanced money			289			523		
11. Prepaid expenses	*1		339			354		
12. Short-term loans receivable			3			3		
13.Deferred income tax assets			1,599			1,610		
14.Others	*1		1,351			1,148		
Allowance for doubtful receivables			-217			-225		
Total current assets			101,395	40.6		94,542	39.9	-6,852
II. Fixed assets								
1.Property, plant and equipment								
(1) Building		38,727			40,274			
Accumulated depreciation		-22,756	15,971		-23,904	16,370		
(2) Structures		11,513			11,624			
Accumulated depreciation		-8,233	3,279		-8,599	3,025		
(3) Machinery and equipments		92,903			95,478			
Accumulated depreciation		-73,579	19,324		-77,404	18,074		
(4) Vehicles		774			792			
Accumulated depreciation		-653	121		-669	122		
(5) Tools, furniture and fixtures		14,252			14,697			
Accumulated depreciation		-11,663	2,588		-12,319	2,378		
(6) Land			18,049			18,048		
(7) Construction in progress			1,539			702		
Total property, plant and equipment			60,875	24.3		58,721	24.8	-2,154
2. Intangible fixed assets								
(1) Patents			1			–		
(2) Land leasehold			31			31		
(3) Trademark			0			0		
(4) Software			1,065			430		
(5) Facilities use right			11			10		
(6) Telephone subscription right			80			80		
Total intangible fixed assets			1,191	0.5		553	0.2	-637
3. Investments and other assets								
(1) Investment in securities			31,627			22,210		
(2) Shares of affiliates			45,019			48,028		
(3) Equity fund			6			6		
(4) Long-term loans to employees			24			20		
(5) Long-term loans to affiliates			3,578			3,921		
(6) Uncollectible receivables, etc.	*1		1,064			733		
(7) Long-term prepaid pension expenses			4,430			6,024		
(8) Guaranty money deposited	*1		1,507			1,503		
(9) Deferred income tax assets			–			1,086		
(10) Others			357			349		
Allowance for doubtful receivables			-1,074			-744		
Total investments and other assets			86,540	34.6		83,139	35.1	-3,401
Total fixed assets			148,608	59.4		142,414	60.1	-6,193
Total assets			250,003	100.0		236,956	100.0	-13,046

		As of March 31, 2007			As of March 31, 2008			Increase/ Decrease
Account title	Note number	Amount (Million yen)		Composition (%)	Amount (Million yen)		Composition (%)	Million yen
(Liabilities)								
I. Current liabilities								
1. Notes payable	*4		1,980			1,940		
2. Accounts payable	*1		39,018			36,446		
3. Short-term loans payable			7,225			7,225		
4. Long-term loans scheduled for repayment within one year			14,049			429		
5. Convertible bonds due for redemption within one year			–			14,303		
6. Accounts payable			7,823			3,909		
7. Accrued expenses payable			2,787			2,758		
8. Accrued income taxes			1,604			1,534		
9. Consumption taxes payable			–			71		
10. Advances received			626			436		
11. Deposits received			239			270		
12. Accrued income			16			16		
13.Notes payable - equipment			909			348		
14. Others			868			593		
Total current liabilities			77,150	30.9		70,284	29.7	-6,865
II. Long-term liabilities								
1. Convertible bonds			14,343			–		
2. Long-term loans payable			12,561			31,132		
3. Long-term loans from affiliates			589			1,312		
4. Deferred income tax liabilities			5,737			–		
5. Deposits received for guarantee			62			62		
Total long-term liabilities			33,294	13.3		32,508	13.7	-785
Total liabilities			110,444	44.2		102,792	43.4	-7,651
(Net assets)								
I. Shareholders' equity								
1. Common stock			31,713	12.7		31,733	13.4	20
2. Capital surplus								
(1) Capital legal reserve		32,900			32,920			
(2) Other capital surplus		1			1			
Total capital surplus			32,902	13.1		32,922	13.9	20
3. Retained earnings								
(1) Earned legal reserve		5,206			5,206			
(2) Other retained earnings								
Reserve for special depreciation		348			180			
Reserve for advanced depreciation of gains on insurance claims		46			40			
Reserve for advanced appreciation of fixed assets		4,628			4,604			
Special reserve fund		52,314			54,314			
Earned surplus carried forward		6,651			6,139			
Total retained earnings			69,196	27.7		70,486	29.7	1,290
4. Treasury stock, at cost			-226	-0.1		-249	-0.1	-23
Total shareholders' equity			133,585	53.4		134,892	56.9	1,307
II. Valuation and translation adjustment								
1. Net unrealized gains on available-for-sale securities			5,973	2.4		-728	-0.3	-6,702
Total valuation and translation adjustment			5,973	2.4		-728	-0.3	-6,702
Total net assets			139,558	55.8		134,163	56.6	-5,394
Total of liabilities and net assets			250,003	100.0		236,956	100.0	-13,046

(2) Non-consolidated Statements of Income

Account title	Note number	From April 1, 2006 to March 31, 2007 Amount (Million yen)		Composition (%)	From April 1, 2007 to March 31, 2008 Amount (Million yen)		Composition (%)	Increase/ Decrease Million yen
I. Net sales	*1		178,301	100.0		180,835	100.0	2,533
II. Cost of sales	*2, 3		144,091	80.8		148,117	81.9	4,025
Gross profit			34,209	19.2		32,718	18.1	-1,491
III. Selling, general and administrative expenses	*2, 3		27,990	15.7		28,226	15.6	235
Operating income			6,219	3.5		4,491	2.5	-1,727
IV. Non-operating income	*4							
1. Interest income		70			74			
2. Dividend income		3,505			1,833			
3. Income from lease and rent		809			806			
4. Technical guidance fees received		535			587			
5. Others		774	5,695	3.2	1,027	4,329	2.4	-1,365
V. Non-operating expenses								
1. Interest expenses		288			363			
2. Bond interest		172			171			
3. Sublet rent		197			195			
4. Depreciation expenses of rental assets		192			255			
5. Compensation for damages		216			–			
6. Loss on foreign currency exchange		–			567			
7. Others		319	1,387	0.8	392	1,946	1.1	559
Recurring Income			10,527	5.9		6,874	3.8	-3,652
VI. Extraordinary profit								
1. Gain on sales of investment securities		1,698			2,149			
2. Gain on termination of employees' retirement benefit		1,108			–			
3. Reversal of allowance for doubtful receivables		258			243			
4. Others		6	3,071	1.7	3	2,396	1.3	-674
VII. Extraordinary loss								
1. Loss on disposals of property, plant and equipment	*5	554			264			
2.Loss on valuation of shares of affiliates	*6	3,001			3,676			
3. Others		37	3,593	2.0	54	3,996	2.2	402
Income before income taxes			10,004	5.6		5,275	2.9	-4,729
Income taxes, current		2,840			2,586			
Income taxes, deferred		1,084	3,924	2.2	-2,232	354	0.2	-3,570
Net income			6,079	3.4		4,920	2.7	-1,159

(3) Non-consolidated Statements of Changes in Net Assets

(From April 1, 2006 to March 31, 2007) (Million yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Other retained earnings	Total retained earnings		
Balance at the end of previous period	31,711	32,898	0	32,899	5,206	60,752	65,959	-191	130,378
Changes of items during the period									
Increase by conversion of convertible bonds	1	1		1					2
Dividends from surplus *						-1,361	-1,361		-1,361
Dividends from surplus						-1,361	-1,361		-1,361
Bonuses to directors *						-120	-120		-120
Net income						6,079	6,079		6,079
Purchases of treasury stock								-38	-38
Sales of treasury stock			1	1				4	5
Net changes except for shareholders' equity									
Total changes of items during the period	1	1	1	2	–	3,237	3,237	-34	3,206
Balance at the end of the period	31,713	32,900	1	32,902	5,206	63,989	69,196	-226	133,585

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on available-for sale securities	Total valuation and translation adjustment	
Balance at the end of previous period	8,786	8,786	139,165
Changes of items during the period			
Increase by conversion of convertible bonds			1
Dividends from surplus *			-1,361
Dividends from surplus			-1,361
Bonuses to directors *			-120
Net income			6,079
Purchases of treasury stock			-38
Sales of treasury stock			5
Net changes except for shareholders' equity	-2,813	-2,813	-2,813
Total changes of items during the period	-2,813	-2,813	393
Balance at the end of the period	5,973	5,973	139,558

* was one of the disposal of profit resolved at annual shareholders meeting on June, 2006.

Breakdown of other retained earnings (Million yen)

	Reserve for special depreciation	Reserve for advanced depreciation of gains on insurance claims	Reserve for advanced appreciation of fixed assets	Reserve in special account for advanced depreciation of fixed assets	Special reserve fund	Earned surplus carried forward	Total
Balance at the end of previous period	627	65	4,962	–	47,314	7,781	60,752
Changes of items during the period							
Dividends from surplus *						-1,361	-1,361
Dividends from surplus						-1,361	-1,361
Addition to reserve for special depreciation *	45					-45	–
Reversal of reserve for special depreciation *	-156					156	–
Reversal of reserve for special depreciation	-167					167	–
Reversal of reserve for advanced depreciation of gains on insurance claims *		-9				9	–
Reversal of reserve for advanced depreciation of gains on insurance claims		-8				8	–
Addition to reserve for advanced depreciation of fixed assets *			36			-36	–
Addition to reserve for advanced depreciation of fixed assets			197			-197	–
Reversal of reserve for advanced depreciation of fixed assets *			-310			310	–
Reversal of reserve for advanced depreciation of fixed assets			-258			258	–
Addition to reserve in special account for advanced depreciation of fixed assets *				177		-177	–
Reversal of reserve in special account for advanced depreciation of fixed assets				-177		177	–
Addition to special reserve fund *					5,000	-5,000	–
Bonuses to directors *						-120	-120
Net income						6,079	6,079
Total changes of items during the period	-279	-18	-334	–	5,000	-1,130	3,237
Balance at the end of the period	348	46	4,628	–	52,314	6,651	63,989

* was one of the disposal of profit resolved at annual shareholders meeting on June, 2006.

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

	Shareholders' equity								
		Capital surplus			Retained earnings				
	Common stock	Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Other retained earnings	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	31,713	32,900	1	32,902	5,206	63,989	69,196	-226	133,585
Changes of items during the period									
Increase by conversion of convertible bonds	20	19		19					39
Dividends from surplus						-3,629	-3,629		-3,629
Net income						4,920	4,920		4,920
Purchases of treasury stock								-29	-29
Sales of treasury stock			0	0				6	6
Net changes except for shareholders' equity									
Total changes of items during the period	20	19	0	20	–	1,290	1,290	-23	1,307
Balance at the end of the period	31,733	32,920	1	32,922	5,206	65,280	70,486	-249	134,892

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on available-for sale securities	Total valuation and translation adjustment	
Balance at the end of previous period	5,973	5,973	139,558
Changes of items during the period			
Increase by conversion of convertible bonds			39
Dividends from surplus			-3,629
Net income			4,920
Purchases of treasury stock			-29
Sales of treasury stock			6
Net changes except for shareholders' equity	-6,702	-6,702	-6,702
Total changes of items during the period	-6,702	-6,702	-5,394
Balance at the end of the period	-728	-728	134,163

Breakdown of other retained earnings (Million yen)

	Reserve for special depreciation	Reserve for advanced depreciation of gains on insurance claims	Reserve for advanced appreciation of fixed assets	Special reserve fund	Earned surplus carried forward	Total
Balance at the end of previous period	348	46	4,628	52,314	6,651	63,989
Changes of items during the period						
Dividends from surplus					-3,629	-3,629
Reversal of reserve for special depreciation	-167				167	
Reversal of reserve for advanced depreciation of gains on insurance claims		-5			5	
Addition to reserve for advanced depreciation of fixed assets			174		-174	
Reversal of reserve for advanced depreciation of fixed assets			-197		197	
Addition to special reserve fund *				2,000	-2,000	
Net income					4,920	4,920
Total changes of items during the period	-167	-5	-23	2,000	-512	1,290
Balance at the end of the period	180	40	4,604	54,314	6,139	65,280

Important accounting policies

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
1. Appraisal standards and appraisal method for securities (1) Bonds held to maturity Stated at amortized cost. (Straight-line method) (2) Shares of subsidiaries and affiliates Moving average cost method (3) Available-for-sale securities 1) For those with market value Stated at market value based on market prices, etc., as of the period-end (Unrealized valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.) 2) For those without market value Stated at cost as determined by the moving average method.	1. Appraisal standards and appraisal method for securities (1) ―――――― (2) Shares of subsidiaries and affiliates Same as at left (3) Available-for-sale securities 1) For those with market value Same as at left 2) For those without market value Same as at left
2. Appraisal standards and appraisal method for derivatives Market value method	2. Appraisal standards and appraisal method for derivatives Same as at left
3. Appraisal standards and appraisal method for inventories Products, raw material, and work-in-process: Tthe cost method based on the gross average method Goods and supplies: The last cost method However, the cost method is used for machinery.	3. Appraisal standards and appraisal method for inventories Same as at left
4. Depreciation method of fixed assets (1) Tangible fixed assets The constant percentage method However, for buildings (not including associated facilities) acquired on or after April 1, 1998, the straight-line method was applied. Major useful lives: Building and structures: Eight to 50 years Machinery and equipments: Four to 15 years Tools, furniture and fixtures: Three to eight years	4. Depreciation method of fixed assets (1) Tangible fixed assets The constant percentage method However, for buildings (not including associated facilities) acquired on or after April 1, 1998, the straight-line method was applied. Major useful lives: Building and structures: Eight to 50 years Machinery and equipments: Four to 15 years Tools, furniture and fixtures: Three to 15 years (Change in accounting policies) Since the fiscal year under review, we have adopted the method for depreciating the property, plant and equipment acquired on and after April 1, 2007 based on the Corporation Tax Law as amended in fiscal 2007. As a result, operating income decreased by ¥249 million, while recurring income and income before income taxes decreased respectively by ¥259 million. (Additional information) After the Corporate Tax Law was revised in fiscal 2007, we have equally depreciated over five years the difference between the value that is equivalent to 5% of the value of the property, plant and equipment acquired on and before March 31, 2007 and their memorandum value, and posted the difference in depreciation expenses after the fiscal year following when the value of the property, plant and equipment depreciated based on the Corporate Tax Law before the revision reaches 5% of the acquisition value. As results, operating income decreased by ¥518 million, while recurring income and income before income taxes respectively decreased by ¥524 million.

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(2) Intangible fixed assets Straight-line method Further, for software used by the Company, we adopt the straight line basis based on the availability period within the Company (five years).	(2) Intangible fixed assets Same as at left Same as at left
5. Accounting for deferred assets The cost of the stock issue was posted in expenses in full.	5. Accounting for deferred assets Same as at left
6. Standards for translating foreign currency-denominated assets or liabilities into Japanese yen Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the settlement day. The effect of exchange rate changes is posted as a translation gain or loss.	6. Standards for translating foreign currency-denominated assets or liabilities into Japanese yen Same as at left
7. Standards for appropriation of allowances (1) Allowance for doubtful receivables We record an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables. (2) Liability for retirement benefits to employees We record an amount recognized to have accrued at the end of fiscal year based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. We record contributions in excess of such amount as long-term prepaid pension expenses. Past service costs are posted in expenses based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees when costs accrue from their service. Unrecognized actuarial differences are posted in expenses after the fiscal year following their accruals based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees.	7. Standards for appropriation of allowances (1) Allowance for doubtful receivables Same as at left (2) Liability for retirement benefits to employees We record an amount recognized to have accrued at the end of fiscal year based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. We record contributions in excess of such amount as long-term prepaid pension expenses. Past service costs are posted in expenses based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees when costs accrue from their service. Unrecognized actuarial differences are posted in expenses after the fiscal year following their accruals based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees. (Additional information) We have adopted a corporate pension fund scheme as a defined benefit pension plan. In addition, we have decided to introduce a defined contribution pension plan from April 2008. Accordingly, when the “Accounting for Transfers Between Retirement Benefit Plans” (Financial Accounting Standards Implementation Guidance No. 1) is applied, retirement benefit liabilities in the consolidated fiscal year under review decreased by ¥1,655 million while the equal amount of past service costs increased.
(3) Liability for retirement benefits to directors and corporate auditors The ordinary general meeting of shareholders of the Company held on June 29, 2008 approved a retirement benefit payment termination proposal following the abolition of the system of retirement benefits for officers. Based on the resolution approved, we paid retirement benefits to officers at termination by reversing the entire allowance for retirement benefits for officers.	————

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
8. Standards for recording deferred income from installment sales Unrealized income is recorded on the basis of the same standard as the method of long-term installment sales and the like prescribed in the Corporation Tax Law.	8. Standards for recording deferred income from installment sales Same as at left
9. Accounting treatment for lease transactions Finance leases other than those which are deemed to transfer ownership of leased assets to lessees are accounted for as ordinary operating leases.	9. Accounting treatment for lease transactions Same as at left
10. Hedge accounting (1) Hedge accounting Among interest swap transactions, those that satisfy special transaction requirements are processed. (2) Hedging method and hedging target Hedging method: Interest swap transactions Hedging target: Long-term borrowings (3) Hedging policy The Company engages in interest swap transactions to prevent the risk of payable interest rate fluctuations and to fix payable interest cash flow. (4) Assessing hedging effectiveness Assessing hedging effectiveness is omitted because interest swap transactions have satisfied requirements for special transactions.	10. Hedge accounting (1) Hedge accounting Same as at left (2) Hedging method and hedging target Same as at left (3) Hedging policy Same as at left (4) Assessing hedging effectiveness Same as at left
11. Other important matters for production of the financial statements Accounting treatment of consumption tax, etc. Amounts shown are exclusive of consumption tax and local consumption tax.	11. Other important matters for production of the financial statements Accounting treatment of consumption tax, etc. Same as at left

Changes in accounting policy

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(Accounting standard for presentation of net assets in the balance sheet) Effective from the current fiscal year, the Company has adopted “Accounting standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No.5: Accounting Standards Board of Japan, December 9, 2005) and “Guidance for Accounting Standard for Presentation for Net Assets in the Balance Sheet” (ASBJ Guidance No.8: Accounting Standards Board of Japan, December 9, 2005). Amount corresponding to conventional total shareholders equity in the balance sheet is 139,558 million yen. The net assets section in the Non-consolidated Balance Sheets for the fiscal year under review has been prepared in accordance with the revised Regulations for Terminologies, Forms and Methods of Preparation of Financial Statements.	――――――

Changes to Basis of Presenting Consolidated Financial Statements

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
(Income Statement) Since the account title “gain on sales of property, plant and equipment” (¥6 million for the fiscal year under review), which had been posted separately in the preceding fiscal year, stood at less than 10/100 of aggregate extraordinary income, the amount was posted in “others” in extraordinary income in the fiscal year under review. Effective from the current fiscal year, “loss from dismantle of property, plant and equipment” separately recorded in the previous fiscal year (amounting to ¥147 million for the current fiscal year) are included in “loss on disposals of property, plant and equipment” under extraordinary losses, because such expenses total less than one-tenth of total extraordinary losses. Effective from the current fiscal year, “loss on valuation of investment securities” separately recorded in the previous fiscal year (amounting to ¥1 million for the current fiscal year) is included in “others” under extraordinary losses, because such loss became insignificant. Effective from the current fiscal year, “environmental spending” separately recorded in the previous fiscal year (amounting to ¥19 million for the current fiscal year) is included in “others” under extraordinary losses, because such spending totals less than one-tenth of total extraordinary losses.	(Income Statement) Since the account title “compensation for damages” (¥187 million for the fiscal year under review), which had been posted separately in the preceding fiscal year, amounted to less than 10/100 of the aggregate non-operating expenses, the amount was posted in “others” in non-operating expenses.

Explanatory Notes

(Notes to Balance Sheet)

(Million yen)

As of March 31, 2007		As of March 31, 2008	
*1 Notes concerning affiliates		*1 Notes concerning affiliates	
Items concerning affiliates under headings other than those recorded separately are as follows:		Items concerning affiliates under headings other than those recorded separately are as follows:	
Notes receivable	1,895	Notes receivable	1,782
Accounts receivable	27,727	Accounts receivable	27,246
Others (assets)	2,657	Accounts payable	6,898
Accounts payable	7,346		
2. Liabilities on guarantee		2. Liabilities on guarantee	
Liabilities on guarantee	10,316	Liabilities on guarantee	10,509
Guarantee - reserved	660	Guarantee - reserved	635
3. Discounts on notes and accounts receivable	50	3. Discounts on notes and accounts receivable	49
Endorsement of notes and accounts receivable	85	Endorsement of notes and accounts receivable	1,286
*4. Accounting for notes and accounts due on the last day of the fiscal year		――――――	
Notes and accounts due on the last day of the fiscal year under review were posted as if they were settled on the day, even though the day fell on a holiday for financial institutions. The amounts of notes and accounts due on the last day of the fiscal year under review stood as follows:			
Notes receivable	1,797		
Notes payable	138		

(Notes to Statement of Income) (Million yen)

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
*1. Net sales include such sales to affiliates totaling ¥56,031 million. *2. Cost of sales and selling, general and administrative expenses include purchases and the like from affiliates totaling ¥40,423 million. *3. Research and development expenses included in selling, general and administrative expenses and manufacturing cost for the year were ¥6,802 million. *4. Non-operating income includes dividend income of ¥3,138 million, income from lease and rent of ¥703 million, and others of ¥692 million received from affiliates. *5. Details of loss on sale of property, plant and equipment are as follows: Machinery and equipments 382 Building 99 Others 72 Total 554 *6. Breakdown of loss on valuation of shares of affiliates is as follows: TOYO INK EUROPE HOLDING S.A.S. 2,945 TOYO SEIHAN CO., LTD. 55 Total 3,001	*1. Net sales include such sales to affiliates totaling ¥54,347 million. *2. Cost of sales and selling, general and administrative expenses include purchases and the like from affiliates totaling ¥38,659 million. *3. Research and development expenses included in selling, general and administrative expenses and manufacturing cost for the year were ¥7,208 million. *4. Non-operating income includes dividend income of ¥1,434 million, income from lease and rent of ¥735 million, and technical guidance fees of ¥578 million received from affiliates. *5. Details of loss on sale of property, plant and equipment are as follows: Machinery and equipments 154 Building 48 Others 62 Total 264 *6. Breakdown of loss on valuation of shares of affiliates is as follows: TOYO INK EUROPE HOLDING S.A.S. 3,647 TOYO INK KOREA CO., LTD. 29 Total 3,676 TOYO INK EUROPE HOLDING S.A.S. adopted a resolution for its dissolution in April 2008. The affiliate is liquidating itself at present. Please refer to “important post-balance sheet events” below for details.

(Notes to Statement of Changes in Net Assets)
From April 1, 2006 to March 31, 2007
Matters concerning the type and the number of treasury stock

	At the end of previous period	*Increase*	*Decrease*	At the end of this period
Treasury stock				
Common stock	504	77	10	571
Total	504	77	10	571

(Notes) 1. The increase in the number of shares during the current fiscal year reflects purchases of odd-lot shares.
2. The decrease in the number of shares during the current fiscal year reflects requests for the further acquisition of odd-lot shares.

From April 1, 2007 to March 31, 2008
Matters concerning the type and the number of treasury stock

	At the end of previous period	*Increase*	*Decrease*	At the end of this period
Treasury stock				
Common stock	571	69	15	624
Total	571	69	15	624

(Notes) 1. The increase in the number of shares during the current fiscal year reflects purchases of odd-lot shares.
2. The decrease in the number of shares during the current fiscal year reflects requests for the further acquisition of odd-lot shares.

(Tax Effect Accounting) (Million yen)

As of March 31, 2007		As of March 31, 2008	
1. Major components of deferred tax assets and liabilities		1. Major components of deferred tax assets and liabilities	
(Current assets)		(Current assets)	
Deferred income tax assets		Deferred income tax assets	
Reserve for bonuses	901	Reserve for bonuses	883
Environmental spending	325	Environmental spending	427
Others	372	Others	299
Deferred income tax assets total	1,599	Deferred income tax assets total	1,610
Deferred income tax assets (net)	1,599	Deferred income tax assets (net)	1,610
(Fixed assets)		(Fixed assets)	
Deferred income tax assets		Deferred income tax assets	
Loss on valuation of shares of affiliates	1,518	Loss on valuation of shares of affiliates	3,014
Reserve for retirement benefits	980	Depreciation expenses	717
Depreciation expenses	730	Net unrealized gain on available-for sale securities	505
Loss on valuation of investment securities	442	Loss on valuation of investment securities	446
Allowance for doubtful receivables	307	Reserve for retirement benefits	383
Others	217	Others	374
Deferred income tax assets subtotal	4,196	Deferred income tax assets subtotal	5,442
Valuation reserve	-2,386	Valuation reserve	-1,043
Deferred income tax assets total	1,809	Deferred income tax assets total	4,398
Deferred income tax liabilities		Deferred income tax liabilities	
Net unrealized gain on available-for sale securities	-4,100	Reserve for advanced appreciation of fixed assets	-3,187
Reserve for advanced appreciation of fixed assets	-3,207	Others	-125
Others	-239	Total of deferred income tax liabilities	-3,312
Total of deferred income tax liabilities	-7,547	Deferred income tax assets (net)	1,086
Deferred income tax liabilities (net)	-5,737		
2. Breakdown of major factors in the difference between the effective statutory tax rate and corporate tax burden rate after the application of the tax effect accounting		2. Breakdown of major factors in the difference between the effective statutory tax rate and corporate tax burden rate after the application of the tax effect accounting	
Statutory tax rate	40.69 %	Statutory tax rate	40.69 %
(Adjustment)		(Adjustment)	
Entertainment expenses and other items not to be included in expenses indefinitely	2.24 %	Entertainment expenses and other items not to be included in expenses indefinitely	7.64 %
Gain on dividend income not permitted for inclusion in expenses	-7.90 %	Gain on dividend income not permitted for inclusion in expenses	-7.73 %
Corporate inhabitant tax on per capita basis	0.40 %	Corporate inhabitant tax on per capita basis	0.77 %
Impacts on increase/decrease in valuation reserve	10.53 %	Impacts on increase/decrease in valuation reserve	-25.47 %
Special tax credit for research and development expenses, etc.	-4.80 %	Special tax credit for research and development expenses, etc.	-7.63 %
Adjustment for taxes paid in and before the previous fiscal year	-1.93 %	Adjustment for taxes paid in and before the previous fiscal year	-1.54 %
Effective tax rate	39.23 %	Effective tax rate	6.73 %

(Per Share Information)

From April 1, 2006 to March 31, 2007		From April 1, 2007 to March 31, 2008	
Net assets per share	461.41 yen	Net assets per share	443.54 yen
Net income per share	20.10 yen	Net income per share	16.27 yen
Diluted net income per share	18.80 yen	Diluted net income per share	15.27 yen

Note. The grounds for the calculation of basic net income per share and diluted net income per share

	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
Net income per share		
Net income (million yen)	6,079	4,920
Amount not belonging to common shareholders (million yen)	–	–
Net income associated with common shares (million yen)	6,079	4,920
Weighted average number of shares issued and outstanding during the period (thousand shares)	302,493	302,490
Diluted net income per share		
Adjustment of net income (million yen)	105	105
Interest expenses (after deduction of the tax-equivalent amount) (million yen)	(102)	(101)
Increase in common shares (thousand shares)	26,610	26,536
Convertible bonds (thousand shares)	(26,610)	(26,536)
Summary of dilutive shares not included in the calculation of diluted net income per share as they do not have a dilutive effect	–	–

(Important Subsequent Events)

From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
――――――	(Dissolution of consolidated subsidiaries) The Board of Directors' meeting held on April 23, 2008 passed a resolution that dissolves TOYO INK EUROPE HOLDING S.A.S., a consolidated subsidiary of the Company. Expected loss on the dissolution is reflected on profit and loss for the fiscal year under review. The impact on the future performance of the Company is negligible. (1) Reasons for dissolution The dissolution of TOYO INK EUROPE HOLDING S.A.S., which is the holding company and management company in Europe, is aimed at strengthening the governance of the Toyo Ink Group's companies in Europe and accelerating expansion of businesses in the region. Following the dissolution, capital relations with business enterprises in the region have been changed to direct investment by the Company. (2) Summary of the consolidated subsidiary to be dissolved 1) Corporate name TOYO INK EUROPE HOLDING S.A.S. 2) Equity holding of the Company 100% 3) Business Holding and management company in Europe region 4) Assets (as of December 31, 2007) Total assets: 5,210 million yen Net assets: 4,933 million yen (3) Schedule The Company will commence dissolution procedures in April 2008 and complete them by the end of July 2008.