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I. Management Policies

1. Fundamental Policies

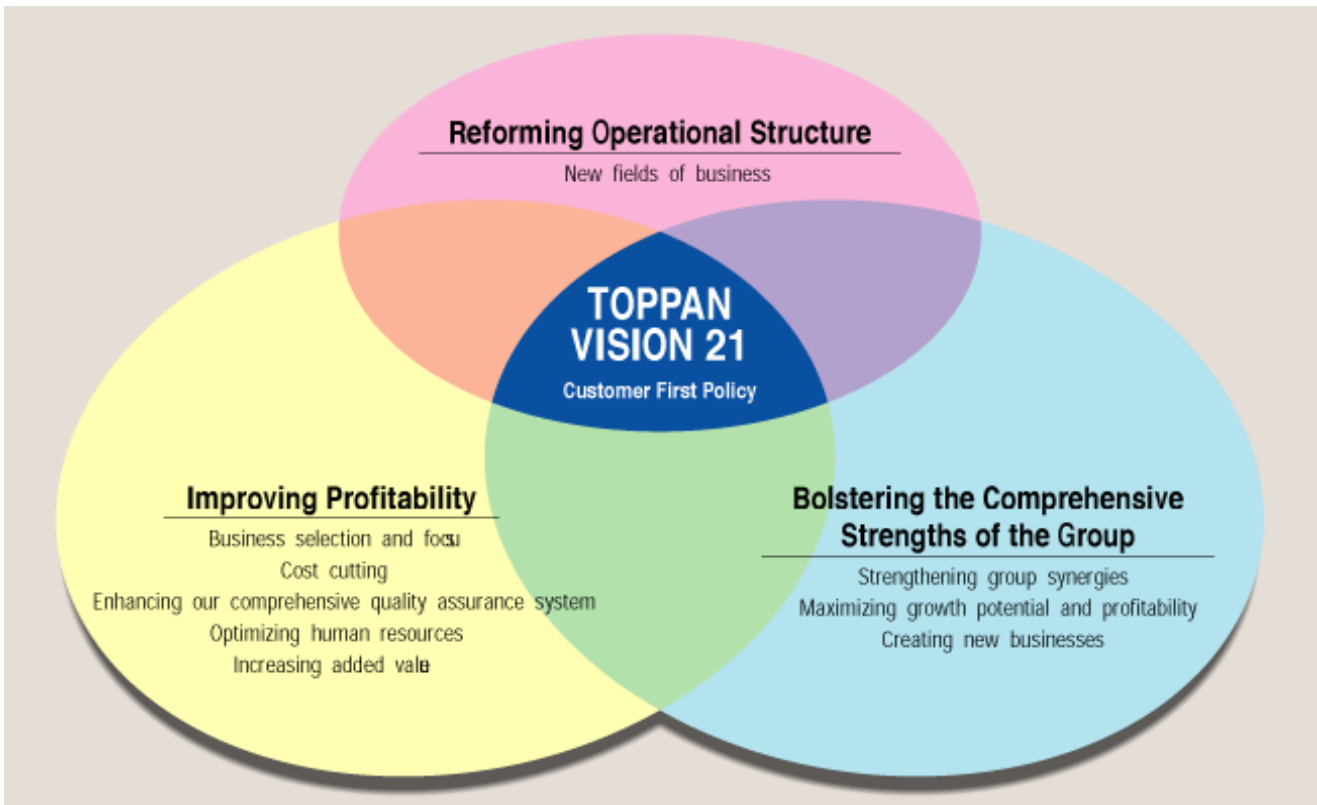
Our corporate philosophy states: Each of us shall reciprocate our customers' continued trust, create dedicated products by harnessing our vibrant knowledge and technology, and contribute to fulfilling lifestyles as a mainstay of information and culture. Our fundamental management policy is to move ahead in unison with our customers and society.

Under Toppan Vision 21, which outlines our corporate structure and business fields, all employees share the same goal-orientation and values and continually take on the challenge of establishing new technologies and operations. The Vision establishes strict ethical principles to be followed and emphasizes respect for the environment and the importance of safety in all of our corporate activities. On that foundation, we will take a steady approach to facing our most important medium to long-term issues : reforming our operational structure, improving our profitability, and bolstering the Group's comprehensive strengths.

In reforming our organizational structure, we will strive to achieve continued growth by implementing separate operational strategies for the printing business and the new fields of business and by enhancing our competitive strengths. In working to improve our profitability, we will continue to reform our operations and implement thorough cost-cutting initiatives. At the same time, we will pursue investment projects that will contribute to improved profitability in the short term as well as investments targeting the establishment of new fields of business over the medium to long term. In bolstering the Group's comprehensive strengths, we will reinforce the “management foundation” of each Group company, bolster operational alliances, increase enterprise value on a groupwide basis, and enhance the Toppan brand.

In addition to these challenges, we are also implementing aggressive activities in the area of corporate social responsibility (CSR). To reinforce our commitment to ethical business practices, we have built an in-house, autonomous auditing system comprising the Compliance Department and the Management Audit Office. Externally, audits are performed by Certified Public Accountants. In regard to the environment, we will continue to implement energy-saving measures to help prevent global warming, and steadily take steps to lessen the environmental burden of our operational activities, such as pollution prevention, waste reduction, and zero emissions initiatives. In social and cultural activities, our activities will center on the Printing Museum, Tokyo and Toppan Hall.

As we resolve these management challenges, we will strive to expand our operational fields, create new sources of profit, and ensure that the Toppan Group records steady growth and is highly regarded and trusted not only by its shareholders and customers but also by society.



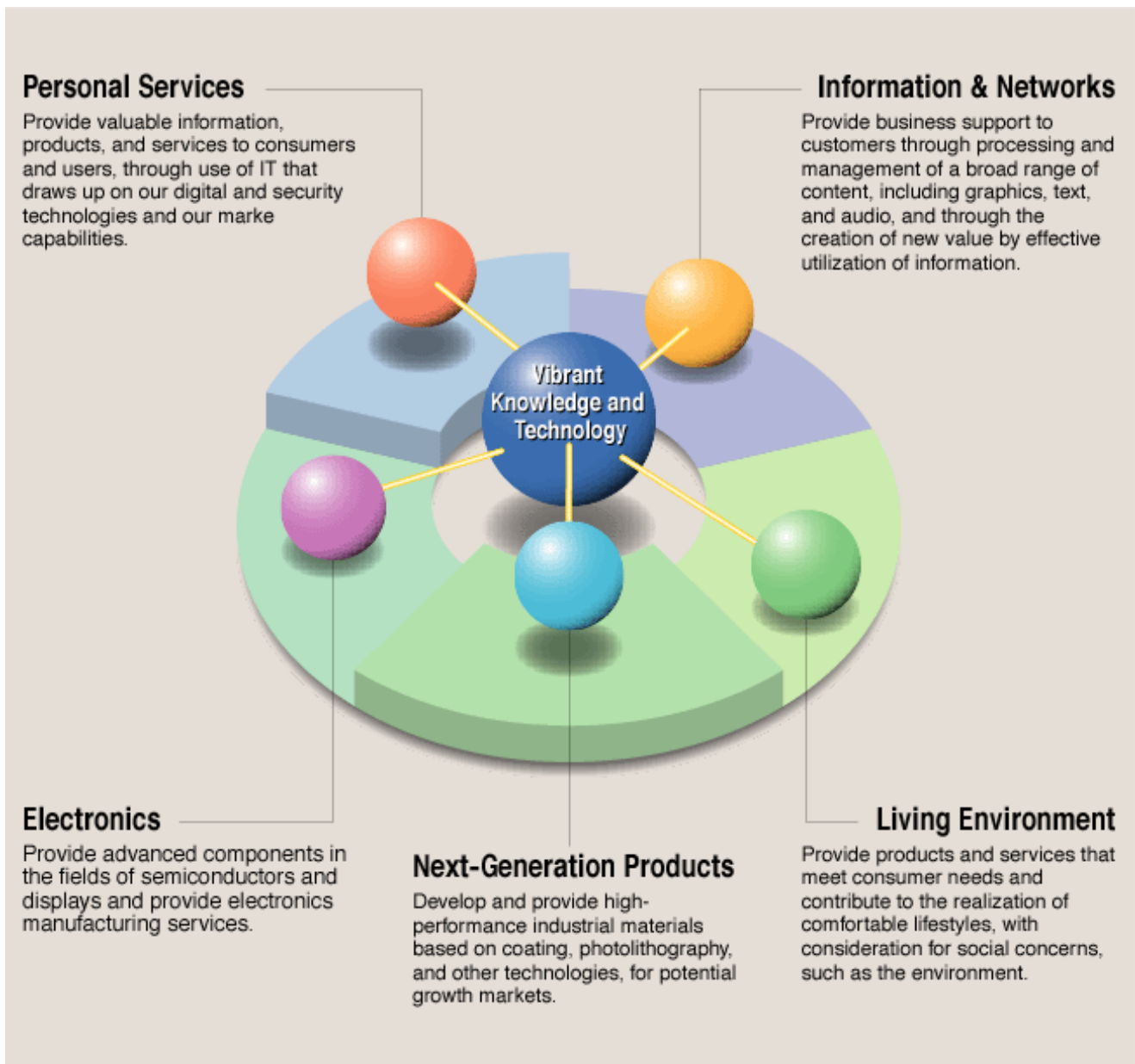
2. Reforming Our Operational Structure

To increase our competitive advantage, achieve continued growth, and strengthen our position as a leading information and communications company, we will create new value in our established printing operations while also developing new businesses.

Our IC tag operations are already producing commercially viable products. We are actively building IC-tag-related operations for both hardware and software solutions, with our sights set on the approaching ubiquitous society in which IC tags will become a common part of everyday life.

In the Electronics field, a key focus will be on products for the LCD color TV market, in which screen size continues to increase in Japan and overseas. Accordingly, we will bolster our competitive strength in color filter markets through the development of such new manufacturing methods as reverse printing. We will also develop operations even more aggressively by, for example, starting up a plant for the production of high-precision screens for large rear-projection TVs, in response to the growing demand for those products in North America.

Furthermore, we aim to establish next-generation businesses that are highly profitable. Such efforts will include the development of organic electroluminescent displays, which promise to be the displays of tomorrow, and of printed electronics, in which printing technology is used to produce thin-film transistors.



3. Improving Our Profitability

Toppan will work to thoroughly strengthen its “management foundation”. We will provide customers with optimal solutions based on an accurate understanding of market changes, and at the same time, we will strive to steadily establish new fields of business that will become sources of profits in the future. With a continued focus on maximizing profit structure, we will work to build a corporate organization that can generate increased profits even in a low-growth business environment.

Profit-maximizing Restructuring Strategies

- In Information & Networks, we will continue efforts to reorganize and integrate our printing, prepress, and planning divisions to enhance profitability. This will involve streamlining our organization and increasing production efficiency.
- In Living Environment, we will work to open up new markets by aggressively developing and launching original products and services that meet society's needs in such areas as environmental friendliness and safety. At the same time, we will strive to bolster our competitive strength in the marketplace by restructuring our paper container operations.
- In Electronics, we will address advanced customer needs by combining cutting-edge technology and the worldwide production capabilities that will be realized through the acquisition of DuPont Photomasks, Inc., of the United States. In LCD color filters, we are working to improve profitability by introducing a resist-coating method at our plant in Mie Prefecture, Japan, and by starting full operation of the production line at Toppan CFI (Taiwan) Co., Ltd.

- In capital investment, we will emphasize a balance between investment projects that will contribute to improved profitability in the short term and those targeting new fields of business over the medium to long term. Our plans call for capital investment of ¥100.0 billion on a consolidated basis in the fiscal year ending March 2005.

Continued Implementation and Reinforcement of Cost Reduction Initiatives

- Through reorganization of production bases by product and region, we will improve production efficiency, reduce indirect expenses, and work to reduce costs. We will also continue to aggressively rationalize low profit operations in an effort to enhance profitability and consider withdrawing from business fields if necessary.
- In the procurement of raw materials, we will work to reduce costs through use of competitive procurement. We will also work to reduce costs by acquiring high-quality materials at low prices through centralized buying.

4. Bolstering the Group's Comprehensive Strengths

We will endeavor to enhance the Group's comprehensive strengths by leveraging the distinctive capabilities of each Group company and facilitating a cross-linked system of mutual support. We will convert subsidiaries and affiliates that are competitive in specialized fields into independent companies, work to build them into leaders in their own fields, and thereby increasing the enterprise value of the Group as a whole.

Aiming to bolster the Toppan brand, we will effectively utilize the management resources of each Group company while reinforcing organic links to create alliances that draw on each company's strengths.

II Consolidated Highlights

1 Statement of Income Data

	September 2001		September 2002		September 2003		September 2004	
	% millions of yen	change to previous year	% millions of yen	change to previous year	% millions of yen	change to previous year	% millions of yen	change to previous year
		% millions of yen		% millions of yen		% millions of yen		% millions of yen
Net sales	100.0 639,656	3.8 23,352	100.0 613,121	-4.1 ▲26,535	100.0 619,976	1.1 6,855	100.0 699,006	12.7 79,030
Operating income	4.7 29,967	7.6 2,126	4.6 28,008	-6.5 ▲1,959	3.8 23,483	-16.2 ▲4,525	6.2 43,280	84.3 19,797
Ordinary income	4.6 29,303	-8.8 ▲2,814	4.8 29,590	1.0 287	4.0 24,467	-17.3 ▲5,123	6.5 45,494	85.9 21,027
Net income	1.9 12,047	— 20,798	2.2 13,573	12.7 1,526	1.9 12,044	-11.3 ▲1,529	2.8 19,472	61.7 7,428

Information & Networks	Net sales	384,735	4.3	15,730	362,384	-5.8	▲22,351	360,596	-0.5	▲1,788	376,675	4.5	16,079				
	Operating income	6.4	24,598	15.1	3,226	5.4	19,696	-19.9	▲4,902	6.3	22,584	14.7	2,888	5.8	21,942	-2.8	▲642
Living Environment	Net sales	184,677	2.1	3,871	179,231	-2.9	▲5,446	178,313	-0.5	▲918	191,208	7.2	12,895				
	Operating income	3.1	5,666	-11.5	▲737	3.5	6,221	9.8	555	4.1	7,395	18.9	1,174	4.3	8,156	10.3	761
Electronics	Net sales	86,810	3.9	3,245	88,719	2.2	1,909	100,745	13.6	12,026	152,399	51.3	51,654				
	Operating income	9.7	8,338	-19.9	▲2,086	12.6	11,190	33.5	2,807	3.1	3,085	-72.4	▲8,105	15.3	23,253	653.6	20,168
Elimination	Net sales	▲16,567		506	▲17,214		▲647	▲19,679		▲2,465	▲21,275		▲1,596				
	Operating income	▲8,680		1,724	▲9,100		▲420	▲9,582		▲482	▲10,071		▲489				
Consolidated	Net sales	639,656	3.8	23,352	613,121	-4.1	▲26,535	619,976	1.1	6,855	699,006	12.7	79,030				
	Operating income	4.7	29,967	7.6	2,126	4.6	28,008	-6.5	▲1,959	3.1	23,483	-16.2	▲4,525	6.2	43,280	84.3	19,797
	Ordinary income	4.6	29,303	-8.8	▲2,814	4.8	29,590	1.0	287	4.0	24,467	-17.3	▲5,123	6.5	45,494	85.9	21,027
	Net income	1.9	12,047		20,798	2.2	13,573	12.7	1,526	1.9	12,044	-11.3	▲1,529	2.8	19,472	61.7	7,428

Results in the six-month period ended September 2004

In the Information & Networks field, the securities and cards segment steadily secured orders stemming from mergers and reorganization in the financial and insurance industries while aggressively marketing services for systems and back-office operations. Meanwhile, demand for IC cards remained solid thanks to the switching from magnetic cards and to orders for transportation-related IC cards. Moreover, sales of card-related devices rose significantly. In commercial printing, we worked hard to address demand for promotional materials for sales campaigns and store sales amid an upturn in corporate advertising budgets. As a result, sales of POP materials, catalogs, flyers, and pamphlets, remained steady. Publications printing posted year-on-year increases in magazines and books. Despite brisk sales of some bestsellers, conditions in the book and magazine markets remained harsh. In response to that environment, we sought to capture orders for new magazines by leveraging differentiated technology—centered on digitization technologies—and by implementing a strategic approach based on coordination among respective divisions. At the same time, we worked to tap into demand generated by the Athens Olympic Games and bestseller books. Business forms saw a year-on-year decline in sales as a result of falling product prices related to intensified competition and streamlining of forms. However, data print services (DPS) continued to record favorable sales.

In the Living Environment field, the packaging segment accounted for lower sales of general-use paper containers and flexible packaging materials, but plastic containers, such as PET (polyethylene terephthalate) bottles, and environment friendly products, such as Cartocan and GL film, registered increased sales. In industrial materials, sales of decorative panels declined. However, sales of the environment friendly Toppan Ecosheet and original brand 101 Series products remained brisk.

The Electronics field posted steady sales of photomasks catering to stepped-up demand in the semiconductor market for 130-nm and leading-edge 90-nm compatibility—driven by heavy demand for such products as digital consumer electronics and PCs. Demand for LCD panels rose on the back of favorable markets for such products as LCD TVs, notebook PCs, and PC monitors. Against this backdrop, we achieved a sharp increase in sales of LCD color filters thanks to the smooth startup of our color filter production line in Mie Prefecture, Japan, and the operation of our Taiwanese subsidiary's color filter production line at full capacity. Buoyed by strong demand in North American markets, sales of screens for rear projection LCD TVs remained strong. As a result, we recorded consolidated net sales of ¥699.0 billion (an increase of 12.7% on the previous year); ¥43.2 billion in operating income (an increase of 84.3%); ¥45.4 billion in ordinary income (an increase of 85.9%); and ¥19.4 billion in net income (an increase of 61.7%).

2 Statement of Income Data Estimated

	March 2002		March 2003		March 2004		March 2005 (Estimated)	
	% millions of yen	change to previous year	% millions of yen	change to previous year	% millions of yen	change to previous year	% millions of yen	change to previous year
		% millions of yen		% millions of yen		% millions of yen		% millions of yen
Net sales	100.0	0.2	100.0	-3.4	100.0	3.7	100.0	10.2
	1,296,195	2,359	1,251,605	▲44,590	1,297,357	45,752	1,430,000	132,643
Operating income	4.9	-5.3	4.1	-19.9	4.8	21.1	6.2	42.0
	63,847	▲3,583	51,168	▲12,679	61,956	10,788	88,000	26,044
Ordinary income	4.9	-13.1	4.1	-20.2	4.8	22.2	6.3	45.1
	63,596	▲9,601	50,739	▲12,857	62,016	11,277	90,000	27,984
Net income	2.1	88.8	2.3	4.6	2.4	7.2	1.0	-52.0
	27,847	13,095	29,125	1,278	31,229	2,104	15,000	▲16,229

3 Segment Estimated

	March 2002		March 2003		March 2004		March 2005 (Estimated)										
	% millions of yen	change to previous year	% millions of yen	change to previous year	% millions of yen	change to previous year	% millions of yen	change to previous year									
		% millions of yen		% millions of yen		% millions of yen		% millions of yen									
Information & Networks	Net sales	789,050	0.5	3,652	749,040	-5.1	▲40,010	749,944	0.1	904	778,000	3.7	28,056				
	Operating income	6.7	52,723	2.1	1,099	6.0	44,886	-14.9	▲7,837	6.6	49,386	10.0	4,500	6.4	49,700	0.6	314
Living Environment	Net sales	365,296	-1.1	▲4,020	357,290	-2.2	▲8,006	359,753	0.7	2,463	386,000	7.3	26,247				
	Operating income	3.1	11,457	-6.4	▲787	3.6	12,774	11.5	1,317	4.2	15,144	18.6	2,370	4.2	16,200	7.0	1,056
Electronics	Net sales	176,149	0.7	1,183	182,785	3.8	6,636	229,387	25.5	46,602	309,700	35.0	80,313				
	Operating income	9.8	17,251	-19.4	▲4,152	6.5	11,818	-31.5	▲5,433	7.2	16,490	39.5	4,672	14.0	43,300	162.6	26,810
Elimination	Net sales	▲34,300		1,543	▲37,509		▲3,209	▲41,728		▲4,219	▲43,700		▲1,972				
	Operating income	▲17,585		255	▲18,310		▲725	▲19,065		▲755	▲21,200		▲2,135				
Consolidated	Net sales	1,296,195	0.2	2,359	1,251,605	-3.4	▲44,590	1,297,357	3.7	45,752	1,430,000	10.2	132,643				
	Operating income	4.9	63,847	-5.3	▲3,583	4.1	51,168	-19.9	▲12,679	4.8	61,956	21.1	10,788	6.2	88,000	42.0	26,044
	Ordinary income	4.9	63,596	-13.1	▲9,601	4.1	50,739	-20.2	▲12,857	4.8	62,016	22.2	11,277	6.3	90,000	45.1	27,984
	Net income	2.1	27,847	88.8	13,095	2.3	29,125	4.6	1,278	2.4	31,229	7.2	2,104	1.0	15,000	52.0	▲16,229

	March 2005 (Estimated)												
	former half of the fiscal year				latter half of the fiscal year (Estimated)				total of the fiscal year (Estimated)				
	% millions of yen	%	change to previous year		% millions of yen	%	change to previous year		% millions of yen	%	change to previous year		
% millions of yen			%	% millions of yen			%	% millions of yen			%		
Information & Networks	Net sales	376,675	4.5	16,079	401,325	3.1	11,977	778,000	3.7	28,056			
	Operating income	5.8	21,942	-2.8	▲642	6.9	27,758	3.6	956	6.4	49,700	0.6	314
Living Environment	Net sales	191,208	7.2	12,895	194,792	7.4	13,352	386,000	7.3	26,247			
	Operating income	4.3	8,156	10.3	761	4.1	8,044	3.8	295	4.2	16,200	7.0	1,056
Electronics	Net sales	152,399	51.3	51,654	157,301	22.3	28,659	309,700	35.0	80,313			
	Operating income	15.3	23,253	653.6	20,168	12.7	20,047	49.5	6,642	14.0	43,300	162.6	26,810
Elimination	Net sales	▲21,275		▲1,596	▲22,425		▲376	▲43,700		▲1,972			
	Operating income	▲10,071		▲489	▲11,129		▲1,646	▲21,200		▲2,135			
Consolidated	Net sales	699,006	12.7	79,030	730,994	7.9	53,613	1,430,000	10.2	132,643			
	Operating income	6.2	43,280	84.3	19,797	6.1	44,720	16.2	6,247	6.2	88,000	42.0	26,044
	Ordinary income	6.5	45,494	85.9	21,027	6.1	44,506	18.5	6,957	6.3	90,000	45.1	27,984
	Net income	2.8	19,472	61.7	7,428		▲4,472	▲23,657	1.0	15,000	-52.0	▲16,229	

4 Operational Plan for Year Ending March 2005

Based on Toppan Vision 21, which outlines our corporate structure in the 21st century, we are moving ahead with operations using our IT and marketing capabilities while undertaking technological development that anticipates emerging market needs. By displaying Toppan's unique comprehensive strengths, we will work to maintain the trust of our customers and achieve further expansion of our operations.

Our IC tag operations, for example, which cover all business fields, aim to exploit our original IC chips and the know-how gained by participating in a range of verification and testing activities, in order to provide optimal solutions that are tailored to specific markets and applications.

■ Information & Networks

With domestic economic conditions improving and an upturn in spending on advertising, there are some relatively favorable signs in the operating environment. Nonetheless, publications markets are expected to remain sluggish.

- In Securities and Cards, further significant market growth is expected for IC card related products. We will aggressively meet that growing demand by continuing to provide comprehensive solutions. We intend to continue developing IC tag operations and related markets, which are expected to see substantial growth. In doing so, we will combine our expertise in IC cards and in the verification and testing activities to develop IC tags for such applications as logistics efficiency enhancement and brand protection. Further, given the imminent enactment of the Personal Data Protection Law (tentative translation), we will offer comprehensive support services, including consultation, for the protection of personal information. At the same time, we intend to develop outsourcing services that provide solutions for highly-secure information management.
- In Commercial Printing, we will provide customers with comprehensive solutions that accurately support their sales promotion activities. Those solutions will draw upon our planning skills based on our expertise in customer communications; our production capabilities which fully exploit of digital technology; our solutions capabilities that leverage IT; and our flexible production capacity achieved with such systems as PMSS (Personal Marketing Selective System), which enables the production of catalogs reflecting each customer's characteristics.
- In Publications Printing, we will strive to increase our share of existing markets by strengthening the pre-press operations in the Information & Networks field as well as those of the overall company so that they meet customer needs more quickly and with improved quality. We will also pursue collaborations with publishers and electric appliance manufacturers to expand the market for electronic-paper publishing and e-book distribution.
- In Business Forms, we will develop and expand solutions that combine the data processing technologies and printed media from our data print services (DPS). We will cater to customer needs by actively promoting information management services, such as document management systems and network distribution systems that ensure the protection of personal information.

■ Living Environment

Domestic consumer spending is showing signs of a modest upturn. Meanwhile, new markets are expected to expand due to such factors as the growth of the aging market, increased health consciousness, and growing demands for safety and quality. In response, we will strengthen our presence in growth markets by expanding product lineups and sales of environment friendly and highly functional products. Given that significant growth in new housing starts and rapid expansion of the existing market is unlikely, we will implement new sales expansion initiatives targeting hotels, offices, and other commercial premises.

- In Packaging, there is growing demand for simpler packaging and packaging materials with increased functionality. The Japan Packaging Institute showed its high evaluation of the functionality of our transparent GX film, which features exceptional moisture-barrier properties, by endorsing the product with Kinoshita Award (Packaging Technology Award). We will continue cultivating demand in medicine, pharmaceuticals, and other growth markets by taking advantage of the differentiated barrier functions and environment friendly properties of GX and GL functional films. Also, as part of the restructuring of our paper container operations, we took over the operations of three printing-related subsidiaries of Japan Tobacco Inc., which will enable us to improve the overall profit structure and boost our competitiveness in this segment. Further, as the first step in our China strategy, we decided to commence packaging operations in China and constructed a plant in Shanghai in conjunction with Group member Toyo Ink Mfg. Co., Ltd. We also intend to use this plant as a strategic base for our Information & Networks operations in the China market, which is expected to see further growth.
- In Industrial Materials, we will develop environment friendly film with added functionality and highly decorative paper. We will continue to aggressively implement marketing activities in domestic and overseas markets. In addition, we will establish a brand image in the industrial materials industry based on the "101 Series" brand of products. That lineup includes 101 Coordination Floor materials, which use decorative sheets, and NaturArt decorative interior finishing materials, which combine natural wood with advanced printing technologies. At the same time, we will further expand our product lineup and develop new markets.

■ Electronics

(Semiconductor related)

In the six-month period ended September 2004, while conditions in the semiconductor market were favorable, uncertainty increased, leading to concern about the impact on photomasks. To respond to the next-generation technology initiatives of semiconductor manufacturers, we will conduct carefully timed R&D and capital investment in line with market demand and technical trends.

- In Photomasks, aiming to establish strongly customer-focused development and production systems with global reach, we concluded an agreement to acquire DuPont Photomasks. We are progressing negotiations with a view to finalizing the agreement by the beginning of 2005. We will cater to demand for 90-nm compatible photomasks, which we already mass-produce, and for 65nm-compatible photomasks for products that semiconductor manufacturers are developing. Moreover, we will continue leading-edge development of products compatible with 65-nm and smaller design rules.
- In Printed Wiring Boards, the electronics market has begun to show signs of a slowdown, despite the significant growth posted by NEC Toppan Circuit Solutions, Inc. in the six-month period ended September 2004. We will therefore work to capture orders by promoting our quick delivery system for trial production and simulation technologies.

(Display related)

In the six-month period ended September 2004, the LCD market saw strong sales. However, given the current slowing, we anticipate an oversupply of inventories and prices to fall as a result.

The market for the small and medium-sized displays used in cellular phones and digital cameras appears to be approaching saturation. In response, we will focus on expanding lineups that leverage our differentiated technologies.

- In LCD color filters, we have led competitors with our aggressive development of products for the LCD TV market. We intend to continue exploiting differentiated technologies that offer such benefits as wide viewing angles and color characteristics to develop an extensive range of products reflecting customer needs. In color filters for PCs, we will bolster sales efforts, concentrating on lineups that draw on our strengths, such as thin, high-resolution color filters and products created by adapting LCD TV color filter technology for large PC monitors with TV tuners. The market for color filters for small- and medium-sized screens has seen a proliferation of colored high-definition products in overseas markets. We aim to provide even higher value add by taking advantage of in-house technologies such as those for semi-transparent color filters.
- In Anti-reflection Display Film, we will meet the heavy demand for displays with increased visibility specifications by operating the production lines at our existing Saitte plant and the newly-established Shiga plant at full capacity. We will also actively develop films combining anti-reflection (LR function) anti-glare (AG function) properties. We aim to develop a wide lineup of films for LCD TVs, plasma TVs, rear projection TVs, and other products.
- In Screens for Rear Projection TVs, MD-type rear projection TVs, which offer outstanding picture quality, are replacing CRT-type TVs. In response to the strong demand in North American markets, we are preparing to start up operations at a second plant in Poway in 2005. We also plan to take aggressive steps to cater for the growth in demand expected in China.
- In Electronic Paper, we launched an e-book terminal in April 2004. We plan to leverage the terminals' high contrast and low-power consumption properties, which have earned a strong reputation in the market, to promote the terminals for applications such as large displays and billboards in public or transportation facilities.

■ Personal Services

Network services are becoming ever more convenient due to the increasing prevalence of households with broadband Internet access and the growing use of third-generation cellular phones. Amid that environment, we will work aggressively to expand our operations for content distribution, which is expected to see continued significant growth.

- Bitway is content distribution operations provide more than 15,000 titles that can be received by PCs, PDAs (personal digital assistants), and cellular phones. We have expanded our distribution channels to include providers, e-commerce sites, portal sites, and Bitway's original Club Bitway site and diversified the access points and payment methods. Going forward, we intend to develop general content distribution operations energetically by continuing to offer new services compatible with broadband and third-generation cellular phones and by introducing original Toppan content.
- In Mapion Internet Map Search Services, we will continue working to grow operations by expanding ASP (Active Server Pages) services for companies, such as CustomMapion, and enhancing services offered at iMapion—an official NTT DoCoMo i-mode site.
- In our character rights business, we will work to promote growth in the character industry by effectively distributing characters and creating new characters.

■ Next-Generation Products

Aiming to commercialize DNA chips, we are pursuing joint development with a U.S. venture company. Currently, we are focusing on achieving high reliability in chips and analysis systems. In conjunction with leading companies and institutions, we will work to develop a range of biochips that meet market needs.

In printed electronics, which involves the use of printing technology to produce electronic circuits, we will continue our business development activities. With the objective of establishing production technologies for transistors and other electronic devices that draw on the cost effectiveness and high productivity of printing, we will conduct development of applications in growth fields, such as next-generation displays and RFID (Radio Frequency Identification) devices.

We are progressing with development of hydrogen sensors, which are essential in fuel cell vehicles, the use of which is expected to grow. Fuel cells, which do not need to be charged, are very convenient, but their use of hydrogen as a fuel presents the danger of explosion. To avoid that danger, a sensor that signals hydrogen leakage is needed. We will work to meet that need by producing hydrogen sensors for sale.

Our 25-gigabyte paper disc (Blu-Ray disc) received a Good Design Award 2004. The paper discs can be produced at a lower cost than conventional disks, and because paper discs can be easily cut with scissors they offer superior information security at the time of disposal. We will work to commercialize these discs in the future.

5 Total Assets and Shareholders' Equity

	March 2002	March 2003	March 2004	March 2005 (Estimated)
	millions of yen	millions of yen	millions of yen	millions of yen
Information & Networks	623,052	576,586	581,247	581,500
Living Environment	278,435	263,922	270,807	290,600
Electronics	215,092	265,246	276,582	399,600
Elimination	238,419	211,698	332,668	233,300
Total assets	1,354,999	1,317,454	1,461,305	1,505,000
Shareholders' equity	707,489	715,438	740,481	737,800
Cash and cash equivalents	163,975	123,184	204,742	161,900
Debt with interest	144,265	136,294	239,209	242,300

Note 1: In the six-month period ended September 2004, total assets were ¥1,485,354 million, total shareholders' equity was ¥744,913 million, cash and cash equivalents totaled ¥186,111 million, and debt with interest was ¥242,770 million.

6 Capital Expenditures and Depreciation

	March 2002	March 2003	March 2004	March 2005 (Estimated)
	millions of yen	millions of yen	millions of yen	millions of yen
Information & Networks	28,157	24,081	19,802	17,500
Living Environment	20,818	12,284	13,573	23,200
Electronics	30,526	38,183	48,335	52,400
Elimination	4,318	8,762	3,397	6,900
Capital expenditures	83,820	83,312	85,108	100,000
Information & Networks	24,995	23,946	22,915	22,300
Living Environment	13,810	13,517	12,996	13,000
Electronics	26,184	25,369	26,663	33,100
Elimination	2,973	2,871	3,130	3,600
Depreciation	67,964	65,704	65,706	72,000

Note 1: In the six-month period ended September 2004, capital expenditure was ¥39,794 million and depreciation was ¥33,444 million.

establishing production technologies for transistors and other electronic devices that draw on the cost effectiveness and high productivity of printing, we will conduct development of applications in growth fields, such as next-generation displays and RFID (Radio Frequency Identification) devices.

We are progressing with development of hydrogen sensors, which are essential in fuel cell vehicles, the use of which is expected to grow. Fuel cells, which do not need to be charged, are very convenient, but their use of hydrogen as a fuel presents the danger of explosion. To avoid that danger, a sensor that signals hydrogen leakage is needed. We will work to meet that need by producing hydrogen sensors for sale.

Our 25-gigabyte paper disc (Blu-Ray disc) received a Good Design Award 2004. The paper discs can be produced at a lower cost than conventional disks, and because paper discs can be easily cut with scissors they offer superior information security at the time of disposal. We will work to commercialize these discs in the future.

7 Cash Flows

	March 2002	March 2003	March 2004	March 2005	
				former half of the fiscal year	total of the fiscal year (Estimated)
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Cash flows from operating activities	107,495	97,902	92,331	54,935	99,200
Cash flows from investing activities	▲78,879	▲108,336	▲78,710	▲80,397	▲117,900
Cash flows from financing activities	▲29,521	▲23,422	82,718	▲10,377	▲25,500
Cash and cash equivalents at end of year	141,179	107,214	202,149	166,442	158,000

8 Research and Development Expenses

Research and development Expenses	19,144	20,252	21,302	10,799	23,000
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9 Number of Employees

Number of employees	31,610	33,292	32,178	32,932	32,900
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10 Management Index

	March 2002	March 2003	March 2004	March 2005	
				former half of the fiscal year	total of the fiscal year (Estimated)
Number of issued stocks (Thousands)	681,836	678,921	669,990	665,364	665,364
Net income per share (¥)	40.84	42.29	45.57	29.10	22.54
Shareholders' equity per share (¥)	1,037.62	1,053.22	1,104.62	1,124.07	1,108.87
Ordinary income to total assets (%)	4.7	3.8	4.5	6.2	6.1
Return on assets (%)	2.0	2.2	2.2	2.6	1.0
Return on shareholders' equity (%)	3.9	4.1	4.3	5.2	2.0
Shareholders' equity ratio (%)	52.2	54.3	50.7	50.3	49.0
Current ratio (%)	157.7	5415	160.4	156.1	160.3

III Non-consolidated Highlights

1 Statement of Income Data

	March 2001		September 2002		September 2003		September 2004	
	% millions of yen	change to previous year % millions of yen	% millions of yen	change to previous year % millions of yen	% millions of yen	change to previous year % millions of yen	% millions of yen	change to previous year % millions of yen
Net sales	100.0 476,756	1.8 8,561	100.0 457,716	-4.0 ▲19,040	100.0 440,882	-3.7 ▲16,834	100.0 475,033	7.7 34,151
Operating income	3.5 16,645	3.2 517	3.7 17,041	2.4 396	2.9 12,659	-25.7 ▲4,382	3.9 18,329	44.8 5,670
Ordinary income	4.2 20,031	-11.5 ▲2,591	4.3 19,874	-0.8 ▲157	3.7 16,168	-18.6 ▲3,706	4.9 23,154	43.2 6,986
Net income	2.2 10,639	54.7 3,763	2.4 10,782	1.3 143	2.1 9,369	-13.1 ▲1,413	1.2 5,861	-37.4 ▲3,508

2 Sales by Business Fields

	September 2001		September 2002		September 2003		September 2004	
	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen
Securities & Cards	22,595	-4.1 ▲970	22,851	1.1 256	22,148	-3.1 ▲703	22,885	3.3 737
Commercial Printing	154,124	2.3 3,418	141,538	-8.2 ▲12,586	141,825	0.2 287	151,069	6.5 9,244
Publications Printing	87,281	2.6 2,175	82,055	-6.0 ▲5,226	79,453	-3.2 ▲2,602	80,328	1.1 875
Information & Networks (Total)	264,002	1.8 4,624	246,445	-6.7 ▲17,557	243,427	-1.2 ▲3,018	254,283	4.5 10,856
Packaging	110,776	4.0 4,260	103,734	-6.4 ▲7,042	101,958	-1.7 ▲1,776	101,788	-0.2 ▲170
Industrial Materials	18,448	-6.9 ▲1,376	18,912	2.5 464	17,476	-7.6 ▲1,436	17,605	0.7 129
Living Environment (Total)	129,224	2.3 2,883	122,647	-5.1 ▲6,577	119,435	-2.6 ▲3,212	119,393	-0.0 ▲42
Electronics	83,529	1.3 1,052	88,623	6.1 5,094	78,019	-12.0 ▲10,604	101,356	29.9 23,337
Total	476,756	1.8 8,561	457,716	-4.0 ▲19,040	440,882	-3.7 ▲16,834	475,033	7.7 34,151

3 Statement of Income Data Estimated

	March 2002		March 2003		March 2004		March 2005 (Estimated)	
	% millions of yen	change to previous year % millions of yen	% millions of yen	change to previous year % millions of yen	% millions of yen	change to previous year % millions of yen	% millions of yen	change to previous year % millions of yen
Net sales	100.0 960,220	-0.9 ▲9,167	100.0 911,721	-5.1 ▲48,499	100.0 914,612	0.3 2,891	100.0 970,000	6.1 55,388
Operating income	3.6 34,335	-11.0 ▲4,258	3.4 31,000	-9.7 ▲3,335	3.3 30,022	-3.2 ▲978	4.3 42,000	39.9 11,978
Ordinary income	4.3 41,178	-15.1 ▲7,319	3.8 34,413	-16.4 ▲6,765	3.8 34,881	1.4 468	4.8 47,000	34.7 12,119
Net income	2.2 20,783	13.4 2,451	2.3 21,424	3.1 641	2.1 18,962	-11.5 ▲2,462	1.8 17,000	-10.3 ▲1,962

4 Sales by Business Fields Estimated

	March 2002		March 2003		March 2004		March 2005 (Estimated)	
	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen
Securities & Cards	47,891	-1.5 ▲748	45,919	-4.1 ▲1,972	45,093	-1.8 ▲826	49,100	8.9 4,007
Commercial Printing	314,616	-3.0 ▲9,737	294,018	-6.5 ▲20,598	300,516	2.2 6,498	311,400	3.6 10,884
Publications Printing	177,640	1.3 2,354	166,308	-6.4 ▲11,332	162,490	-2.3 ▲3,818	162,900	0.3 410
Information & Networks (Total)	540,149	-1.5 ▲8,131	506,245	-6.3 ▲33,904	508,100	0.4 1,855	523,400	3.0 15,300
Packaging	214,909	0.4 863	202,236	-5.9 ▲12,673	201,617	-0.3 ▲619	203,000	0.7 1,383
Industrial Materials	36,911	-7.0 ▲2,786	36,814	-0.3 ▲97	35,180	-4.4 ▲1,634	35,700	1.5 520
Living Environment (Total)	251,821	-0.8 ▲1,923	239,050	-5.1 ▲12,771	236,798	-0.9 ▲2,252	238,700	0.8 1,902
Electronics	168,249	0.5 888	166,424	-1.1 ▲1,825	169,714	2.0 3,290	207,900	22.5 38,186
Total	960,220	-0.9 ▲9,167	911,721	-5.1 ▲48,499	914,612	0.3 2,891	970,000	6.1 55,388

March 2005 Estimated

	former half of the fiscal year			latter half of the fiscal year (Estimated)			total of the fiscal year (Estimated)		
	%	millions of yen	change to previous year % millions of yen	%	millions of yen	change to previous year % millions of yen	%	millions of yen	change to previous year % millions of yen
Net sales	100.0	475,033	7.7 34,151	100.0	494,967	4.5 21,237	100.0	970,000	6.1 55,388
Operating income	3.9	18,329	44.8 5,670	4.8	23,671	36.3 6,308	4.3	42,000	39.9 11,978
Ordinary income	4.9	23,154	43.2 6,986	4.8	23,846	27.4 5,133	4.8	47,000	34.7 12,119
Net income	1.2	5,861	-37.4 ▲3,508	2.3	11,139	16.1 1,546	1.8	17,000	-10.3 ▲1,962

March 2005 Estimated

	former half of the fiscal year			latter half of the fiscal year (Estimated)			total of the fiscal year (Estimated)		
	%	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen	millions of yen	change to previous year % millions of yen		
Securities & Cards		22,885	3.3 737	26,215	14.3 3,270	49,100	8.9 4,007		
Commercial Printing		151,069	6.5 9,244	160,331	1.0 1,640	311,400	3.6 10,884		
Publications Printing		80,328	1.1 875	82,572	-0.6 ▲465	162,900	0.3 410		
Information & Networks (Total)		254,283	4.5 10,856	269,117	1.7 4,444	523,400	3.0 15,300		
Packaging		101,788	-0.2 ▲170	101,212	1.6 1,553	203,000	0.7 1,383		
Industrial Materials		17,605	0.7 129	18,095	2.2 391	35,700	1.5 520		
Living Environment (Total)		119,393	-0.0 ▲42	119,307	1.7 1,944	238,700	0.8 1,902		
Electronics		101,356	29.9 23,337	106,544	16.2 14,849	207,900	22.5 38,186		
Total		475,033	7.7 34,151	494,967	4.5 21,237	970,000	6.1 55,388		

5 Total Assets and Shareholders' Equity

	March 2002 millions of yen	March 2003 millions of yen	March 2004 millions of yen	March 2005	
				former half of the fiscal year millions of yen	total of the fiscal year (Estimated) millions of yen
Total assets	1,125,745	1,088,404	1,219,473	1,214,540	1,195,014
Shareholders' equity	659,507	664,471	679,114	672,074	678,499
Cash and cash equivalents	108,741	81,914	161,753	121,938	84,761
Debt with interest	116,282	116,152	216,006	216,060	181,000

6 Capital Expenditures and Depreciation

	March 2002 millions of yen	March 2003 millions of yen	March 2004 millions of yen	March 2005	
				former half of the fiscal year millions of yen	total of the fiscal year (Estimated) millions of yen
Capital expenditures	61,785	49,561	50,637	18,596	50,000
Depreciation	56,274	50,861	47,556	22,938	48,500

7 Research and Development Expenses

Research and development expenses	16,728	17,792	18,796	9,896	20,000
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Note 1: From the year ended March 2002, the number of shares issued does not include treasury stock.

Note 2: From the year ended March 2002, treasury stock is not included in the number of shares used to calculate net income per share and shareholders' equity per share.

8 Number of Employees

Number of employees	12,748	12,053	11,512	10,869	10,719
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9 Management Index

	March 2002	March 2003	March 2004	March 2005	
				former half of the fiscal year	total of the fiscal year (Estimated)
Number of issued stocks (Thousands)	681,836	680,815	671,893	667,268	667,268
Net income per share (¥)	30.48	31.25	27.72	8.73	25.48
Shareholders' equity per share (¥)	967.25	975.80	1,010.52	1,007.20	1,016.83
Ordinary income to total assets (%)	3.6	3.1	3.0	3.8	3.9
Return on assets (%)	1.8	1.9	1.6	1.0	1.4
Return on shareholders' equity (%)	3.1	3.2	2.8	1.7	2.5
Shareholders' equity ratio (%)	58.6	61.0	55.7	55.3	56.8
Current ratio (%)	150.4	149.9	155.5	144.4	148.6

10 Dividend

Dividends per share (¥)	16.0	16.0	17.0	8.5	17.0
Dividend ratio (%)	53.2	51.2	61.3	97.4	66.7

IV. Toppan Group Overview

Toppan Printing Co., Ltd.
Securities and Cards
Commercial Printing
Publications Printing

Toppan Forms Co., Ltd.
● Tosho Printing Co., Ltd.
● Tokyo Magnetic Printing Co., Ltd.
● Hino Offset Printing Co., Ltd.

Froebel-Kan Co., Ltd.
Total Media Development Institute Co., Ltd.
Toppan Travel Service Corp.
Toppan Multisoft Ltd.
● Tokyo Shoseki Co., Ltd.
● Toppan M&I Ltd.

Toppan Printing Co. (America), Inc.
Toppan Printing Co. (H.K.) Ltd.
Toppan Printing Co., (Shenzhen) Ltd.
Toppan Printing Co., (Shanghai) Ltd.
Toppan Printing Co. (Australia) Pty. Ltd.

Total: 88 companies

Overview of Major Subsidiaries

Toppan Forms Co., Ltd.

President and Representative Director: Masanori Akiyama
Paid-in capital: ¥11,750 million Millions of yen

	Six months ended September 2003	Six months ended September 2004
Net sales	95,102	97,116
Ordinary income	7,741	6,857
Net income	3,869	3,818

Toppan Label Co., Ltd.

President and Representative Director: Kouji Sato
Paid-in capital: ¥1,000 million Millions of yen

	Six months ended September 2003	Six months ended September 2004
Net sales	7,718	8,977
Ordinary income	385	655
Net income	200	377

Living Environment

Toppan Printing Co., Ltd.
Packaging
Industrial Materials

Toppan Label Co., Ltd.
Tamapoly Co., Ltd.

Toppan Cosmo, Inc.
Toppan Logistics Co., Ltd.
● Toyo Ink Mfg. Co., Ltd.

PT Toppan Sampoerna Indonesia
Siam Toppan Packaging Co., Ltd.
Toppan Interamerica Inc.

Total: 42 companies

Electronics

Toppan Printing Co., Ltd.
Electronics

Toppan Technical Design Center Co., Ltd.
NEC Toppan Circuit Solutions Co., Ltd.

Toppan Chunghwa Electronics Co., Ltd
Toppan Electronics (Taiwan) Co., Ltd
Toppan CFI (Taiwan) Co., Ltd.

Total: 16 companies

Total: 146 companies
(as of September 30, 2004)

Note 1: No mark indicates subsidiaries: 126 companies

● Mark indicates affiliates: 20 companies
(Only major companies are listed.)

Note 2: The companies providing products and services in the Personal Services and Next-Generation Product fields are included in the three fields above.

Toppan Cosmo, Inc.

President and Representative Director: Tatsuo Takizawa

Paid-in capital: ¥1,000 million

Millions of yen

	Six months ended September 2003	Six months ended September 2004
Net sales	34,552	35,440
Ordinary income	284	531
Net income	150	291

Tamapoly Co., Ltd.

President and Representative Director: Yasuo Matsuki

Paid-in capital: ¥315 million

Millions of yen

	Six months ended September 2003	Six months ended September 2004
Net sales	7,501	8,612
Ordinary income	538	754
Net income	302	435

Forebel-Kan Co., Ltd.

President and Representative Director: Mamoru Kitabayashi

Paid-in capital: ¥50 million

Millions of yen

	Six months ended September 2003	Six months ended September 2004
Net sales	5,458	5,397
Ordinary income	104	25
Net income	102	14