

TOPPAN

ANNUAL REPORT 2005



cutting edge
solid foundation



cutting edge on a solid foundation



The Erhört letterpress was the origin of Toppan's platemaking technology



Toppan Printing Co., Ltd., was founded more than a century ago in 1900. The Company's name is derived from the Erhört letterpress printing method, which was the most advanced printing technology available at the time of the Company's establishment. Toppan has since recorded significant growth as an integrated printing company that continually adopts new technology, and now occupies a solid position as a leader in the Japanese printing industry.

From its plate-making operations, Toppan has developed advanced technologies that are now used in the Company's electronic products and in other fields. The technologies developed through printing operations enable Toppan to provide leading-edge products and services, such as advanced security technologies developed from the Company's technologies in security counterfeit prevention and ultra-precise fabrication technologies that utilize plate-making technologies.

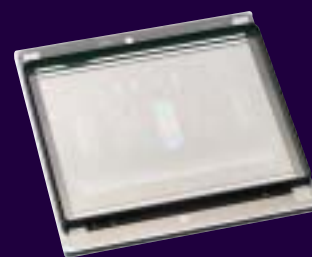
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As an example, we are now using our superior technical capabilities in leading-edge electronic products, such as color filters for LCDs and photomasks for the production of semi-conductors. Both of these product lines have been evaluated highly in the marketplace and have grown into major sources of profit for the Company.

In addition to recording its own growth and development, Toppan has made a major contribution to the development of Japan's printing industry. In the future, we will continue to support the development of the printing industry and target further growth by pursuing new business opportunities as a company that creates demand. While our printing operations provide a strong, stable source of profits, it will be those products that draw on our advanced technologies that will drive our growth in the years ahead.

A photomask that draws on leading-edge platemaking technology



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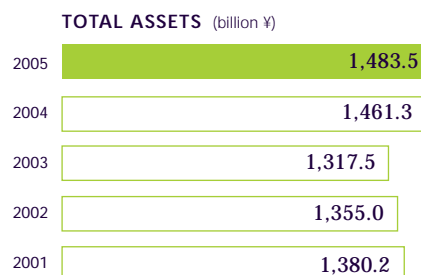
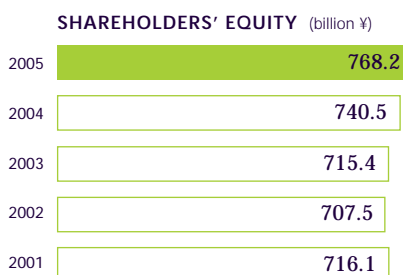
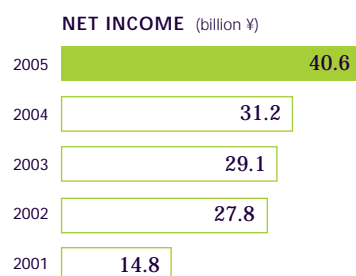
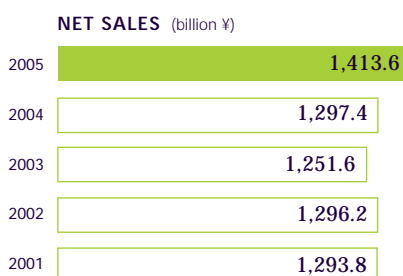
financial highlights

Toppan Printing Co., Ltd. and Subsidiaries

YEARS ENDED MARCH 31, 2003, 2004 AND 2005

	Millions of yen except per share data			Thousands of U.S. dollars* except per share data	
	2003	2004	2005	2005	% Change
FOR THE YEAR:					
Net sales	¥1,251,606	¥1,297,358	¥1,413,580	\$13,163,051	9.0%
Operating income	51,168	61,957	86,939	809,563	40.3%
Income before income taxes and minority interests	58,552	54,796	76,680	714,033	39.9%
Net income	29,126	31,230	40,574	377,819	29.9%
Per share of common stock (yen and dollars):					
Net income:					
Basic	¥42.29	¥45.57	¥60.09	\$0.56	31.9%
Diluted	41.77	44.86	59.94	0.56	33.6%
Cash dividends	16.00	17.00	19.00	0.18	11.8%
Capital expenditures	¥83,313	¥85,109	¥86,626	\$806,649	1.8%
Depreciation and amortization	65,705	65,706	69,262	644,958	5.4%
AT YEAR-END					
Total assets	¥1,317,454	¥1,461,306	¥1,483,478	\$13,813,931	1.5%
Shareholders' equity	715,439	740,481	768,246	7,153,795	3.7%
Working capital	207,333	260,303	275,267	2,563,247	5.7%
Long-term indebtedness	119,342	183,940	189,162	1,761,449	2.8%

* U.S. dollar amounts are translated from yen at the rate of ¥107.39=U.S.\$1, as of March 31, 2005.



Forward-Looking Statements

This annual report includes certain "forward-looking statements." These statements are based on management's current expectations and are subject to change in circumstances. Actual results may differ due to changes in economic, business, competitive, technological, regulatory, and other factors.

a message from the management



Targeting Continuous Growth and Harmony with the Community

Hironichi Fujita (left) Naoki Adachi (right)

Toppan's basic management policy is not only to establish a solid position as leader in the information and communications industry but also to develop with the community as a contributor to information and culture. In accordance with Toppan Vision 21, which outlines the Company's direction and our fields of business in the 21st century, we will continue to establish new technologies and new businesses while observing corporate ethics in all dealings with society and carrying out our corporate activities with consideration for safety and the environment.

Toppan has been contributing to the development of the printing industry in Japan for over a century. The printing industry, which has built a solid position in society, is now entering a new phase due to the advances in information technology. In this environment, the Toppan Group will fulfill its role as an industry leader and further contribute to the evolution of the printing industry. We will not simply pursue corporate profits but will also emphasize corporate social responsibility (CSR) and take a balanced approach in regard to societal and environmental considerations. In this way, we aim to earn an even greater level of trust from society and consumers.

Over the medium to long term, the Toppan Group will focus on three key issues – reforming its operational structure, improving its profitability, and bolstering its comprehensive strengths. In a difficult management environment marked by intensifying competition, the measures that we have implemented are steadily bearing fruit, and we intend to redouble our efforts in the future to further increase corporate value.

The Toppan Group will continue working to expand its fields of business, create new profit, and achieve ongoing growth. We would like to ask our shareholders and investors for their continued support and understanding in the years ahead.

August 2005

Hironichi Fujita
Chairman & Representative Director

Naoki Adachi
President & CEO

president's message



In the fiscal year under review, ended March 31, 2005, Toppan recorded increases in sales and profits that were attributable to a stable performance in printing, our core field of business, and substantial gains in electronics, our growth field. The Company sees this performance as the result of the many initiatives it has implemented to increase corporate value. Toppan has also raised dividends for the second consecutive year. In the future, we will continue working to provide a return to shareholders and steadily increase shareholder value.

PERFORMANCE

In the fiscal year under review, Toppan recorded higher sales and profits. In an operating environment marked by intensifying competition, consolidated net sales reached a record high level of ¥1,413.6 billion. Operating income was up 40.3%, to ¥86.9 billion. By segment, operating income in Information & Networks, centered on printing operations, declined slightly. Operating income increased in Living Environment and increased substantially in Electronics. As a result, net income increased 29.9%, to ¥40.6 billion. Although we fell slightly short of initial targets for net sales and operating income, we are able to report substantial growth on a Companywide basis.

We believe that the Toppan Group successfully used its comprehensive marketing abilities during the year, with efforts to further improve productivity and reduce indirect expenses reflected in the results. Our strategic investment in electronics, where substantial growth is expected, has also begun to show results, with our high-quality, high-value-added products being steadily accepted into the marketplace and contributing to our performance.

“The technology and quality borne from combining the capabilities of all departments and organizations form the basis of customer trust.”

MARKET ENVIRONMENT AND MANAGEMENT POLICIES

It goes without saying that printing is Toppan's core business. The size of the domestic printing market is currently about ¥7,600 billion, but the market continues to mature and it is contracting each year. Toppan, however, can draw on the technologies and experience that it has cultivated over more than a century as a leader in Japan's printing industry, even in this challenging operating environment. Toppan's cost competitiveness, which has been improved through the enhancement of advanced technologies and quality as well as through continuous rationalization, has enabled the Company to establish a major competitive advantage in the marketplace. We have also worked to enhance our comprehensive planning and proposal capabilities and our development capabilities, and have provided optimal solutions based on an accurate understanding of market needs. As a result, even in a maturing market, we have secured stable profitability on a solid operational base.

Meanwhile, we are also working to expand our business fields by applying the technical capabilities that we have developed through printing to advanced electronic products. We are establishing a solid presence in rapidly growing markets and recording strong growth by channeling the stable profits generated by our printing operations into selective investments in our high-growth electronics operations.

Toppan's strengths consist of a combination of a solid operating base in printing and an operating base in electronics that continues to record high levels of growth. We will draw on these two strengths to build our operations and reinforce our position as a leader in the information and communications industry in order to achieve continuous growth over the long term.

“We will provide customers around the world with high-quality service backed up by cutting-edge technology.”

GROWTH STRATEGY

As part of its growth strategy, Toppan will pursue aggressive globalization to further bolster its rapidly growing electronics operations. In photomasks, we acquired all of the shares of DuPont Photomasks, Inc., making the company a wholly owned subsidiary of Toppan, and renamed it Toppan Photomasks. As a result, the Toppan Group is now the world's largest manufacturer of photomasks and has bases worldwide. Moreover, in advanced product development, we will conduct joint development activities with IBM Corporation and work to build a supply system that meets market demand. Furthermore, we will aggressively invest capital and allocate human resources not only in photomasks but also in other growth fields, such as color filters, FC screens, and antireflective film.

In existing printing operations, we will continue to implement cost reduction measures targeting increased market share and profitability. To bolster efficiency and competitiveness for the Group as a whole, we will reevaluate our production bases and systems and accelerate overall optimization. Furthermore, we are working to thoroughly enhance total quality assurance to create dedicated products, a commitment that is common across all stages from planning and design to the provision of products and services. In addition, we are devoting resources to the research and development of next-generation products, such as DNA chips, hydrogen sensors, and organic electroluminescent displays, and will continue working toward commercialization.



“We will invest aggressively in growth fields and boost our production capacity to improve our profit structure.”

CAPITAL INVESTMENT PLANS

For each of the past three years, we have maintained capital expenditures between ¥80 billion and ¥90 billion. In the year under review, capital expenditures totaled ¥86.6 billion. The principal areas of investment were the expansion of large-scale color filter production facilities at our Mie plant in Japan and at our Taiwan plant. In addition, we built a plant in Japan for low-reflectivity film for large-scale displays, and in Shanghai we built a plant and introduced a production line for advanced packaging materials. The plant in Shanghai will be the integrated base for the Toppan Group’s operational development in China.

In the year ending March 2006, we plan to increase capital expenditures to ¥115.0 billion, with our focus remaining on growth fields. The LCD market continues to expand. In July 2005, a Taiwanese subsidiary began full-fledged operation of its production line for sixth-generation products. We will bolster production capacity on a timely basis to maintain our competitive edge and supply structure for color filters. We plan to establish a new plant for antireflective film, to respond to its rapid growth in sales. In our electronics operations, we anticipate sales growth of more than 20%. Accordingly, electronics will account for more than half of the current year’s capital expenditures – approximately ¥69.3 billion, an increase of more than ¥20.0 billion from the year under review. In our information and networks operations, we are planning to upgrade our printing presses, and will therefore increase capital investment by about ¥10.0 billion in the year ending March 2006.

PLANNED CAPITAL EXPENDITURES (billion ¥)

	Year ended March 2005*	Year ending March 2006	% change
Information & Networks	¥12.4	¥ 22.4	+80.0
Living Environment	20.4	16.8	-17.9
Electronics	47.3	69.3	+46.5
Corporate	6.4	6.5	—
Total	¥86.6	¥115.0	+32.8

* Segment information figures

PERFORMANCE FORECAST (billion ¥)

	Actual results in year ended March 2005	Forecast for year ending March 2006	% change
Net sales	¥1,413.6	¥1,500.0	+6.1
Operating income	86.9	87.0	+0.1
Net income	40.6	12.0	-70.4

CORPORATE GOVERNANCE

Toppan's fundamental management policy is to pursue continuous growth by increasing corporate value and earning the respect of shareholders, customers, and society. To this end, the strengthening of corporate governance is our most important management issue. In addition to establishing a management and control system, we are taking steps to enhance the auditing of corporate management, to ensure thorough compliance, and to improve the transparency of management activities.

Moreover, from the viewpoint of CSR, we are aggressively promoting activities that contribute to society and preserve the environment so as to become a better corporate citizen.

(For more details about our systems and policies, refer to page 8 of this report.)

“We will strive to further improve profitability by actively undertaking comprehensive restructuring and reducing the cost of sales ratio.”

BASIC POLICY REGARDING THE ALLOCATION OF PROFITS

Our basic policy for the allocation of profits is to give thorough consideration to performance, capital efficiency, and the dividend payout ratio and to provide shareholders with a stable yet gradually increasing stream of dividends. At the same time, we recognize the importance for the Company of retaining the financial resources needed to strengthen the business structure and build a stable profit base.

After consideration of the improvement in consolidated performance, annual dividends were increased by ¥2.00 per share, to ¥19.00. The dividend payout ratio was 31.6% on a consolidated basis, and dividend payments totaled ¥11.7 billion.

With the goal of increasing corporate value, the Company allocates retained earnings to capital investment and R&D projects in fields with high growth potential and also strives to improve capital efficiency over the long-term. Allocating profits in this way leads to a stronger business structure and growth, both of which make a shareholder return possible.

OUTLOOK AND OBJECTIVES

IN THE YEAR ENDING MARCH 2006

In Japan, the economy is expected to maintain a course of gradual recovery, supported by solid capital investment and firm consumer spending. However, there remains the risk of an economic recession caused by the rising cost of raw materials and a slowdown in overseas economies. In the printing industry, conventional printing markets continue to mature and it is becoming more and more important to expand into new fields of business. The Toppan Group will work to bolster its comprehensive strengths, reform its operational structure, and improve its profitability. At the same time, we will leverage our unique comprehensive strengths by pursuing operations that draw on our superior technical and marketing capabilities.

In the year ending March 31, 2006, we anticipate consolidated net sales of ¥1,500.0 billion, an increase of 6.1%; operating income of ¥87.0 billion, a rise of 0.1%; and net income of ¥12.0 billion, a decline of 70.4%. Electronics operations will continue to be the major contributor to our growth. We anticipate a substantial decline in net income due to expenses associated with the acquisition of all of the stock of DuPont Photomasks.

Looking forward, we aim to increase operating income, which shows profitability in core operations, and emphasize return on assets (ROA) as a management index for measuring how efficiently we employ our assets. We will introduce an index that incorporates operating income and the cost of capital so that we can evaluate each field of business separately. At the same time, we will work to improve investment efficiency by establishing strict criteria for the selection and focus of operations and capital investment decisions.

In closing, I would like to ask for the continued support of our shareholders and other investors in the years ahead.

August 2005



Naoki Adachi
President & CEO

Toppan's CSR activities

Toppan strives to raise corporate value; to be a company that is highly regarded by shareholders, customers, and society; and to achieve ongoing growth. To those ends, we must earn the trust of society through CSR activities. In accordance with the ideal corporate profile outlined in Toppan Vision 21, the Company has established six key themes and is implementing a range of initiatives.

* For more information on Toppan's CSR activities, please see *CSR Report 2005*, slated for release in September 2005.

1. CORPORATE GOVERNANCE

Reinforcing corporate governance is a top priority for Toppan. The Company is working to clarify management strategy, to increase management efficiency and speed, to strengthen management and control systems, to enhance the auditing of Company management, to bolster compliance, and to increase the transparency of management activities.

Board of Directors

The board of directors comprises 31 directors, including 1 outside director. In addition to regular monthly meetings, the board holds special meetings when necessary in accordance with consideration for the importance of issues. Moreover, the management committee, which is composed of Head Office managing directors and higher-ranking officers, meets in advance of the board of directors to discuss important management issues with the goal of facilitating efficient management decision making.

Corporate Statutory Auditors and Independent Auditors

The Company uses the corporate statutory auditor system. From the viewpoint of preventive auditing, facts are checked to ensure that the administrative activities of directors and departments are in compliance with laws and regulations and that management activities are implemented smoothly, appropriately, and in accordance with Company policies. There are four corporate statutory auditors, including two outside corporate statutory auditors.

Internal Auditing

To enhance the soundness of management, the Internal Auditing Division, which has been made independent from administrative departments, conducts audits of all offices and plants, principally management auditing and administrative auditing. The results of audits are reported to the president and the supervising directors as needed.

2. COMPLIANCE

In accordance with the Toppan Behavior Guidelines, the Company aggressively implements initiatives targeting strict observance of laws and regulations as well as corporate business ethics. In October 2004, approximately 600 Behavior Guidelines Promotion Leaders were selected and trained. Currently, these leaders are playing a central role in the rigorous implementation of the behavior guidelines nationwide. In addition, to improve compliance, we have established an internal reporting

1900

cutting edge

solid foundation

color filters

low-reflection films

2005

photomasks

printing

the foundation



1900



Toppan was established in 1900 based on the advanced Erhört letterpress printing technology by former engineers from the Finance Ministry. With superior engineers and leading-edge facilities, Toppan has grown into one of Japan's top integrated printing companies with successful operations in a wide range of fields. With its printing operations – which trace back more than a century – at the core of its business activities, Toppan has built a solid operation base that generates stable profits.

Japan's printing industry continues to mature, with competition intensifying and operating conditions becoming more challenging. In this setting, the Company is implementing various measures based on an accurate grasp of market changes while cutting costs to bolster competitiveness.

→ 2005

printing

Background

In 2003, the total value of shipments in Japan's printing industry (including printing, plate-making, binding, processing of printed materials, and printing-related services) was down 2.9% from the previous year, to ¥7,199.2 billion. The printing industry expanded steadily until the collapse of Japan's bubble economy in the early 1990s, since which time industry growth has been sluggish. Industry shipments totaled ¥8,873.4 billion in 1997, following which the market contracted for six consecutive years.

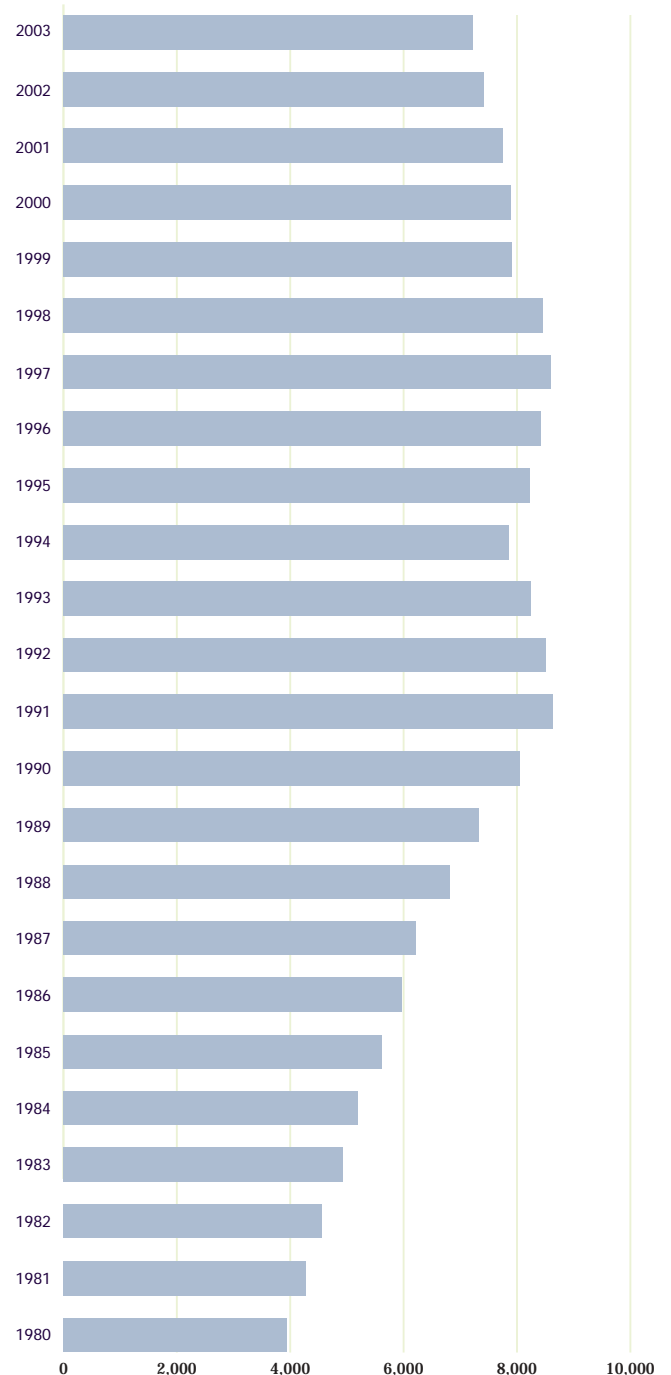
As for the future outlook, growth is not anticipated for conventional, paper-based printed materials; the market for these products is expected to remain flat. Growth is expected for Internet-based and other electronic media, however, which should expand the market overall.

TOPPAN'S SOLID PROFIT BASE

In response to the maturing market, Toppan has developed advanced technical capabilities and flexible production sites so that it can accurately grasp emerging needs, anticipate demand, and provide products that meet the market demand. For example, we have pursued advanced security technologies in securities printing and developed new markets in IC cards and other fields. In commercial printing, we have drawn on a combination of IT and other technologies to provide services that meet customer needs. By doing so, we are creating new markets through our operational activities. At production sites, we are responding aggressively to the trend toward digitization, while at the same time pursuing rationalization measures to establish more-efficient production processes, such as integrating production in our Commercial Printing and Publications Printing divisions. In maturing markets, we are improving profitability through rationalization and cost cutting measures and are building solid market positions by increasing added value.

The printing industry involves more than just production. It also involves contributing to the progress of culture through the provision of information media in various forms. Advances in IT are driving major changes in the printing industry. In this environment, Toppan is working to solidify its position as a leading information and communications company and to respond flexibly to emerging needs. In the future, we will continue striving to achieve effective cost reductions. Using the technologies acquired in printing, we will work to create new value that further bolsters our operational base and further develops the printing industry.

PRINTING INDUSTRY SHIPMENTS (billion ¥)



Source: Ministry of Economy, Trade and Industry, Census of Manufactures, Report by Industry

the edge



1959



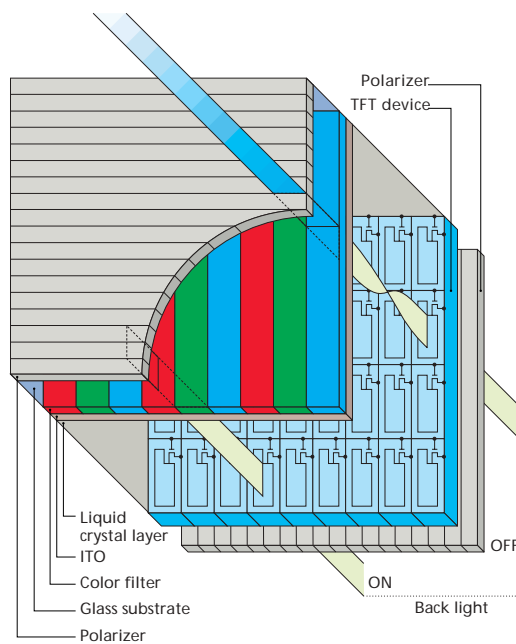
Toppan is working to diversify its printing operations, which provide the Company with stable profits and a solid operational base. Our electronics operations, which date back to 1959, when we began producing shadow masks for CRTs, have grown into a major pillar of our business, contributing 20.6% of consolidated net sales and 45.8% of operating income in the year under review. Color filters and photomasks, which are recording particularly strong growth, are advanced products that utilize the microfabrication technologies that the Company developed over many years in its printing operations. The superior technical capabilities that Toppan has continuously honed are used to create a wide range of leading-edge products and sustain the Company's market leadership position.

→ 2005

displays



COLOR FILTERS



What are color filters?

Color filters are essential for enabling liquid crystal products to display color. In an LCD, the intensity of light from the backlight is adjusted in the liquid crystal layer, and RGB colors are added and combined in the color filter to enable the display of color.

In recent years, LCDs have been used in a wide range of products, such as notebook PCs, desktop PC monitors, cellular phones, digital cameras, and color TVs. The market for LCDs is growing rapidly, and further growth is expected in the future. In 1985, we led the industry with our commencement of mass production of color filters, important components of color LCD panels, and still maintain the top share of the global market today.

ONGOING GROWTH IN THE LCD MARKET

In the fiscal year ended March 2005, the LCD market recorded substantial growth in demand for both large displays, such as those for TVs, notebook PCs, and desktop PC monitors, and for small and medium-sized devices, such as those for cellular phones, digital cameras, and car navigation systems. In response to this growth in demand, however, liquid crystal panel manufacturers increased their production capacities, leading to excess supply and a temporary drop in the unit prices of liquid crystal panels.

Currently, PC monitors account for the largest share of liquid crystal panel demand, followed by notebook PCs, TVs, and small and medium-sized displays. For PC products, replacement demand accompanying the switch from CRT monitors is expected to remain strong. Demand will be significantly affected by PC trends in the short term, but in the long term, liquid crystal panels for TVs are expected to record increasing demand and to account for a major share of the market. A key trend in liquid crystal panels for TVs is larger panel sizes, which

have increased from the previous upper limit of 37 inches to a range of 40 inches to 45 inches. Sales of LCD TVs larger than 40 inches are strong, and liquid crystal panel manufacturers are undertaking large-scale capital investment to meet this favorable demand. In the future, LCD TVs larger than 20 inches are expected to record dramatic growth and to play an important role in driving the expansion in demand for liquid crystal panels.

TOPPAN'S COLOR FILTERS MEET MARKET NEEDS

Toppan's color filters have the top share of the global market – more than 40%. With demand for liquid crystal panels increasing worldwide, Toppan has been

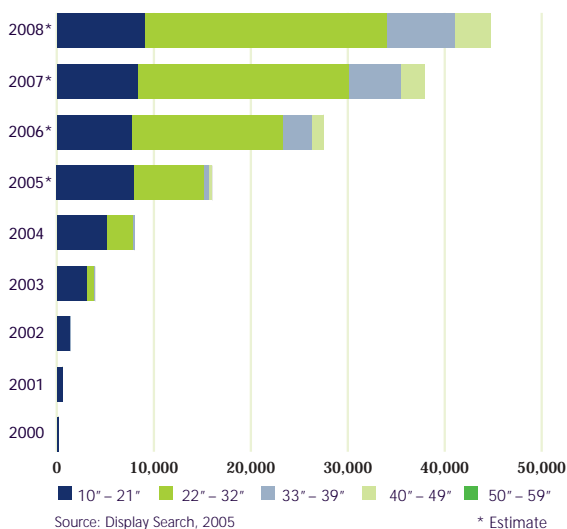


Color filter testing

able to maintain the top share. This has been possible due to the high degree of trust that our customers have in our ability to provide a stable supply of high-quality products. These products are supported by technologies that we have improved in line with advancements made together with the earliest LCD customers. Aggressive tie-ups with manufacturers of liquid crystal panels have also helped us to effectively develop facilities and materials and establish production processes, enabling us to be the first to meet market needs.

LCD TVs are recording rapid growth in both market scale and product size, and demand for color filters that are compatible with higher-resolution devices with broader viewing angles is increasing. Toppan will continue to respond to these challenging market needs and to win the trust of customers by drawing on its advanced technologies. To further raise productivity, we are also making progress in joint R&D in the reverse printing method of color filter production with Mitsumura Printing Co., Ltd., and investigating other production methods, such as the ink-jet method.

ESTIMATED DEMAND FOR LCD TVs BY SIZE (thousand units)



WELL-TIMED EXPANSION IN PRODUCTION CAPACITY

Toppan's strategy for investing in production equipment involves carefully ascertaining demand trends in the rapidly changing market and raising production capacity in a timely manner. Our domestic production bases are currently the Shiga plant, the Niigata plant, and the Mie plant, which is dedicated to the production of color filters for LCD TVs. The Mie plant boasts the world's first production line for sixth-generation products (panel size: 1500mm x 1800mm) and is responding to the rapid growth in the market size and the size of LCD TVs. LCD manufacturers are adding production lines for sixth-generation products suitable for TVs in the 20 inch to 30 inch range, on which demand is centered. In response, we will introduce a new sixth-generation color filter line at the Mie plant, with the start of mass production scheduled for June 2006. In addition, demand for LCD TVs larger than 40 inches is expected to increase, and LCD manufacturers have announced plans to introduce TFT LCD plants for eighth-generation (panel size: 2160mm x 2400mm) and larger products. To meet to future demand, Toppan will build the world's first eighth-generation color filter plant in the city of Hisai in Mie Prefecture. Plans call for the start of mass production in 2006.

Our overseas production base is Toppan CFI (Taiwan) Co., Ltd. Demand for LCD panels is also growing rapidly in Taiwan, and Toppan took steps to maintain its top market share with the introduction of a fifth-generation (panel size: 1100mm x 1300mm) color filter production line in 2004. In July 2005, full-fledged operation of a sixth-generation line was started.

By July 2005, we had increased our production capacity, in Japan and overseas, to 7 million color filters a month (14-inch equivalent). With the operation of new production lines, the Toppan Group's production capacity in Japan and Taiwan will reach 12 million color filters a month (14-inch equivalent), the highest in the world. By bolstering capacity to meet growing demand and continuing to provide a stable supply of high-quality products, Toppan has maintained the top share globally.

In addition, the fact that we have production facilities for glass sizes from first generation to eighth generation is a key strength of our color filter operations. We have earned high praise for our ability to respond flexibly to a wide range of demands and meet short delivery schedules for products manufactured in small batches.



Shiga plant



Niigata plant

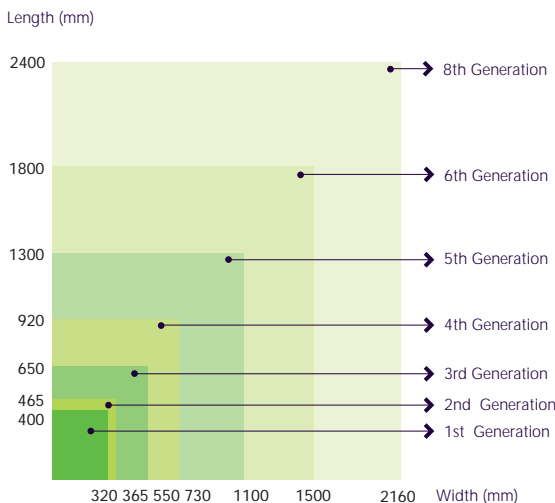


Mie plant



Toppan CFI (Taiwan)

COMPARISON OF GLASS SUBSTRATE SURFACE AREAS BY GENERATION

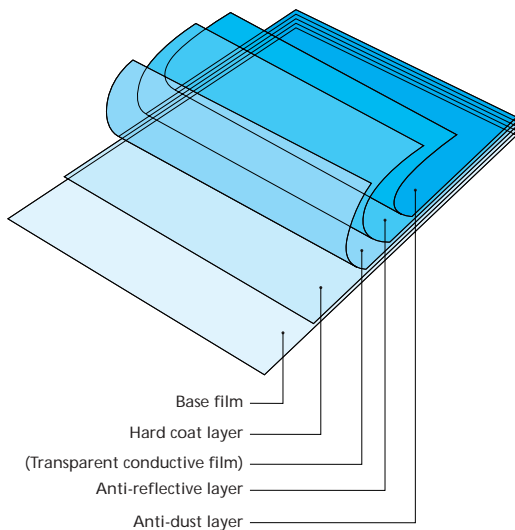


Market trends

Anti-glare film, which prevents glare from external light sources, such as the sun and fluorescent light, has been used on the outer surface of large LCD panels, such as those used for PC monitors. In recent years, however, growth in markets for LCD TVs, plasma displays, and PCs with TV functions has led to the launch of films that not only prevent glare from external light sources but also facilitate the production of clear, high-visibility images.



LOW-REFLECTION FILMS



Toppan offers two types of these films: anti-reflection and low-reflection. Anti-reflection film has a low reflection ratio and is principally utilized on small devices that are used outdoors, such as cellular phones and personal digital assistants. Low-reflection film is highly cost effective and is used on large displays, such as notebook personal computers, LCD TVs, and plasma displays. Moreover, demand for low-reflection film has expanded rapidly in line with the especially strong growth in the market for thin displays in recent years. In light of this trend, the market for these types of films, centered on low-reflection film, is expected to expand to about ¥100 billion by the year ending March 2007.

RAISING PRODUCTION CAPACITY TO INCREASE MARKET SHARE

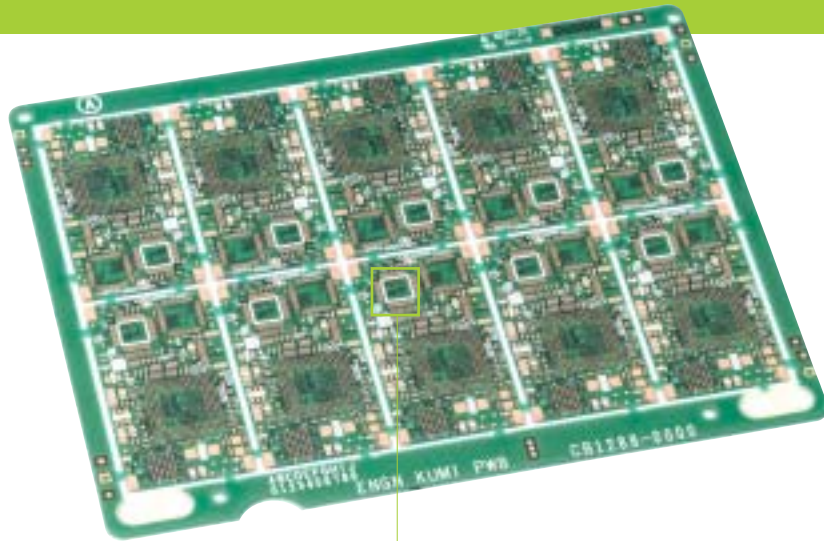
To meet the tremendous demand for these films, Toppan will make a capital investment of approximately ¥17 billion over a three-year period beginning in the fiscal year commencing

April 2004. By bolstering production capacity, we aim to increase our market share from the current 10% level to a share of 40% and to achieve sales of approximately ¥39 billion by the fiscal year ending March 2007. In December 2004, we added to our single production line at the Satte plant with the start-up of two new lines at the Shiga plant. We are also moving

forward with the construction of a second facility for low-reflection film production at the Shiga plant, which is scheduled for completion in autumn 2005. Once production at this second facility starts up at the end of March 2006, we will have a total of four low-reflection film production lines with a monthly capacity of 4 million square meters.

The second facility at the Shiga plant will produce clear low-reflection film with anti-static functions and a hybrid AG-LR film as well as the clear low-reflection films for PCs that are also produced at our Satte plant. We plan to supply these products for large displays, such as LCD TVs and plasma displays.

semiconductors



PHOTOMASKS



What are photomasks?

Photomasks play an important role as positioning devices in the production of semiconductors. They are used to burn detailed circuits onto silicon wafers in the first part of the production process, and can be thought of as the original plate for the semiconductor circuit pattern. Currently, the most precise parts of semiconductors in mass production use circuits with line widths of 90nm to 130nm (1 nanometer = one millionth of a millimeter). These widths will be reduced further in the future.

The size of the photomask market is about ¥300 billion a year, and the trend toward higher precision continues. Toppan uses the ultra micro fabrication technologies it originally acquired through its plate-making operations to supply the market with advanced products. The Company will continue to lead the market and be the first to offer next-generation products by continually anticipating technical trends in the semiconductor market and pursuing strategic technical tie-ups and operational acquisitions.

THE RECORD-SETTING SEMICONDUCTOR MARKET

In 2004, there was concern in the global semiconductor market that growth would be sluggish due to the inventory adjustments made by manufacturers from the summer of 2003. Market conditions were favorable, however, as a result of the strength of PCs and cellular phones. As a result, growth in the global semiconductor market was a record high – nearly 30% year on year. Growth of several percentage points is also anticipated for 2005. In photomasks, demand for commodity products, principally 130nm devices, is strong, and full-scale mass production of advanced 90nm to 110nm devices has begun. Overall, the expansion of semiconductor demand led to substantial growth in the market for photomasks in the year under review.

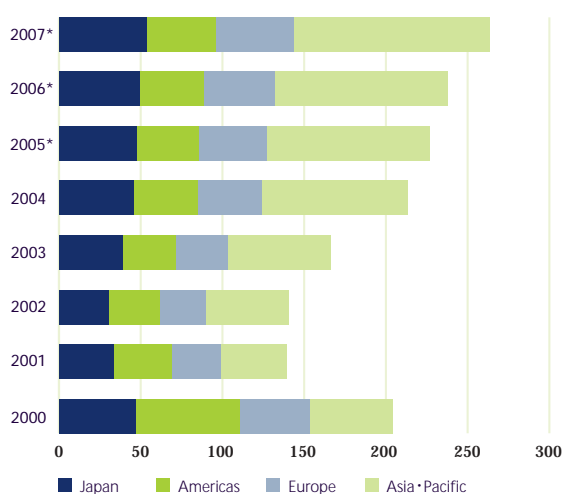
GLOBAL STRATEGY BASED ON TOPPAN PHOTOMASKS, INC.

In the past, Toppan's photomasks had been shipped primarily to Japan and other Asian markets from production bases at the Asaka plant and the Shiga plant in Japan and at Toppan Chunghwa Electronics Co., Ltd., in Taiwan. We decided, however, that it was necessary to have a customer-focused global system with more production bases in order to supply leading-edge photomasks that meet the needs of the world's semiconductor companies. In October 2004, Toppan and DuPont Photomasks, Inc. agreed that Toppan would acquire all of the stock of DuPont Photomasks, the world's No. 3 photomask maker, to establish a worldwide supply framework. In April 2005, the company was relaunched as the wholly owned subsidiary Toppan Photomasks, Inc., giving Toppan the largest share of the global photomask market.

For Toppan, the acquisition of DuPont Photomasks offered significant synergies in the areas of operational expansion and improved efficiency. In contrast to Toppan, with its sales concentrated in Japan and other Asian markets, more than 70% of DuPont Photomasks' sales were in Europe and North America. There was essentially no overlap in the operations of the two companies; Toppan had the three bases mentioned above, while DuPont Photomasks had eight bases in Europe, North America, and Asia. As a result, Toppan now has in place a global production system.

Through the start-up of Toppan Photomasks, which can effectively utilize bases all around the world, Toppan aims to advance customer-focused product development on a global scale, build a system for the timely supply of products, and establish a solid operational foundation.

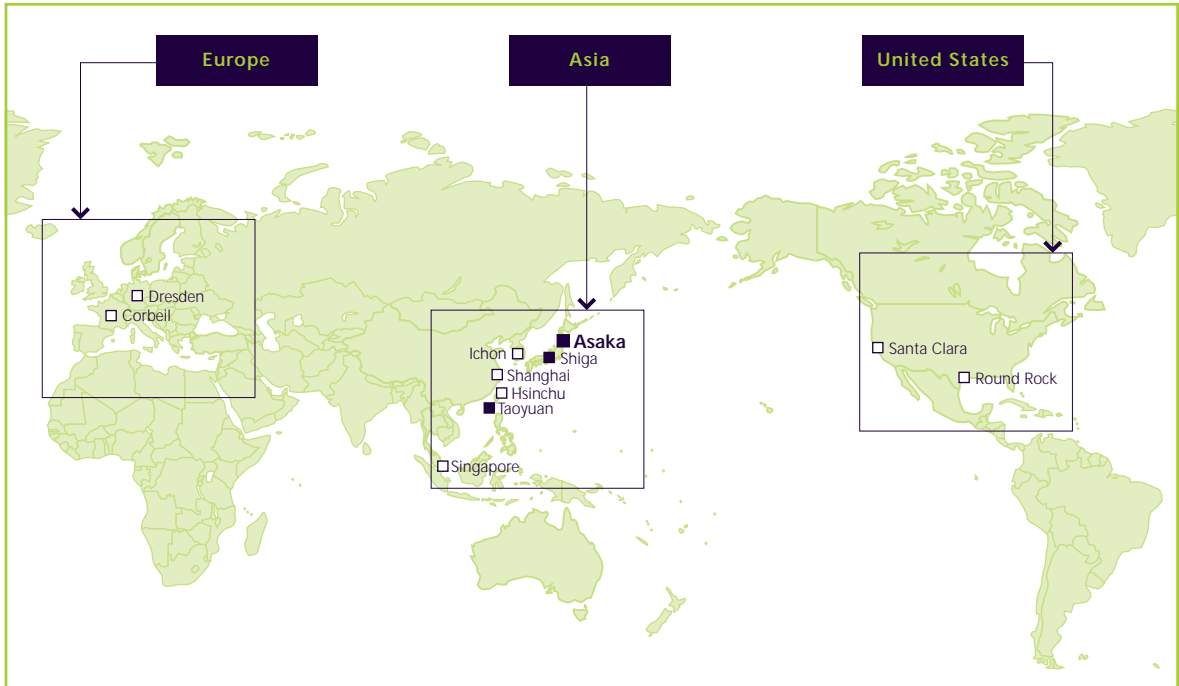
SCALE OF GLOBAL SEMICONDUCTOR MARKET (billion US\$)



Source: WSTS May, 2005

* Estimate

TOPPAN PHOTOMASKS' WORLDWIDE MANUFACTURING SITES



■ Toppan production base □ Toppan Photomasks production base

LEADING-EDGE PHOTOMASK DEVELOPMENT STRATEGY

Toppan's technical development strategy involves aggressively pursuing strategic technical tie-ups. Leading-edge devices with circuit line widths of 90nm are currently in mass production. Since the advancement of semiconductor functionality is based on achieving higher degrees of precision, the demand for advanced devices with a width less than 90nm is expected to grow in the years ahead. Toppan has already completed the development of 65nm devices, and will commence full-scale mass production of 65nm-process-compatible photomasks in 2005. The development of 45nm semiconductors is now in progress, with production slated for 2007.

Due to this continuous advancement in semiconductor technology, the demands placed on photomask manufacturers are far surpassing those required for 130nm products. To bolster its ability to provide next-generation photomasks for semiconductors, Toppan built a new facility on the grounds of the Asaka plant in 2003 that will be able to meet the demand for next-generation photomasks for 50nm semiconductors. We also believe that tie-ups with companies in industries closely related to the semiconductor manufacturing process will be critical in the years ahead as will joint development activities closely linked to customers.



Asaka plant

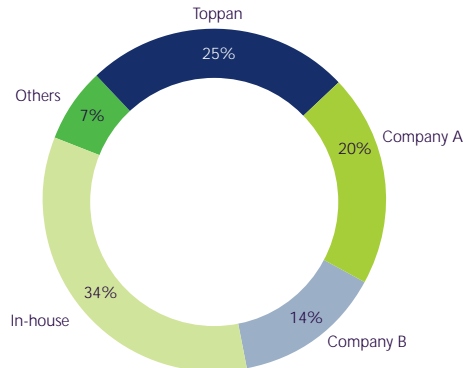


Photomask production

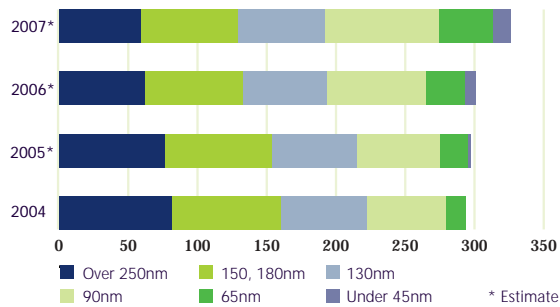
Specifically, we have been working on semiconductor photomask production and the joint development of advanced photomasks with Elpita Memory, Inc., the only DRAM manufacturer in Japan, since 2003. Elpita Memory offers leading-edge technologies and is conducting high-end memory development. Toppan will supply all of the photomasks used by Elpita Memory for its products.

In May 2005, we concluded a contract with IBM Corporation for the joint development of next-generation photomasks compatible with 45nm logic processes. By 2007, Toppan and IBM will have invested a total of approximately ¥20 billion in R&D to support the mass production of next-generation semiconductors. As a semiconductor manufacturer, IBM is a world leader in the development and application of semiconductor process technologies and materials. Through this joint development, Toppan will be the first to obtain the photomask information essential for advanced semiconductor processes, enabling us to develop ahead of other companies. We will also significantly improve our efficiency in developing photomasks for a range of customers by ensuring compatibility with industry standard processes developed by IBM. The establishment of the joint development contract with IBM is an indication of the high level of appraisal given to our technical capabilities. We aim to support the semiconductor industry from a technical perspective with a timely and stable supply of 45nm-process-compatible photomasks, and solidify our position as the world's number one photomask manufacturer.

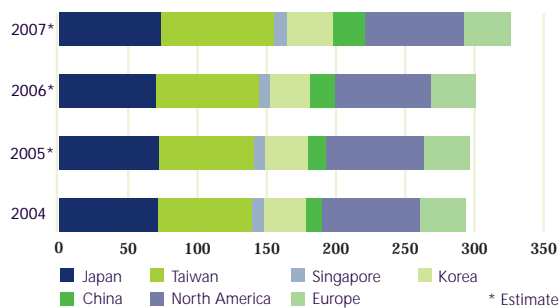
ESTIMATED GLOBAL PHOTOMASK MARKET SHARE



SCALE OF PHOTOMASK MARKET BY DESIGN NODE (billion ¥)



SCALE OF PHOTOMASK MARKET BY REGION (billion ¥)



at a glance

PRINCIPAL PRODUCTS

NET SALES BREAKDOWN RATIOS

information & networks

54.4%

¥769.0 billion

SECURITIES AND CARDS

Securities, such as stocks, bonds, and gift certificates; cards, such as magnetic cards and prepaid cards; development and design of IC card systems, IC tag systems, and security management systems; communications related contract services

COMMERCIAL PRINTING

Posters, catalogs, pamphlets, flyers, calendars, POP tools, gifts, premiums, space media design and event services, sales promotion planning, multimedia related tools, database and network system design and operation

PUBLICATIONS PRINTING

Weekly, monthly, and other magazines; art books, dictionaries, comics, textbooks, and other books; CD-ROMs, DVDs, and other electronic publications; publication planning and editing; overseas copyright mediation

BUSINESS FORMS

Continuous forms, direct mail, integrated slips, Data Print Services (DPS), cards, envelopes, catalogs, sales and maintenance of equipment

living environment

25.0%

¥353.6 billion

PACKAGING

Packaging planning, development, and production (paper containers, flexible packaging materials, liquid containers, cups, plastic containers, corrugated cardboard, labels), development and production of packaging materials, design and production of packaging related system equipment, filling services, packaging consulting

INDUSTRIAL MATERIALS

Printed decorative materials for interior use, wallpaper, flooring materials, interior materials, exterior materials

electronics

20.6%

¥290.9 billion

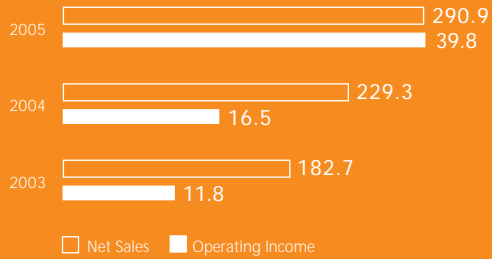
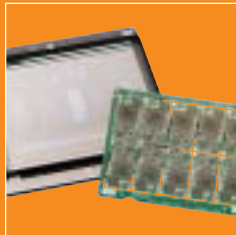
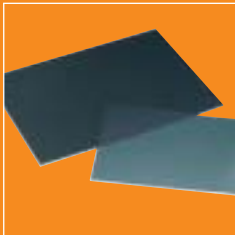
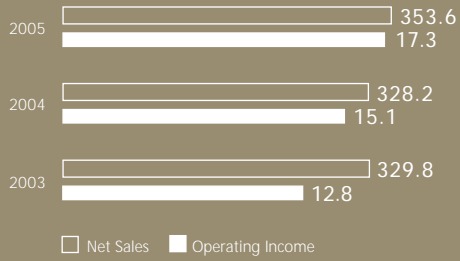
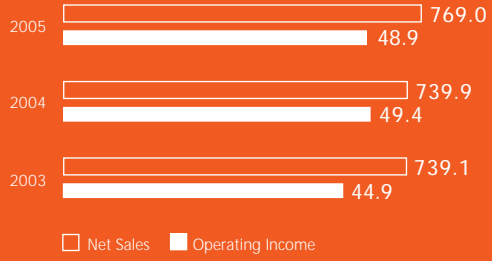
DISPLAY-RELATED

Color filters for LCDs, shadow masks, screens for micro-display rear projection TVs, functional films

SEMICONDUCTOR-RELATED

Photomasks, leadframes, printed wiring boards, substrates for semiconductor packages, design of printed wiring boards, development of printed wiring board performance assessment software

NET SALES & OPERATING INCOME BY BUSINESS SEGMENT (billion ¥)



review of operations

Segment Information

Toppan Printing Co., Ltd. and Subsidiaries
Years ended March 31, 2003, 2004 and 2005 / Year ending March 31, 2006 (Estimated)

	Millions of yen			% Change	Millions of yen		% Change
	2003	2004	2005	2004 vs 2005	2006 (Estimated)	2005 vs 2006	
Net Sales							
Information & Networks							
Outside Customers	¥ 739,125	¥ 739,851	¥ 769,029	3.9	—	—	
Inter-Segment	9,915	10,093	13,648	35.2	—	—	
Total	749,040	749,944	782,677	4.4	¥ 800,000	2.2	
Living Environment							
Outside Customers	329,798	328,226	353,613	7.7	—	—	
Inter-Segment	27,492	31,528	31,387	-0.4	—	—	
Total	357,290	359,754	385,000	7.0	396,000	2.9	
Electronics							
Outside Customers	182,683	229,281	290,938	26.9	—	—	
Inter-Segment	102	107	176	64.5	—	—	
Total	182,785	229,388	291,114	26.9	354,800	21.9	
Total Inter-Segment	(37,509)	(41,728)	(45,211)	8.3	(50,800)	—	
Consolidated Total	¥1,251,606	¥1,297,358	¥1,413,580	9.0	¥1,500,000	6.1	
Operating Income							
Information & Networks	¥44,886	¥ 49,387	¥ 48,937	-0.9	—	—	
Living Environment	12,774	15,144	17,269	14.0	—	—	
Electronics	11,818	16,491	39,821	141.5	—	—	
Inter-Segment	(18,310)	(19,065)	(19,088)	0.1	—	—	
Consolidated Total	¥51,168	¥ 61,957	¥ 86,939	40.3	¥ 87,000	0.1	

Non-Consolidated Financial Highlights

	Millions of yen except per share data				
	2001	2002	2003	2004	2005
	(% Change)	(% Change)	(% Change)	(% Change)	(% Change)
Net Sales	¥969,387	¥960,220	¥911,721	¥914,612	¥952,822
Operating Income	38,593	34,335	31,000	30,022	39,931
Income before Income Taxes	32,477	35,131	36,683	29,237	36,193
Net Income	18,331	20,783	21,424	18,962	21,567
Net Income per Share (yen)	25.91	30.23	30.98	27.53	31.96

information & networks

Sales in the Information & Networks segment rose 4.4% from the previous fiscal year, to ¥782.7 billion, while operating income edged down 0.9%, to ¥48.9 billion.

In the securities and cards market, we aggressively made proposals as demand related to IC cards and information security, such as the protection of personal information, increased. We secured orders from the financial services industry and government institutions, and recorded a solid increase in sales. Sales of card-related devices also rose significantly.

In commercial printing, there was an upturn in corporate advertising budgets. We combined our nationwide production network and IT capabilities to provide integrated services for the production of sales promotion materials. We also utilized our planning capabilities for campaigns and exhibitions. As a result, sales of POP materials, flyers, pamphlets, and space design products increased.

In publications printing, the market expanded for the first time in eight years, but conditions still remained challenging. In this environment, we made full use of our digitization technologies in such areas as content development for electronic books. At the same time, we sought to capture orders for new magazines and best-selling books. Magazine-related sales declined, while book-related sales increased.

In business forms, sales for Data Print Services (DPS) were favorable, while business form printing sales declined.

living environment

Sales in the Living Environment segment increased 7.0%, to ¥385.0 billion, and operating income rose 14.0%, to ¥17.3 billion.

With concern about health and the environment increasing and safety-related needs rising, the Living Environment segment focused on expanding its offerings of advanced products and environmentally friendly products, promoting sales of these products, and enhancing its presence in growth markets.

In packaging, we recorded increased sales of high-value-added products and environmentally friendly products, such as GL film and Cartocan. Favorable results were also achieved from sales of polyethylene film and other advanced films. The results for the three printing companies acquired from Japan Tobacco were consolidated into the results for the year under review, contributing to performance.

In the industrial materials sector, there was a favorable trend in the domestic market toward environmentally friendly Toppan Ecosheet and our original 101 Series brand of advanced-design products, which recorded substantial increases in sales. Sales of adhesive labels were also favorable.

electronics

Sales in the Electronics segment grew 26.9%, to ¥291.1 billion, and operating income was up 141.5%, to ¥39.8 billion.

In display-related products, robust demand for LCD TVs and demand for PC replacement led to significant growth in sales of color filters. We also worked to meet market demand for FC screens and low-reflection film, which recorded strong performances.

In semiconductor-related products, photomask operations focused on securing orders for advanced products and for digital consumer products that are increasing in demand. Performance was favorable as a result. In printed wiring boards, the performance of NEC Toppan Circuit Solutions remained solid.

information & networks

topic
1. **SECURITIES AND CARDS DIVISION:
TOPPAN LAUNCHES COMPREHENSIVE SUPPORT SERVICE FOR PROTECTION
OF PERSONAL INFORMATION**

In August 2004, Toppan launched a comprehensive support service for the protection of personal information. In Japan, a law regulating the handling of personal information was enforced in April 2005. As such, the number of companies strengthening their systems for personal information protection compliance is increasing substantially. Toppan's service provides support for the construction of a framework in accordance with the standard "JIS Q 15001: Requirements for Compliance Program on Personal Information Protection" set by the Japanese Industrial Standards Committee. This standard applies to personal information handled by companies in the course of their business activities. With the addition of "support for internal system development" and "information management and application support," Toppan now provides a comprehensive range of solutions.

topic
2. **PUBLICATION PRINTING DIVISION:
TOPPAN DEVELOPS TWO NEW TYPES OF STEREO PRINTING PRODUCTS**

In February 2005, Toppan launched two new products – "High-Precision Stereo Printing," which uses high-precision printing and a newly developed high-precision lens, and "Real 3D Stereo Printing," which combines three-dimensional photography and image synthesis technology.

Stereo printing uses parallax movement. Images for the left and right eyes are photographed separately, a single photograph is synthesized and printed, and a lenticular lens is placed over the surface. In this way, a three-dimensional image is reproduced on a flat surface. With High-Precision Stereo Printing, the newly developed lens achieves images that are sharper than possible with conventional products as well as smooth zoom and movement that can realize the natural continuous change of two images.

Real 3D Stereo Printing uses a special camera developed for use with stereo printing. By digitally synthesizing images from three-dimensional photography or three-dimensional computer graphics, we have achieved a realistic appearance of three dimensions that was not previously available, in addition to a sense of depth and projection.



topic
3. **COMMERCIAL PRINTING DIVISION:
TOPPAN DEBUTS SECOND-GENERATION EPOP SALES PROMOTION TOOL**

Toppan has developed a new type of in-store advertising device, or EPOP device, which uses audio and visual information to increase customers' motivation to purchase. This new product was launched in August 2004.

Developed in 1999, EPOP is an in-store advertising device that effectively promotes products through the use of visual and voice data. Its small, space-saving design enables it to be installed in restricted retail spaces. It is differentiated from competing products by its image and voice information sourcing capabilities. This device makes a strong impression on consumers.

The second-generation EPOP that was launched during the year under review relies on the results of the first-generation device that targeted the sales promotion market and achieved shipments of more than 30,000 units, as well as on Toppan's in-store promotion know-how.

The new EPOP is the best tool available for in-store sales promotion, with improvements over the original model in a range of areas, including image quality, speaker output, and timer functionality.





SECURITIES AND CARDS

In securities and cards, Toppan provides a comprehensive range of products and services that covers everything from planning and design to production and issuance. In the rapidly growing market for IC card and IC tag operations, the Company is drawing on its advanced security technologies to build a position of leadership. Toppan also provides information management and administration solutions.

Market Trends and Performance

Demand for securities, forms, and magnetic cards declined, but the market for IC-solutions services expanded, leading to an increase in demand. Contract services continued to enjoy strong demand. Overall, sales increased from the previous year.

In cards, sales of magnetic cards and PET cards were sluggish in comparison with the previous year. We did, however, receive orders for a variety of securities-related products, such as transportation-related IC cards (electronic tickets), ETC cards, and cards for satellite broadcasts. Sales of IC-solutions products were favorable. As a result, card operations recorded a solid performance.

Demand for existing securities-related products, such as stock certificates, forms, and passbooks, continued to decline. We are developing our contract services, especially in information management, to be comprehensive high-value-added operations. These services, which included the production of internal manuals for financial service institutions, recorded a strong performance. Overall sales in securities printing were, however, sluggish.

In December 2004, we launched a support service for the creation of Mobile Wallet products using cellular phones, and the adoption of this service by credit card companies has contributed to our performance. Sales of related equipment, such as passport printers and ID card issuing equipment, were also strong.

Strategy for the Future

Toppan has positioned three fields of business as growth fields that will drive operational expansion – namely, IC solutions, services for information management and operations, and security devices. The Company is focusing on initiatives in these areas.

In IC solutions, demand for IC cards is increasing steadily. We plan to take a proactive approach in transportation-related IC cards, one of our key strengths, and work to meet the rapidly growing demand for the conversion of bank cards to IC cards. With IC tags expected to achieve full-fledged market entry in 2007, we will work to develop the market through an active involvement in verification and testing.

In the area of information management and operations, we aim to capture demand by offering a comprehensive range of contract services for back-office operations in financial services and a range of other industries. In Japan, the demand for a framework for the protection of personal information is increasing following the enforcement of the new law regulating the handling of personal information. We will provide consulting services to respond to this demand.

In security devices, we will work to expand sales of holograms for such applications as brand authentication and counterfeit prevention. In addition, we will focus on increasing sales of security paper with electronic watermark technology to local governments and other organizations.

NON-CONSOLIDATED SALES (billion ¥)

2005	48.9
2004	45.1
2003	45.9
2002	47.9
2001	48.6



COMMERCIAL PRINTING

We offer the optimal form of media communication in four areas – marketing solutions for advertising and sales promotion; printing of catalogs, pamphlets, posters and other such products; space media for use in events and commercial spaces; and digital solutions that facilitate effective e-business.

Market Trends and Performance

With the recovery in domestic business conditions, corporate advertising and promotional activities picked up and commercial printing sales increased from the previous year, specifically sales of general commercial printing and the printing of POP tools.

We recorded strong sales of general commercial printing products, such as posters, flyers, and catalogs, to the automotive industry, a key customer base for the Company, and the mail order industry, with its expanding market. Sales of POP tools to the cosmetics, toiletry, and beverage industries were also favorable. Our Net Publishing service was widely recognized by customers as the optimal production system for printed materials and contributed to higher orders. This service facilitates the production of flyers over the Internet using our nationwide network of print media production facilities and our IT capabilities. We have also been highly evaluated for our planning and proposal capabilities for products and services in the event and space design area, and we received an increase in orders for exhibitions and large-scale private corporate shows.

Over the past several years, we have worked to secure new orders not just by acquiring orders for printing but also by bolstering our total solutions services in the area of corporate advertising and promotion. In the year under review, those efforts bore fruit.

Strategy for the Future

As we aim to be the number one company in sales promotion, we will bolster our sales promotion services in response to the diversification of media and changes in advertising and sales promotion activities by corporations. As part of these efforts, we will implement a comprehensive range of measures, such as media development from the consumer's viewpoint, an IT-based content management system, integrated contract services for sales promotion activities, and consulting services. We will also devote further resources to our CRM support business following the enforcement of the law regulating the handling of personal information. This business involves providing integrated customer management services as part of the sales promotion activities of corporations.

Besides focusing on expanding our operations base, we will also actively implement measures to improve divisional profitability. Bolstering cost competitiveness by rationalizing and increasing the efficiency of production activities is a specific management issue for the entire Company, and we have been working to integrate the printing system of the Commercial Printing Division with that of the Publications Printing Division since April 2005. We intend to achieve cost reductions by developing an optimal printing system that extends to distribution. At the same time, we will accelerate measures aimed at strengthening our quality control system.

NON-CONSOLIDATED SALES (billion ¥)

2005	311.7
2004	300.5
2003	294.0
2002	314.6
2001	324.4



PUBLICATIONS PRINTING

Toppan uses its advanced digital technologies and superior production system to provide high-quality printing for a wide range of publications. As a pioneer in the digitization and networking of content in response to market changes, we now provide publishing companies with a variety of support services, such as sales, production, and new business development support.

Market Trends and Performance

In the year under review, the size of the domestic publications market edged up 0.7%, the first increase in eight years. This growth can be attributed to the significant increase in the book sector, which offset continued sluggish conditions in the magazine sector. In this environment, we worked to secure orders for new magazine launches and for best-selling books using distinctive technologies, such as digitization technologies, and a strategic approach that draws on cooperation among divisions. Sales increased as a result.

In the magazine sector, 216 new magazines were launched during the year under review, 9 more than in the previous year, and 172 magazines were discontinued, 13 more than in the previous year. Orders for new magazines were stable; we received orders for 76 of the 216 new magazine launches. One of our major success areas was in women's magazines, an area that we have found challenging in the past. In the year under review, we received orders for 7 of the 15 new women's magazines on the market. For existing magazines however, the declines in the number of copies printed and the unit price as well as the increase in discontinued magazines led to a significant decrease in sales.

In the book sector, the number of books with sales of more than a million copies has increased, predominately art and literature books, and the size of the market has also increased. Toppan successfully acquired an order for the fifth book in the best-selling Harry Potter series, which came one year after the previous book in the series. Sales increased as a result.

We made progress in various cost-cutting initiatives, such as the appropriate allocation of personnel to reduce labor costs and increase production efficiency. These initiatives also contributed to our performance.

Strategy for the Future

With conditions in the publications market expected to remain sluggish, we will strive to secure orders for new magazines and best-selling books. At the same time, we will work to build an efficient printing system that crosses divisions. Initiatives for increasing orders will include revising the selection and focus of our marketing strategies. For example, we will focus our marketing capabilities on those customers that provide the highest profit margin; we will work to create demand for magazine launch campaigns and supplements; and we will devote resources to support the new business development activities of publishing companies using editing functions and content. We will also enhance support services provided to customers, such as media mix and net distribution.

In China, we will collect information about publishing companies while providing copyright mediation and agency services and will continue to conduct sales promotion activities using our local production bases.

We will achieve further cost reductions through the appropriate allocation of personnel and the elimination of unprofitable products. At the same time, we will continue to rationalize the printing process in conjunction with the Commercial Printing Division. By integrating the printing system of each division, we will be able to trim materials and paper expenses by reducing internal losses and implementing integrated procurement. The integration will also contribute to performance by enabling us to cut outsourcing expenses by allocating work internally.

NON-CONSOLIDATED SALES (billion ¥)

2005	163.1
2004	162.5
2003	166.3
2002	177.6
2001	175.3



BUSINESS FORMS

Toppan Group company Toppan Forms Co., Ltd., provides business forms, such as slips and invoices. As a pioneer in Data Print Services (DPS), the company has made a significant contribution to the development of the DPS market and recorded solid growth. DPS is an integrated service for processing, printing, and delivering data entrusted to Toppan Forms by its customers.

Market Trends and Performance

In the year under review, operating conditions remained difficult as the system integration and networking that accompanied corporate rationalization led to a decline in demand, and changes in the procurement process resulted in price drops. In this environment, we worked to build a solid customer base with comprehensive information management services and to differentiate ourselves by raising added value. Sales increased as a result.

In DPS, competition continued to intensify during the year under review, with prices declining as a result. We did, however, enhance our lineup of large-scale sales promotion materials in response to growth in the direct mail market and also engaged in peripheral operations, from planning to downstream administration. Orders for integrated notification work and for integrated printing contract services from banks and other such customers grew as a result of these efforts.

Digital print on demand (DOD) is a system for programable, high-speed printing of variable digital graphic data prepared via desktop publishing. The data can be easily edited, making it possible to create highly personalized direct mail by linking the system with a database. The level of demand was high during the year under review, and DOD services recorded an extremely strong performance.

Strategy for the Future

The operating environment in the current fiscal year is expected to remain challenging, with changes in the structure of demand continuing and the cost of raw materials rising. In this environment, we aim to improve our performance by strengthening relationships with customers, reinforcing our customer base, creating new market sectors, and strengthening the business structure through various restructuring measures. We will also take steps to increase our profit base by aggressively developing our form management services, which cover integrated procurement management services for supplies as well as business forms.

In DPS, we will work to add value by advancing full-color variable printing. As for our solutions capabilities, we aim to further enhance our system so that it provides integrated solutions extending from the planning stage to post-delivery activities; to further advance the outsourcing of DPS-based business processes; and to expand our operations by becoming business partners with our customers.

SALES OF TOPPAN FORMS CO., LTD. (billion ¥)

2005	199.2
2004	194.0
2003	191.3
2002	196.5
2001	189.5

living environment

topic INDUSTRIAL MATERIALS DIVISION:

1. SPLIT OFF AND MERGED INTO SUBSIDIARY

Toppan split off the Industrial Materials Division and merged it into wholly owned subsidiary Toppan Cosmo, Inc., effective July 1, 2005.

The Industrial Materials Division had expanded its operations both in Japan and overseas as a manufacturer of highly designable, highly functional new products, such as Toppan Ecosheet and other environmentally friendly products. By merging the division with Toppan Cosmo, an industrial materials trading company with global product procurement and national marketing capabilities, we have integrated planning, production, and sales functions. Through this integration, we will further increase our ability to respond to market needs and seek ongoing growth and expansion.

The new company, Toppan Cosmo, is a wholly owned subsidiary, with capital of ¥3.0 billion, consolidated net sales of ¥100.0 billion, and about 1,000 employees. It will be a core member of the Toppan Group.

topic PACKAGING DIVISION:

2. TOPPAN DEVELOPS WATER-ABSORBING PLASTIC CONTAINERS

In October 2004, Toppan developed a water-absorbing plastic container. A portion of the plastic used in these containers incorporates a drying agent (a non-organic moisture-absorbing compound). The container itself absorbs moisture, maintaining the optimal packaging environment for quality preservation. Since the plastic container absorbs moisture, the drying agent that was previously inserted into the container is no longer necessary, eliminating the danger of inadvertently swallowing or eating the drying agent. In addition, this new product facilitates the rationalization of the product packaging process.

There are two types of these containers. The first type is the “dry environment type,” which maintains a low-moisture environment inside the container. The second type is the “regulated moisture environment type,” which adds or removes moisture based on the moisture level in the container. In the future, we will target sales in a variety of fields, such as the food, household, electronics, and medical fields.

topic

3. PACKAGING DIVISION: SHANGHAI PRODUCTION BASE COMPLETED AND PRODUCTION COMMENCED

In October 2004, the plant for Shanghai Toppan Co., Ltd., and Shanghai Toppan Printing Co., Ltd., was completed and placed into operation.

At this plant, Shanghai Toppan runs lamination processes, while Shanghai Toppan Printing handles printing processes. Each company boasts leading-edge production facilities and clean production environments with capabilities equivalent to those found in plants in Japan. In the future, the plant will produce advanced packaging materials using GL film, a transparent vapor deposition film that is recording increased sales. Production of these materials will supply not only Chinese manufacturers but also Japanese, European, and U.S. companies with operations in China.

The materials that we plan to produce include food retort pouch packaging, refill containers, tube containers, and vapor deposition labels for beer, as well as advanced packaging materials for pharmaceutical, medical, and electronic applications.





PACKAGING

With concern about the environment, health, and safety increasing, Toppan provides products that accurately grasp market needs. We lead the industry in the development of high-value-added products that are not only environmentally friendly and economical but also offer advanced functionality. We provide total packaging solutions, from product planning and production to distribution and recycling.

NON-CONSOLIDATED SALES (billion ¥)

2005	199.8
2004	201.6
2003	202.2
2002	214.9
2001	214.0

Market Trends and Performance

Demand for advanced products and environmentally friendly products increased during the year under review, and Toppan worked aggressively to expand sales. As a result, demand for packaging continued to record strong growth. Sales of general-use paper containers and plastic containers were down, however, leading the division to record a slight decline in sales overall.

Demand for our environmentally friendly products and advanced products is growing substantially, reflecting the increase in consumer awareness of environmental issues and the food industry's increasing concern with health and safety. GL film, which has exceptionally high barrier performance, is drawing attention as a replacement for aluminum and products containing chlorine. Demand for the product is increasing worldwide, particularly due to the convenience of being able to heat retort pouches in microwaves. Cartocan paper beverage containers continue to show strong growth, mainly in the compact health drink segment, while our Bottled Pouches with attached drinking nozzles continue to do favorably due to new market initiatives. Although the sales of general-use paper containers were sluggish, high-value-added containers, such as containers with enhanced designs achieved from printing-based embossing, recorded healthy sales.

Strategy for the Future

We expect the nature of the market to reflect the changing social structure resulting from the decline in the birthrate and to reflect the increasing need for safety and quality. We aim to respond accurately to market needs by working to expand sales of growth products, such as environmentally friendly products and advanced products. Specifically, we aim to enhance our lineups and sales of key growth products, such as GL film, Cartocan, and Bottled Pouches as well as GL-C Bottles, which offer a high level of quality preservation. In response to the growth in demand for retort pouches globally, we will step up our already aggressive sales activities for GL film both domestically and in markets worldwide, across Europe, the United States, and Asia. We will also promote the fact that Cartocan uses more than 30% domestic materials and that the timber used is from forest management projects, thereby heightening the product's brand value and further expanding its sales.

With the start-up of full-fledged operations at our Shanghai plant in October 2004, we are also aiming to further expand sales in China and other Asian countries. The three printing companies acquired from Japan Tobacco, which are included as consolidated subsidiaries from the year under review, will be working to further advance the development of an efficient production system for tobacco packaging materials in order to improve the profit structure for paper container operations overall.



INDUSTRIAL MATERIALS

Toppan applies the plate-making and printing technologies it has cultivated in the field of printing to offer a wide range of housing materials, such as decorative sheets that offer superior design and functionality. Demand for the environmentally friendly products that Toppan developed to help conserve the environment is increasing each year.

Market Trends and Performance

Sales throughout the year under review increased from the previous year in accordance with market trends in Japan and abroad. In Japan, new housing starts increased for the second consecutive year, and conditions in the key North American market were also favorable.

In Japan, we worked to increase sales and expand sales channels for environmentally friendly products. Sales of our core product Toppan Ecosheet, a non-PVC decorative sheet for use in housing, continued to increase. By improving the functionality of Toppan Ecosheet, we are working to develop new applications besides furniture and fixtures, such as entranceway doors and bathroom trim. As for the 101 Series of interior decorative sheets, which are developed as a Toppan original-brand product, sales are increasing mainly due to use in condominium buildings. NaturArt interior finishing decorative panels, which commenced commercial sale in the previous fiscal year, are highly appraised as a premium finishing material in non-housing markets, such as hotels and public facilities. NaturArt is evaluated favorably for its high designability and quality; it uses natural wood on the surface. In Japan, demand is shifting from PVC products to non-PVC products due to the increase in environmental needs, and we plan to continue leading the market with environmentally friendly products.

In our overseas operations, we aim to increase sales by bolstering efforts in Europe and China in addition to the key North American market.

Strategy for the Future

In the domestic housing market, the number of housing starts has basically reached its upper limit and is now in a gradual declining phase overall. Nonetheless, Toppan will step up its efforts in the development and sale of environmentally friendly products and aggressively work to expand sales channels. By doing so, we aim to maintain our position as an industry leader.

Accordingly, we also aim to develop sales of small-batch quick-turnaround products, principally original-brand 101 Series products, in addition to developing the supply of OEM products for existing wholesale channels. We aim to strengthen sales to the markets for apartment buildings, condominium buildings, hotels, and retail stores as well as to markets for other commercial facilities. In accordance with this policy, we decided to merge our Industrial Materials Division into our industrial materials trading subsidiary Toppan Cosmo, Inc., in May 2005. From July 2005, we aim to bolster the operations of Toppan Cosmo by focusing on close market links.

Overseas, we will reinforce our operational base in North America. We will also work aggressively to further expand our sales in Europe and China, where there has been rapid growth in demand.

NON-CONSOLIDATED SALES (billion ¥)

2005	36.0
2004	35.2
2003	36.8
2002	36.9
2001	39.7

electronics

topic **SEMICONDUCTOR-RELATED PRODUCTS:**

1.

TOPPAN PHOTOMASKS STARTS UP

In October 2004, Toppan finalized an agreement to acquire all of the shares of DuPont Photomasks, Inc. In April 2005, we completed the stock acquisition, becoming the world's leading maker of photomasks, our core semiconductor-related product.

DuPont Photomasks' shareholders received \$27.00 per share of common stock, making the total cost of the acquisition ¥68.0 billion, or approximately US\$650 million. DuPont Photomasks thereby became a wholly owned subsidiary of Toppan, and the company's name was changed to Toppan Photomasks, Inc. The company headquarters will remain in Round Rock, Texas, and Akihiro Nagata, Senior Managing Director in charge of electronics, will serve as Chairman. Marshall C. Turner, former DuPont Photomasks Chairman and CEO, will be President and CEO.

With the addition of Toppan Photomasks, Toppan now boasts the largest operation in the worldwide photomask industry.

topic

2.

SEMICONDUCTOR-RELATED PRODUCTS:

TOPPAN SMIC ELECTRONICS (SHANGHAI) ESTABLISHED

Through a joint venture with Semiconductor Manufacturing International Corp. (SMIC), we established Toppan SMIC Electronics (Shanghai) Co., Ltd., the first company in China engaged in the manufacture and sales of on-chip color filters¹ and microlenses² for image sensors³. The management system was finalized in December 2004.

Due to the growing demand in China, it is expected that production at silicon foundries in China will begin in earnest and demand for on-chip color filters will increase. SMIC, China's largest silicon foundry, had been planning to enter the image sensor market, while Toppan, as the largest producer of on-chip color filters, aimed to further expand its operations by entering the Chinese market. As a result, SMIC and Toppan agreed to bolster competitiveness through the effective utilization of management resources by establishing the new company.

- | | |
|-------------------------|---|
| 1 On-chip color filters | A color filter formed directly on the image sensor element. |
| 2 Microlenses | A lens is formed for each image sensor pixel. Used to increase light condensation on pixels. |
| 3 Imaging sensor | A sensor that uses a photoelectric conversion element to convert light into electrical signals. Typical examples include CCDs and CMOS sensors. |

topic

3.

DISPLAY-RELATED PRODUCTS:

THE NO. 2 PLANT AT TOPPAN'S U.S. FC SCREEN BASE COMPLETED

The No. 2 plant at Toppan Optical Products, Inc., our U.S. operation for FC screens, which are components of micro-display rear projection TVs, was completed in January 2005. In the future, we aim to continue to bolster our production system to meet strong demand.

The No. 2 plant has three times the floor space of the No.1 plant, at 28,859 square meters. Production capacity will be gradually increased in line with market conditions over the next few years to meet strong demand.





ELECTRONICS

Toppan applies the microfabrication technologies acquired from plate-making to the field of electronics and uses its superior technologies and R&D capabilities to provide an integrated response to customer needs from design to production. Our key products, color filters in display-related products and photomasks in semiconductor-related products, have been highly evaluated in the marketplace.

Display-Related Products

Market Trends and Performance

In display-related products, there was significantly higher demand for large displays for TVs and PCs and for small and medium-sized displays for cellular phones and digital cameras. As a result, sales increased dramatically.

Sales of color filters increased substantially in the first half of the fiscal year. Prices declined in the second half, but nonetheless sales remained favorable over the full fiscal year. In production, the fifth-generation line (1100mm x 1300mm) in Taiwan was brought on stream successfully, and the Mie plant, which has a sixth-generation line (1500mm x 1800mm) for large color filters, performed well.

In the MD rear-projection TV market, the United States accounted for more than 80% of demand. The shift from conventional CRT screens to MD screens continued throughout the year, with the global market for MD screens more than doubling. Construction of the No. 2 plant at the Poway plant, our production base in the United States, was completed. This facility offers three times the floor space of the No. 1 plant. We aim to continue to meet strong demand.

Direct-view CRT shadow masks recorded lower sales due to a steep decline in the unit prices of products used in displays.

Strategy for the Future

With the strong demand, display-related operations are expected to record substantial growth. We will accurately and efficiently increase production facilities and establish a solid market presence to meet rapidly growing demand for color filters, FC screens, and anti-reflective film and other such products.

In regard to color filters, in the current year we expect to see growth in sales of both small- and medium-sized displays for cellular phones and car navigation systems and large displays for PCs and LCD TVs. However, in comparison with the year under review, sales growth is likely to slow somewhat and excess supply conditions are expected to continue as competitors increase their production capacities. To cope with the intensified competition and maintain our top market share, we will work to build a more efficient mass production system. At the same time, we aim to increase sales in fields that draw on our strengths, such as large monitors for PCs with built-in TV tuners that utilize our LCD TV color filter technology. In small and medium-sized displays, we will also use technology to add value, as in the case of semi-transparent color filters.

NON-CONSOLIDATED SALES (billion ¥)

2005	193.2
2004	169.7
2003	166.4
2002	168.2
2001	167.4

In screens for rear-projection TVs, we will work to meet to meet expected growth in demand.

Accompanying growth in the flat panel display market, demand for anti-reflective film for displays is showing substantial growth. In addition to the new No. 1 building at the Shiga plant, we will put the No. 2 building into full-scale operation in the current year, significantly raising our production capacity. Moreover, we will strive to expand our market share and increase our sales by using our original technology to meet needs for enhanced visibility.



Semiconductor-Related Products

Market Trends and Performance

Demand for digital consumer goods and other electronic equipment expanded during the year and the market for semiconductor-related products was favorable overall. As a result, sales of semiconductor-related products increased substantially.

The market for semiconductor-related products showed solid growth in demand in the first half of the fiscal year but slowed in the second half. In our core field of photomasks, both general-use 130nm devices and advanced 90nm products enjoyed favorable demand. On-chip color filters for image sensors used in digital cameras and camera-equipped cellular phones also recorded growth due to the superiority of our precision technologies. As for printed wiring boards, NEC Toppan Circuit Solutions continued to record good results and contributed to our performance.

Strategy for the Future

In photomask operations, the production lines installed at all the production bases for 90nm advanced products are operating successfully and we aim to maintain a steady supply to meet the demand for advanced products. Further, the acquisition of DuPont Photomask, Inc., in April 2005, as a wholly owned subsidiary, has given the Toppan Group the top share of the global market. In the future, we will continue to strive toward building an efficient production system and build a global supply system based on our high technical development capabilities.

In regard to the development of advanced products, we are taking aggressive measures to boost our competitiveness, such as concluding a joint development contract with IBM Corporation in May 2005.

We expect the market for on-chip color filters to expand, and we aim to meet the future growth in demand in China by establishing a production and sales joint venture with China's largest semiconductor production company.

overview of principal subsidiaries

TOPPAN FORMS CO., LTD.

Representative Director: Masanori Akiyama

Common Stock: ¥11,750 million

Principal Business: Sales, manufacture, and R&D of a wide range of continuous forms, multifunction forms, envelopes, direct mail, catalogs, and cards; Data Print Services (DPS); Sales and maintenance of equipment

For the years ended March 31, 2003, 2004 and 2005

	Millions of yen		
	2003	2004	2005
Net Sales	¥191,324	¥193,984	¥199,173
Net Income	7,629	8,762	8,276

TOPPAN LABEL CO., LTD.

Representative Director: Kouji Sato

Common Stock: ¥1,000 million

Principal Business: Sales, manufacture, and R&D of a wide range of labels and label applications; Data print services and CD-R writing services; Total systematic sales of labels and labeling machines, including label printers

For the years ended March 31, 2003, 2004 and 2005

	Millions of yen		
	2003	2004	2005
Net Sales	¥14,326	¥16,084	¥18,517
Net Income	319	407	716

TOPPAN COSMO, INC.

Representative Director: Tatsuo Takizawa

Common Stock: ¥1,000 million

Principal Business: Sales and import/export of architectural and interior materials, such as decorative sheets, decorative boards, and architectural materials

For the years ended March 31, 2003, 2004 and 2005

	Millions of yen		
	2003	2004	2005
Net Sales	¥70,017	¥71,540	¥74,241
Net Income	315	496	745

TAMAPOLY CO., LTD.

Representative Director: Yasuo Matsuki

Common Stock: ¥472 million

Principal Business: Manufacture and sales of polyethylene film and laminated products

For the years ended March 31, 2003, 2004 and 2005

	Millions of yen		
	2003	2004	2005
Net Sales	¥14,446	¥15,663	¥17,132
Net Income	438	647	690

FROEBEL-KAN CO., LTD.

Representative Director: Mamoru Kitabayashi

Common Stock: ¥50 million

Principal Business: Publishing and sales of books; Manufacture and sales of products relating to the education and development of preschool children

For the years ended March 31, 2003, 2004 and 2005

	Millions of yen		
	2003	2004	2005
Net Sales	¥11,632	¥11,836	¥11,686
Net Income	(213)	506	174

consolidated eleven-year financial summary

Toppan Printing Co., Ltd. and Subsidiaries

YEARS ENDED MARCH 31

	1995	1996	1997	1998	1999
FOR THE YEAR:					
Net sales	¥1,130,569	¥1,186,592	¥1,274,339	¥1,284,145	¥1,223,439
Cost of sales	933,587	990,642	1,054,486	1,059,558	1,030,295
% of net sales	82.6%	83.5%	82.7%	82.5%	84.2%
Selling, general and administrative expenses	115,145	125,129	131,711	130,262	127,927
% of net sales	10.2%	10.5%	10.3%	10.1%	10.5%
Operating income	81,837	70,821	88,142	94,325	65,217
% of net sales	7.2%	6.0%	6.9%	7.3%	5.3%
Income before income taxes and minority interests	54,894	79,513	71,814	107,322	57,775
Net income	15,881	39,705	21,621	47,381	26,700
% of net sales	1.4%	3.4%	1.7%	3.7%	2.2%
% of average assets	1.5%	3.6%	1.9%	3.9%	2.1%
% of average equity	2.9%	6.8%	3.6%	7.4%	4.0%
Per share of common stock (yen and dollars):					
Net income:					
Basic	¥23.31	¥56.78	¥30.92	¥67.75	¥38.18
Diluted	22.87	54.57	30.25	65.50	37.29
Cash dividends	13.00	13.00	14.00	15.00	15.00
Research and development expenses	¥15,090	¥15,426	¥15,874	¥ 17,131	¥ 18,875
Capital expenditures	64,096	69,878	78,495	128,734	100,921
Depreciation and amortization	49,680	50,654	53,724	57,824	60,274
AT YEAR-END:					
Current assets	¥ 578,760	¥ 621,280	¥ 628,598	¥ 711,977	¥ 643,415
Current liabilities	387,526	429,845	449,186	462,817	409,995
Working capital	191,234	191,435	179,412	249,160	233,420
Cash and cash equivalents	160,376	179,466	139,723	167,251	114,221
Property, plant and equipment, net of depreciation	340,198	357,436	385,535	445,916	476,649
Long-term indebtedness	83,864	66,616	64,279	113,050	114,242
Total assets	1,069,042	1,126,303	1,151,883	1,300,649	1,267,357
Shareholders' equity	570,276	600,424	612,265	667,464	683,906
Equity ratio	53.3%	53.3%	53.2%	51.3%	54.0%
Debt-equity ratio	19.7%	18.9%	16.4%	21.5%	20.7%
OTHER STATISTICS:					
Number of employees	32,953	33,479	33,719	34,402	33,464
Number of common shares					
issued (thousands of shares)	699,246	699,282	699,300	699,411	699,411
Number of consolidated subsidiaries	98	119	122	122	123

* U.S. dollar amounts are translated from yen at the rate of ¥107.39=U.S.\$1, as of March 31, 2005.

Note 1: The consolidated results for the year ended March 31, 1995, reflect the ¥18,233 million write-off pertaining to the acquisition of Toppan Moore Co., Ltd.'s goodwill.

Note 2: The consolidated results for the year ended March 31, 1996, include the ¥10,362 million gain on sale of Toppan Printing Co., (H.K.) Ltd.'s land.

Note 3: The consolidated results for the year ended March 31, 1997, reflect the ¥9,015 million write-off pertaining to the acquisitions of Toppan Moore Co., Ltd.'s and Avery Toppan Co., Ltd.'s goodwill.

Millions of yen except per share data and other statistics						Thousands of U.S. dollars* except per share data
2000	2001	2002	2003	2004	2005	2005
¥1,237,082	¥1,293,837	¥1,296,196	¥1,251,606	¥1,297,358	¥1,413,580	\$13,163,051
1,048,195	1,076,983	1,079,102	1,047,194	1,083,399	1,155,234	10,757,370
84.7%	83.2%	83.3%	83.7%	83.5%	81.7%	
123,620	149,423	153,247	153,244	152,002	171,407	1,596,118
10.0%	11.5%	11.8%	12.2%	11.7%	12.1%	
65,267	67,431	63,847	51,168	61,957	86,939	809,563
5.3%	5.2%	4.9%	4.1%	4.8%	6.2%	
61,880	35,080	55,279	58,552	54,796	76,680	714,033
30,477	14,752	27,848	29,126	31,230	40,574	377,819
2.5%	1.1%	2.1%	2.3%	2.4%	2.9%	
2.4%	1.1%	2.0%	2.2%	2.2%	2.8%	
4.4%	2.1%	3.9%	4.1%	4.3%	5.4%	
¥43.58	¥21.09	¥40.13	¥42.29	¥45.57	¥60.09	\$0.56
42.54	21.00	39.52	41.77	44.86	59.94	0.56
16.00	16.00	16.00	16.00	17.00	19.00	0.18
¥18,369	¥18,850	¥19,144	¥20,252	¥21,302	¥22,256	\$207,245
81,146	99,051	83,820	83,313	85,109	86,626	806,649
62,572	65,148	67,964	65,705	65,706	69,262	644,958
¥ 659,182	¥ 661,725	¥ 637,079	¥ 587,434	¥ 691,086	¥ 678,569	\$ 6,318,736
419,751	461,472	404,072	380,101	430,783	403,302	3,755,489
239,431	200,253	233,007	207,333	260,303	275,267	2,563,247
127,057	139,899	141,179	107,214	202,150	168,805	1,571,888
489,467	515,046	521,773	533,846	540,033	543,734	5,063,172
115,679	90,792	120,545	119,342	183,940	189,162	1,761,449
1,301,180	1,380,156	1,355,000	1,317,454	1,461,306	1,483,478	13,813,931
703,599	716,085	707,490	715,439	740,481	768,246	7,153,795
54.1%	51.9%	52.2%	54.3%	50.7%	51.8%	
19.9%	19.4%	20.4%	19.0%	32.3%	26.7%	
33,379	32,163	31,610	33,292	32,178	32,724	
699,411	699,411	699,412	699,412	699,412	699,412	
116	119	113	122	122	126	

Note 4: The consolidated results for the year ended March 31, 1998, reflect the ¥20,868 million gain on sale of investment in Toppan Forms Co., Ltd. (Toppan Moore Co., Ltd. changed its name to Toppan Forms Co., Ltd. on April 1, 1997.)

Note 5: In the fiscal year ended March 31, 2001, the Companies adopted the new accounting standard "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits". As a result, income before income taxes and minority interests decreased by ¥51,345 million.

management's discussion and analysis of operating results and financial condition

Toppan Printing Co., Ltd. and Subsidiaries

The financial information in this section is based on the consolidated financial statements in this annual report, which were prepared in accordance with generally accepted accounting principles in Japan. The Toppan Group comprises Toppan Printing Co., Ltd., 126 subsidiaries, and 21 affiliates. The Group is involved in activities in three business fields: Information & Networks, Living Environment, and Electronics. To reflect the performance of all Group companies in the consolidated financial statements, all subsidiaries have been consolidated and all affiliates have been accounted for by the equity method. For the year under review, nine companies were added to the scope of consolidation and five removed, while one company was added to the group of companies accounted for by the equity method and one removed.

Newly included in consolidation:	9 companies
Excluded from consolidation:	5 companies
Equity method newly applied:	1 company
Equity method no longer applied:	1 company

OVERVIEW

In the fiscal year ended March 31, 2005, the Japanese economy followed a course of recovery, supported by strong exports; improved corporate profitability, especially in the manufacturing industry; and growth in capital investment.

Operating conditions in Japan's printing industry remained difficult, with the value of shipments down for the seventh consecutive year. Corporate spending on advertising did increase, however, and conditions in markets for electronic devices, such as semiconductors and displays, were favorable.

In this operating environment, the Company undertook aggressive marketing activities that exploited its comprehensive strengths to create demand as outlined in Toppan Vision 21. At the same time, we continued working to reduce costs.

Consolidated net sales rose 9.0%, to ¥1,413.6 billion (US\$13,163.1 million), and operating income increased 40.3%, to ¥86.9 billion (US\$809.6 million). Net income increased 29.9%, to ¥40.6 billion (US\$377.8 million).

OPERATING RESULTS

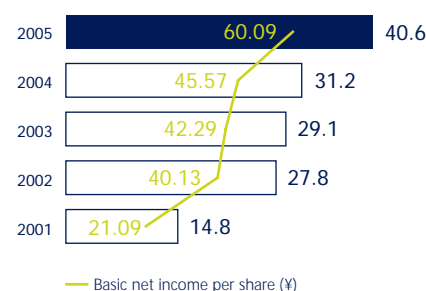
Sales

The Electronics segment recorded a significant increase in sales, with the Information & Networks and Living Environment segments also recording higher sales. Toppan's consolidated net sales increased 9.0%, to ¥1,413.6 billion (US\$13,163.1 million).

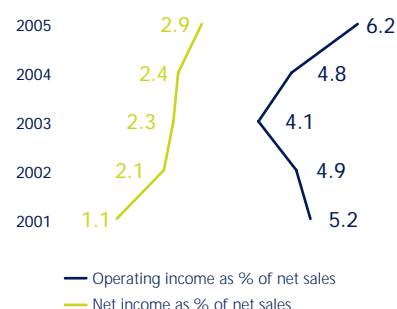
In the Information & Networks segment, sales rose 3.9% to ¥769.0 billion (US\$7,161.1 million). In securities and cards, demand was strong, especially for IC cards. In commercial printing, growth in corporate advertising spending contributed to a solid performance. The publications printing and business forms operations recorded improved results under difficult operating conditions.

In the Living Environment segment, sales increased 7.7%, to ¥353.6 billion (US\$3,292.8 million). In packaging and industrial materials, sales of environmentally friendly products were strong, but overall sales were about the same as in the previous fiscal year due to intensified competition in conventional product markets. The three printing subsidiaries acquired from Japan Tobacco are included in the scope of consolidation and contributed to segment results from the year under review.

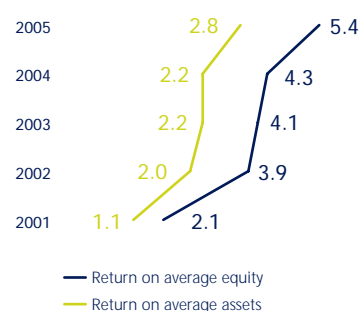
NET INCOME (billion ¥)



RETURN ON SALES (%)



RETURN ON EQUITY & ASSETS (%)



In Electronics, sales were up 26.9%, to ¥290.9 billion (US\$2,709.2 million). Demand for our core products – color filters for liquid crystal displays and screens for large rear projection TVs – increased substantially. Photomasks for the semiconductor market also recorded a solid performance.

Cost of Sales

The cost of sales rose 6.6%, to ¥1,155.2 billion (US\$10,757.4 million). The cost of sales as a percentage of net sales improved 1.8 percentage points, to 81.7%. As a result, gross profit was up 20.7%, to ¥258.3 billion (US\$2,405.7 million).

Toppan is aggressively implementing comprehensive cost reduction measures, such as streamlining its organization, increasing the efficiency of production processes, and reevaluating the procurement of raw materials. Within the next few years, the Company plans to reduce the cost of sales to about 80.0% of net sales.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses increased 12.8%, to ¥171.4 billion (US\$1,596.1 million). The ratio of SG&A expenses to net sales increased to 12.1%, from 11.7% in the previous year. The Company is reforming its operational structure to target improved profitability and reduce personnel expenses, particularly the cost of outsourcing, through the optimal allocation of human resources.

Research and development expenses increased 4.5%, to ¥22.3 billion (US\$207.2 million). Total R&D expenses as a percentage of net sales were at the same approximate level as in the previous year, at 1.6%. Toppan is continuing to invest aggressively in R&D, with the objective of ensuring technological superiority in the market, raising the functionality of existing products, and developing next-generation high-value-added products. The Company plans to gradually increase R&D spending.

Operating Income

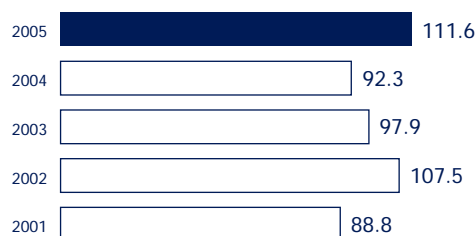
Operating income increased 40.3%, to ¥86.9 billion (US\$809.6 million), with the operating income margin increasing to 6.2%, compared with 4.8% in the previous year. Toppan emphasizes operating income as an indicator of the profitability of core operations, and the Company will continue to aggressively implement policies targeting growth in operating income.

In Information & Networks, operating income decreased 0.9% to ¥48.9 billion (US\$455.7 million), while operating income in the Living Environment segment rose 14.0%, to ¥17.3 billion (US\$160.8 million). In Electronics, operating income was up 141.5%, to ¥39.8 billion (US\$370.8 million).

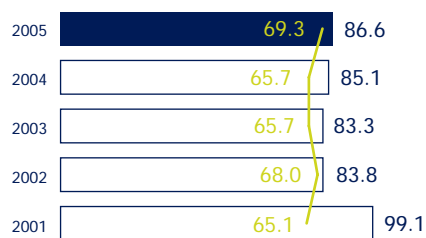
Other Income (Expenses)

Net other expenses increased to ¥10.3 billion (US\$95.5 million), up from ¥7.2 billion in the previous year. Loss from valuation of marketable securities and investment securities declined from ¥3.3 billion in the previous year to ¥1.5 billion (US\$14.0 million), while impairment loss of long-lived assets was ¥8.4 billion (US\$78.6 million) for the year under review. The Company adopted asset-impairment accounting standards from the year under review in an effort to further improve management soundness. Low profit operations and idle assets have been marked down to the appropriate recovery price. Income before income taxes and minority interests increased 39.9%, to ¥76.7 billion (US\$714.0 million).

NET CASH PROVIDED BY OPERATING ACTIVITIES (billion ¥)



CAPITAL EXPENDITURES (billion ¥)



— Depreciation and amortization

DEBT-EQUITY RATIO (%)



Income Taxes

Total income taxes increased 45.9%, to ¥29.7 billion (US\$276.4 million), with the effective tax rate at 38.7%, compared with 37.1% in the previous fiscal year.

Net Income

Net income rose 29.9%, to ¥40.6 billion (US\$377.8 million). Basic net income per share increased to ¥60.09 (US\$0.56) from ¥45.57 in the previous year, and diluted net income per share increased to ¥59.94 (US\$0.56) from ¥44.86 in the previous year.

Return on assets (simple average of year-end figures for the year under review and the previous year) rose to 2.8%, from 2.2% in the previous year. Return on equity was 5.4%, compared with 4.3% in the previous year.

CASH FLOWS

The Toppan Group strives to maintain a strong financial condition and generate sufficient cash flow for the Group to make investments required for the smooth administration of operations and for future strategic growth.

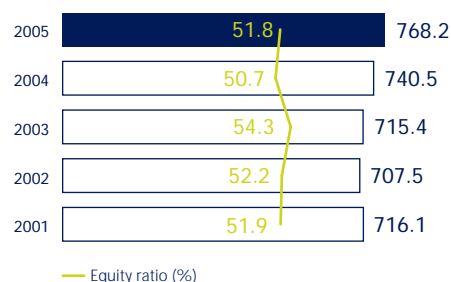
Net cash provided by operating activities was up 20.9% during the year under review, to ¥111.6 billion (US\$1,039.4 million). Income before income taxes and minority interests increased ¥21.9 billion, and depreciation and amortization rose 5.4%, to ¥69.3 billion (US\$645.0 million). Contribution to plan assets in cash, equivalent to the unfunded amount in the calculation of Toppan Pension Fund of ¥29.7 billion (US\$276.5 million) was made during the year under review. The Company had used the government's Welfare Pension Insurance Scheme until this period, when it received permission from the Ministry of Health, Labor and Welfare in October 2004 to return the substitutional portion of funds and convert to a defined contribution pension scheme. At that time, the Company introduced a cash balance-type system (where the recipient's portion is linked to market interest rates) and made a special lump-sum pension fund contribution in order to establish a stable pension system. These steps were aimed at improving the soundness of our pension finances.

Net cash used in investing activities was up 14.4%, to ¥90.1 billion (US\$838.7 million). Expenditures for property, plant and equipment rose ¥5.4 billion, to ¥81.8 billion (US\$761.5 million), and expenditures for intangible fixed assets rose ¥3.4 billion, to ¥8.0 billion. In the year ending March 2006, the Company plans to allocate funds for capital investment targeting increased production capacity and further rationalization.

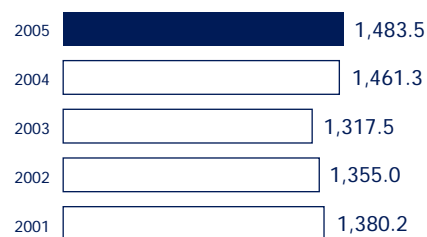
Net cash used in financing activities was ¥54.9 billion (US\$510.8 million), compared with net cash provided by financing activities of ¥82.7 billion in the previous year. Redemption of convertible bonds totaled ¥35.1 billion (US\$326.4 million) in the year under review, while in the previous year proceeds from issuance of straight bonds totaled ¥40.0 billion. Purchase of treasury stock was ¥5.4 billion (US\$49.9 million). Cash dividends paid amounted to ¥11.7 billion (US\$109.1 million).

Cash and cash equivalents at year-end were down 16.5%, to ¥168.8 billion (US\$1,571.9 million). The Company maintained ample liquidity for the smooth administration of operations.

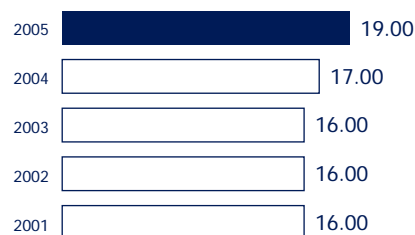
SHAREHOLDERS' EQUITY (billion ¥)



TOTAL ASSETS (billion ¥)



CASH DIVIDENDS PER SHARE (¥)



FINANCIAL CONDITION

Total current assets at the end of the year decreased 1.8% from the previous year-end, to ¥678.6 billion (US\$6,318.7 million). Cash and cash equivalents were down ¥33.3 billion, due in part to the redemption of convertible bonds. Total current liabilities amounted to ¥403.3 billion (US\$3,755.5 million), down 6.4%, due to the redemption of convertible bonds, which led to a significant decline in the current portion of long-term indebtedness, from ¥35.6 billion at the previous year-end to ¥2.4 billion (US\$22.8 million) at the end of the year under review. Working capital was up 5.7%, to ¥275.3 billion (US\$2,563.2 million), and the current ratio rose to 1.68, from 1.60.

Property, plant and equipment, net, was about the same as a year earlier, at ¥543.7 billion (US\$5,063.2 million). Investments and other assets rose 13.5%, to ¥261.2 billion (US\$2,432.0 million), due to the ¥33.3 billion (US\$310.5 million) in prepaid pension costs that were recorded and which offset a decline in deferred income taxes.

Long-term liabilities were up 7.1%, to ¥248.8 billion (US\$2,316.8 million) at year-end. This rise can be attributed primarily to increases of ¥5.2 billion in long-term indebtedness, ¥4.1 billion in employees' severance and retirement benefits, and ¥5.5 billion in deferred income taxes.

Total shareholders' equity rose 3.7%, to ¥768.2 billion (US\$7,153.8 million), due to an increase of ¥28.5 billion in retained earnings, which offset an increase of ¥5.3 billion in treasury stock. As a result, the ratio of shareholders' equity to total assets rose to 51.8%, from 50.7% at the previous year-end. Shareholders' equity per share was up 4.5%, to ¥1,154 (US\$10.7).

Total assets increased 1.5%, to ¥1,483.5 billion, (US\$13,813.9 million).

DIVIDEND POLICY AND DIVIDENDS

Toppan's fundamental policy for the payment of dividends is to provide shareholders with stable dividend payments and to gradually increase the flow of dividend payments, in respect to the dividend payout ratio, while retaining the internal resources needed to strengthen the business structure and build a stable profit base.

With the objective of raising corporate value, the Company allocates retained earnings to capital investment and R&D projects aimed at expanding operations in fields with growth potential. Retained earnings are also allocated to implementing measures that will increase investment efficiency from a long-term perspective.

Toppan believes that these activities raise corporate value, strengthen the Company's structure, and enable a return to be provided to shareholders.

Dividends per share were ¥19.00 (US\$0.18) for the year under review, an increase of ¥2.00 from the previous year. The payout ratio was 31.6%.

OBJECTIVES AND PERFORMANCE INDICATORS

To ensure efficient use of assets, we prioritize return on assets (ROA) in our management activities. In evaluating profits, the Company emphasizes growth in operating income as an indicator of the profitability of its core operations.

To increase ROA, we evaluate each operation separately in respect to its operating income and cost of capital. We also work to increase investment efficiency by adhering to strict criteria in the selection and focus of operations and choice of capital expenditure. We will further bolster efforts to enhance corporate value by increasing capital efficiency and will strive to meet the expectations of our shareholders.

OUTLOOK

In the current fiscal year, capital investment is expected to be strong and consumer spending firm, with business conditions across the board following a course of gradual recovery. There is still, however, cause for concern about the rising cost of raw materials and the risk of recession in overseas markets. In Japan's printing industry, the conventional printing market has matured and expansion into new fields of business is becoming increasingly important.

In this setting, the Company is striving to achieve further growth by reforming its operational structure, improving profitability, and bolstering the Group's comprehensive strengths in accordance with Toppan Vision 21.

With all of these efforts, we are targeting an increase in consolidated net sales of 6.1%, to ¥1,500.0 billion; an increase in operating income of 0.1%, to ¥87.0 billion; and a reduction in net income of 70.4%, to ¥12.0 billion, in the year ending March 2006.

The expected decline in net income is attributable to a special loss of approximately ¥32.6 billion for the amortization of goodwill stemming from the acquisition of DuPont Photomasks, Inc.

FORWARD-LOOKING STATEMENTS

This annual report includes certain "forward-looking statements." These statements are forecasts based on currently available information and they include assumptions about such factors as known and unknown risks. Actual results and performance may differ significantly from these forecasts due to these variable factors and other risk factors.

RISK FACTORS

Risks related to display-related products

The Group's electronics business is based on the assumption that the demand for color filters, screens for rear projection TVs, and other display-related products used in cellular phones, notebook and desktop PC monitors, LCD TVs, and rear projection TVs will continue to rise. The development of plasma displays, alternative flat displays, such as organic electroluminescent displays, or new technology to manufacture longer life or larger size flat displays at lower costs could potentially make LCDs or rear projection TVs obsolete and have a significant negative effect on the Group's Electronics business. Furthermore, the LCD market in particular has suffered from excess supply in the past, which has led to declines in panel prices. If there were to be an oversupply of LCDs or rear projection TVs as a result of either overproduction or a drop in demand, and prices were to decline as a result, the Group's margins in this area of business will be adversely affected, if not offset by corresponding cost reductions.

The Group's market is highly competitive and subject to pricing pressure

The Group competes with a number of companies in all the markets in which it is active. In particular, the Group competes with Dai Nippon Printing Co., Ltd., in all its core businesses.

The Group's competitors can be expected to continue to develop and introduce new and enhanced products, any of which could cause a decline in market acceptance of the Group's products and services or a reduction in prices as a result of intensified price competition.

Certain of the Group's competitors may have greater financial, technical, marketing, and other resources, each of which could provide them with a competitive advantage over the Group. Moreover, there can be no assurance that new competitors will not emerge in markets that are important to the Group.

The ability of the Group to compete in the industries in which it operates is primarily based on:

- product and service quality;
- technical capabilities and technical after-service (in electronics-related businesses);
- delivery to schedule performance;
- pricing; and
- location and capacity of production plants.

In particular, the ability of the Group to generate growth and profitability in its electronics business depends on its ability to successfully expand and upgrade its production capabilities to meet demand and generate efficiencies.

Risks associated with international activities

The Group conducts printing and manufacturing operations at its overseas facilities, including facilities in Taiwan, Hong Kong, Shenzhen, and Shanghai, in addition to its domestic operations. The Group may expand its existing overseas operations or establish

operations in other overseas countries, including developing countries, seeking opportunities to reduce costs or obtain better access to markets or other strategic factors. There are a number of risks inherent in doing business in developing regions, including the following:

- less developed technological infrastructure, which can affect production or other activities or result in lower customer acceptance of the Group's products or services;
- unfavorable political or economic factors;
- unexpected legal or regulatory changes, including taxation;
- international currency fluctuations;
- trade restrictions or changes in tariffs; and
- the negative impact of a re-occurrence of SARS or the occurrence of other epidemics.

The inability of the Group to manage successfully the risks inherent in its international activities could adversely affect its business, financial condition, and operating results.

Risks associated with strategic alliances, investments, and acquisitions

The Group undertakes many activities through strategic alliances, joint ventures, and investments with other companies. In addition, the Group has and may in the future acquire interests in other companies. These activities are important as they enable the Group to access new technologies, introduce new products, and access new markets. However, because results from these activities are largely dependent on business trends as well as the financial condition of partner companies or acquisition targets, weak trends or the disappointing performance of such partners or acquisition targets may adversely affect the success of these activities. The success of these activities may also be adversely affected by the inability of the Group and its partners or targets to successfully define and attain their common objectives, which often takes considerable time. Although the Group strives to avoid business duplication amongst its subsidiaries, business overlaps and inefficiencies may arise as a result of the entry into such alliances, joint ventures, and strategic investments and the making of acquisitions designed to improve the corporate value of the Group by diversifying the businesses of the Group subsidiaries.

The Group may not obtain sufficient quantities of critical raw materials

The Group uses certain raw materials in its operations, such as paper, ink, and glass, all of which it obtains from third parties. Access to sufficient quantities of such raw materials is critical to the Group's business. Any disruption in the Group's supply relationships or increases in prices of such materials could result in delays

or reductions in product shipments by the Group or increases in product costs that could have a material adverse effect on the Group's business and operating results. For example, glass used in the manufacture of LCD color filters is sometimes in short supply, which may result in price increases.

There can be no assurance that the Group will continue to have access to sufficient quantities of raw materials at affordable prices to enable manufacturing to satisfactory standards by the Group, or that the Group could find suitable alternative suppliers in the event of any disruption in the supply of such raw materials. If such materials were unavailable for a prolonged period of time, the Group's business and operating results would be adversely affected.

Risks associated with fluctuations in foreign exchange rates

The Group has limited exposure to foreign currency exchange risks because currently the majority of its sales are made to Japanese customers and are denominated in yen. However, revenue and expense items with respect to the Group's overseas operations, such as sales, expenses, and assets, that are denominated in local currency, are translated into yen in preparing the Company's consolidated financial statements and as a result, depending on the rate of exchange at the time of currency translation, the value of such items in yen may be affected by foreign currency fluctuation, even if their value has not changed in the original currency. Also, fluctuations in exchange rates may affect the local prices of the Group's products and may have a negative impact on their competitiveness in local markets. Generally, an appreciation of the yen against other currencies, particularly the yen against the U.S. dollar and the euro, may adversely affect the Group's business results and financial condition. Moreover, an increase in the value of currencies in regions where the Group operates and produces may lead to an increase in the costs of manufacturing and procurement in those regions. Although the Group engages in currency hedging transactions, foreign exchange rate fluctuations may have an adverse effect on the Group's business, financial condition, and operating results.

Risks associated with environmental regulations

National and local laws and regulations in Japan and abroad (including Superfund laws in the United States) impose substantial potential liability for the improper use, manufacture, storage, handling, and disposal of hazardous materials as well as land and soil contamination. The Group's manufacturing and research and development processes involve the controlled use of some hazardous materials and waste products. While the Group believes that it has taken adequate precautions to comply with applicable regulations in the course of its ordinary business operations, the Group cannot eliminate the risk

of accidental contamination or discharge and any resultant injury from these materials. Properties that the Group has owned or used in the past have been found to be contaminated whilst properties that the Group owns or uses now or in the future may in the future be found to contain undetected contamination resulting from the Group's manufacturing operations at those sites or the activities of prior owners or occupants.

The Group has taken such necessary action as prescribed by applicable law with respect to contamination found at any of its sites. The Group may be responsible for remediation, or responsible for any injury or contamination that results or has resulted from its use or the use by third parties of these materials, or regulatory penalties may be imposed in respect thereof, and the Group's liability may be significant, thereby adversely affecting its business, financial condition, and results of operations.

The Group does not believe that any environmental laws or regulations currently in effect will have any material adverse effect on the Group's operating results or financial condition. However, the Group cannot predict whether any pending or future legislation will be adopted or what effect such legislation would have on the Group. Compliance with environmental laws and regulations may be expensive, and current or future environmental regulations may impair the Group's research and development and production efforts.

Risks associated with customer information management

In the course of its business, the Group sometimes gathers, stores, and maintains personal data on individuals on behalf of its customers. Any leakage or misuse of such information received by the Group's employees or subcontractors in the course of their employment could harm the Group's reputation and could lead to loss of customers and otherwise adversely affect the Group's operations. The Group has been implementing strict measures to secure the confidentiality of customer information received in its operations, but there is no assurance that leakage or misuse of such information will never occur.

consolidated balance sheets

Toppan Printing Co., Ltd. and Subsidiaries

AS OF MARCH 31, 2004 AND 2005

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2005	2005
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 1)	¥ 202,150	¥ 168,805	\$ 1,571,888
Time deposits with original maturities over three months (Note 5)	488	9,353	87,094
Marketable securities (Notes 1 and 2)	2,105	3,901	36,326
Notes and accounts receivable –			
Trade	401,246	404,281	3,764,606
Affiliates (Note 3)	1,039	1,020	9,498
Allowance for doubtful receivables (Note 1)	(3,524)	(4,497)	(41,875)
Inventories (Note 1)			
Finished goods and merchandise	35,861	37,086	345,339
Work in process and raw materials	35,267	37,661	350,694
Deferred income taxes (Notes 1 and 7)	11,440	14,650	136,419
Other current assets	5,014	6,309	58,747
Total current assets	691,086	678,569	6,318,736
PROPERTY, PLANT AND EQUIPMENT (NOTES 1, 5 AND 6):			
Land	111,219	111,169	1,035,189
Buildings and structures	447,882	460,256	4,285,837
Machinery and equipment	737,970	761,824	7,093,994
Construction in progress	10,234	20,587	191,703
	1,307,305	1,353,836	12,606,723
Accumulated depreciation	(767,272)	(810,102)	(7,543,551)
	540,033	543,734	5,063,172
INVESTMENTS AND OTHER ASSETS:			
Investments in and advances to affiliates (Notes 1 and 3)	49,195	51,365	478,303
Investment securities (Notes 1 and 2)	127,869	131,084	1,220,635
Deferred income taxes (Notes 1 and 7)	17,807	9,787	91,135
Prepaid pension costs (Notes 1 and 8)	—	33,344	310,494
Long-term loans receivable and other assets (Note 1)	35,316	35,595	331,456
	230,187	261,175	2,432,023
TOTAL ASSETS	¥1,461,306	¥1,483,478	\$13,813,931

The accompanying notes to the consolidated financial statements are an integral part of these balance sheets.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2005	2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term loans (Note 4)	¥ 19,607	¥ 13,357	\$ 124,378
Current portion of long-term indebtedness (Note 4)	35,643	2,448	22,795
Notes and accounts payable –			
Trade	259,389	266,876	2,485,110
Construction	36,145	33,977	316,389
Affiliates (Note 3)	13,132	12,232	113,903
Accrued expenses	33,167	38,721	360,564
Income taxes payable (Notes 1 and 7)	13,655	11,844	110,290
Other current liabilities	20,045	23,847	222,060
Total current liabilities	430,783	403,302	3,755,489
LONG-TERM LIABILITIES:			
Long-term indebtedness (Note 4)	183,940	189,162	1,761,449
Employees' severance and retirement benefits (Notes 1 and 8)	40,197	44,313	412,636
Retirement benefits for directors and corporate auditors (Note 1)	3,115	3,276	30,506
Deferred income taxes (Notes 1 and 7)	917	6,390	59,503
Other long-term liabilities	4,054	5,660	52,705
	232,223	248,801	2,316,799
MINORITY INTERESTS	57,819	63,129	587,848
CONTINGENT LIABILITIES (NOTE 12)			
SHAREHOLDERS' EQUITY (NOTES 1 AND 9):			
Common stock:			
Authorized – 1,200,000,000 shares			
Issued – 699,412,481 shares in 2004 and 2005	104,986	104,986	977,614
Additional paid-in capital	117,739	117,740	1,096,378
Retained earnings	538,244	566,763	5,277,615
Net unrealized holding gains on securities (Notes 1 and 2)	20,024	23,894	222,497
Foreign currency translation adjustments (Note 1)	(10,279)	(9,594)	(89,338)
	770,714	803,789	7,484,766
Treasury stock, at cost (Note 1):			
29,421,787 shares and 34,226,835 shares as of			
March 31, 2004 and 2005, respectively	(30,233)	(35,543)	(330,971)
Total shareholders' equity	740,481	768,246	7,153,795
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	¥1,461,306	¥1,483,478	\$13,813,931

consolidated statements of shareholders' equity

Toppan Printing Co., Ltd. and Subsidiaries

YEARS ENDED MARCH 31, 2003, 2004 AND 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2003	2004	2005	2005
COMMON STOCK:				
Beginning balance	¥104,986	¥104,986	¥104,986	\$977,614
Ending balance	¥104,986	¥104,986	¥104,986	\$977,614
ADDITIONAL PAID-IN CAPITAL (NOTE 9):				
Beginning balance	¥117,739	¥117,739	¥117,739	\$1,096,368
Gain on disposal of treasury stock	—	—	1	10
Ending balance	¥117,739	¥117,739	¥117,740	\$1,096,378
RETAINED EARNINGS (NOTES 1 AND 9):				
Beginning balance	¥500,326	¥518,242	¥538,244	\$5,012,049
Net income	29,126	31,230	40,574	377,819
Cash dividends paid	(10,907)	(10,893)	(11,719)	(109,126)
Directors' bonuses	(303)	(331)	(336)	(3,129)
Loss on sales of treasury stock	—	(4)	—	—
Ending balance	¥518,242	¥538,244	¥566,763	\$5,277,615
NET UNREALIZED HOLDING GAINS ON SECURITIES (NOTES 1 AND 2):				
Beginning balance	¥ 6,127	¥ 1,488	¥20,024	\$186,461
Adjustment for the year	(4,639)	18,536	3,870	36,036
Ending balance	¥ 1,488	¥20,024	¥ 23,894	\$222,497
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS (NOTE 1):				
Beginning balance	¥(1,965)	¥ (5,860)	¥(10,279)	\$(95,717)
Adjustment for the year	(3,895)	(4,419)	685	6,379
Ending balance	¥(5,860)	¥(10,279)	¥ (9,594)	\$(89,338)
TREASURY STOCK (NOTE 1):				
Beginning balance	¥(19,723)	¥(21,156)	¥(30,233)	\$(281,525)
Treasury stock acquired, net	(1,433)	(9,077)	(5,310)	(49,446)
Ending balance	¥(21,156)	¥(30,233)	¥(35,543)	\$(330,971)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

consolidated statements of cash flows

Toppan Printing Co., Ltd. and Subsidiaries

YEARS ENDED MARCH 31, 2003, 2004 AND 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2003	2004	2005	2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes and minority interests	¥ 58,552	¥ 54,796	¥ 76,680	\$ 714,033
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	65,705	65,706	69,262	644,958
Impairment loss of long-lived assets	—	—	8,440	78,592
Increase (decrease) in provision for employees' severance and retirement benefits	(25,173)	(312)	2,729	25,412
Increase in prepaid pension costs	—	—	(3,649)	(33,979)
Interest and dividend income	(1,292)	(1,763)	(1,638)	(15,253)
Interest expense	2,081	2,471	2,746	25,570
Equity in earnings of affiliates	(1,283)	(965)	(1,646)	(15,327)
Loss (gain) on sales of securities	430	(3,690)	(3,031)	(28,224)
Loss from valuation of marketable securities and investment securities	8,546	3,260	1,505	14,014
Decrease (increase) in receivables	17,679	(25,863)	1,163	10,830
Increase in inventories	(6,392)	(1,906)	(2,053)	(19,117)
Increase (decrease) in payables and accrued expenses	(144)	12,556	5,067	47,183
Other, net	7,049	12,040	12,558	116,938
Subtotal	125,758	116,330	168,133	1,565,630
Interest and dividends received	1,609	1,526	1,990	18,531
Interest paid	(1,487)	(2,617)	(3,090)	(28,774)
Income taxes paid	(27,977)	(22,907)	(25,714)	(239,445)
Contribution to plan assets in cash, equivalent to the unfunded amount in the calculation of Toppan Pension Fund	—	—	(29,695)	(276,516)
Net cash provided by operating activities	97,903	92,332	111,624	1,039,426
CASH FLOWS FROM INVESTING ACTIVITIES:				
Expenditure for marketable securities	(36,722)	(7,076)	(14,904)	(138,784)
Proceeds from sale of marketable securities	37,600	8,699	13,102	122,004
Expenditures for property, plant and equipment	(96,473)	(76,340)	(81,781)	(761,533)
Proceeds from sale of property, plant and equipment	3,613	2,364	3,245	30,217
Expenditure for investment securities	(17,854)	(10,288)	(25,564)	(238,048)
Proceeds from sale of investment securities	1,835	7,709	33,780	314,554
Decrease (increase) in time deposits, net	5,885	(15)	(8,632)	(80,380)
Other, net	(6,220)	(3,763)	(9,314)	(86,730)
Net cash used in investing activities	(108,336)	(78,710)	(90,068)	(838,700)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in short-term loans	(8,545)	5,425	(6,786)	(63,190)
Proceeds from long-term debt	547	300	7,459	69,457
Payments of long-term debt	(2,102)	(821)	(856)	(7,971)
Proceeds from issuance of straight bonds	200	39,980	—	—
Redemption of straight bonds	(300)	(500)	(1,500)	(13,968)
Proceeds from issuance of zero coupon unsecured convertible bonds (with stock acquisition rights)	—	59,911	—	—
Redemption of convertible bonds	—	—	(35,055)	(326,427)
Purchase of treasury stock	(1,433)	(9,110)	(5,361)	(49,921)
Proceeds from issuance of common stock of subsidiaries to minority shareholders	760	107	280	2,607
Cash dividends paid	(10,907)	(10,893)	(11,719)	(109,126)
Cash dividends paid to minority shareholders of subsidiaries	(1,574)	(1,659)	(1,320)	(12,292)
Other, net	(68)	(22)	(2)	(17)
Net cash provided by (used in) financing activities	(23,422)	82,718	(54,860)	(510,848)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	(1,166)	(1,404)	(41)	(382)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(35,021)	94,936	(33,345)	(310,504)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (NOTE 1)	141,179	107,214	202,150	1,882,392
INCREASE IN CASH AND CASH EQUIVALENTS DUE TO ESTABLISHMENT OF A JOINT VENTURE	1,056	—	—	—
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 1)	¥107,214	¥202,150	¥168,805	\$1,571,888

The accompanying notes to the consolidated financial statements are an integral part of these statements.

notes to consolidated financial statements

Toppan Printing Co., Ltd. and Subsidiaries

note 1

SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The following is a summary of the significant accounting and reporting policies adopted by Toppan Printing Co., Ltd. (the "Company") and its subsidiaries in the preparation of the consolidated financial statements.

Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2005, which was ¥107.39 to U.S.\$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Principles of Consolidation

The consolidated financial statements for 2003, 2004 and 2005 include the accounts of the Company and its subsidiaries (the "Companies") over which the Company has control through majority voting rights or the existence of certain conditions evidencing control by the Company. Significant inter-company balances, transactions and profits have been eliminated in consolidation. The difference between the cost and underlying fair value of the net equity of investment in subsidiaries at acquisition is fully amortized when incurred.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Investments in affiliates, for which the Company has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method.

Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, readily available deposits and short-term investments, which are easily convertible into cash, present insignificant risk of changes in value and have maturities not exceeding three months at the time of purchase.

Securities

In applying the accounting standard for financial instruments, the Company and domestic subsidiaries examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter "trading securities"), (b) debt securities intended to be held to maturity (hereafter "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies and (d) all other securities that are not classified in any of the above categories (hereafter "available-for-sale securities").

The Companies had no trading securities. Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains and losses on sale of available-for-sale securities are computed using moving-average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities and available-for-sale securities declines significantly and is considered other than temporary, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline.

If the fair market value of equity securities is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event that net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Allowance for Doubtful Receivables

The allowance for doubtful accounts is provided principally for amounts sufficient to cover probable losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining items.

Inventories

Inventories are stated at cost determined principally by the following methods:

Merchandise	First in, first out method
Finished goods and work in process	Average as determined by the retail method
Raw materials	Average method

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. Buildings, excluding building fixtures, are depreciated under the straight-line method, and other property, plant and equipment is depreciated under the declining-balance method over estimated useful lives. The range of useful lives is 8 to 50 years for buildings and structures, and 2 to 15 years for machinery and equipment.

Leases

The Company and domestic subsidiaries utilize finance leases, which do not transfer titles to lessees, and are accounted for in the same manner as operating leases under accounting principles generally accepted in Japan.

Software Costs

Software costs are depreciated on the straight-line method over their estimated useful lives (five years). The net unamortized amount of software costs is included in "long-term loans receivable and other assets" in the consolidated balance sheets.

Impairment Loss of Long-Lived Assets

Effective from the year ended March 31, 2005, the Company and domestic subsidiaries adopted the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets", issued by the Business Accounting Deliberation Council on August 9, 2002) and "Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets" (the Financial Accounting Standard Implementation Guidance No. 6, issued by the Accounting Standards Board of Japan on October 31, 2003) with early adoption permitted from the year ended March 31, 2004 or thereafter.

As a result of this change, income before income taxes and minority interests decreased by ¥8,440 million (\$78,592 thousand) compared with what would have been recorded under the previous accounting policy.

Accumulated loss on impairment is deducted directly from the acquisition costs of the related assets.

Income Taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and liabilities reflects the tax consequences that would result in the manner and from the period in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

With the implementation of the "Revision of the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003, a part of the tax basis of enterprise taxes comprises "amount of added value" and "amount of capital" from the fiscal year commenced April 1, 2004. The Company and domestic subsidiaries calculate enterprise taxes based on "amount of added value" and "amount of capital" and they are included in selling, general and administrative expenses for the year ended March 31, 2005 pursuant to "Practical Treatment for Presentation of External Based-Corporate Enterprise Taxes in the Statement of Income" (Practical Solution Report No.12, issued by the Accounting Standards Board of Japan on February 13, 2004).

As a result, selling, general and administrative expenses increased by ¥1,384 million (\$12,888 thousand), operating income and income before income taxes and minority interests decreased by the same amount.

Employees' Severance and Retirement Benefits

The Company and certain domestic subsidiaries provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded noncontributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries, length of service and certain other factors at the time of retirement or termination.

Certain subsidiaries have defined contribution pension plans.

Under the accounting standard for Employees' Severance and Pension Benefits, the liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and domestic subsidiaries provided the allowance for employees' severance and retirement benefits at the end of each fiscal year based on the estimated amount of projected benefit obligation and the fair value of plan assets at that date.

Prior service costs are amortized over primarily 5 years. Actuarial gains and losses are charged to income using the straight-line method over the average of the estimated remaining service lives of employees (primarily 15 years), commencing with the following period.

Employees of domestic companies are compulsorily included in the Welfare Pension Insurance Scheme operated by the government. Employers are legally required to deduct employees' welfare pension insurance contributions from their payroll and to pay them to the government together with the employers' own contributions. For companies that have established their own Employees' Pension Fund, which meets certain legal requirements, it is possible to transfer a part of their welfare pension insurance contributions (referred to as the "substitutional portion" of the government's Welfare Pension Insurance Scheme) to their own Employees' Pension Fund under the government's permission and supervision.

Based on the newly enacted Defined Benefit Corporate Pension Law, the Company and some domestic subsidiaries decided to restructure their Employees' Pension Fund and were permitted by the Minister of Health, Labor and Welfare on December 16, 2002 to be released from their future obligation for payments for the substitutional portion of the Welfare Pension Insurance Scheme. Pension assets for the substitutional portion maintained by the Employees' Pension Fund are to be transferred back to the government's scheme. Transitional provisions for recognizing the effect of transferring the substitutional portion of assets were prescribed in paragraph 47-2 of the Japanese Institute of Certified Public Accountants Accounting Committee Report No. 13, "Practical Guideline for Accounting of Retirement Benefits (Interim Report)". Accordingly, the Company and some domestic subsidiaries recognized a gain amounting to ¥27,955 million, which was calculated based on the amount of the substitutional portion of the projected benefit obligations as of the permission date, the related pension assets determined pursuant to the government formula and the related unrecognized items on the date permission was received from the Ministry of Health, Labor and Welfare. This gain is reflected in the March 31, 2003 financial statements.

The amount of pension plan assets expected to be transferred back to the government approximated ¥69,533 million as of March 31, 2003.

Effective from the year ended March 31, 2005, the Company and domestic subsidiaries adopted the new accounting standard for "Partial Revision of Accounting Standard for Retirement Benefits" (Accounting Standard Board Statement No. 3) and "Implementation Guidance for Partial Revision of

Accounting Standard for Retirement Benefits" (the Financial Accounting Standard Implementation Guidance No. 7), issued by the Accounting Standards Board of Japan on March 16, 2005, with adoption permitted from the year ended March 31, 2005 or thereafter.

As a result of this change, operating income and income before income taxes and minority interests increased by ¥1,052 million (\$9,796 thousand) compared with what would have been recorded under the previous accounting policy.

Retirement Benefits for Directors and Corporate Auditors

The Company and some domestic subsidiaries have unfunded termination and retirement benefit plans for directors and corporate statutory auditors who customarily receive lump-sum payment upon termination, subject to shareholders' approval.

Derivatives and Hedge Accounting

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for and qualify as hedges, in which case the instrument gains and losses are deferred until the related losses or gains on the hedged items are also recognized.

However, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is reported as part of net interest expense.

The following summarizes hedging derivative financial instruments used by the Company and several subsidiaries and the items hedged in the year ended March 31, 2005:

Hedging instrument:	Hedged item:
Forward foreign exchange contracts	Foreign currency trade receivables and trade payables and future anticipated transactions denominated in foreign currency
Interest rate swap contracts	Interest on bonds and loans payable

The Company and several subsidiaries evaluate hedge effectiveness semi-annually by comparing the cumulative changes in cash flows or fair value of the hedging derivative with the corresponding changes in cash flows or fair value of hedged items.

Foreign Currency Translation

Foreign currency transactions are translated into Japanese yen using the exchange rates in effect at the time of the transactions or at the applicable exchange rates under related forward exchange contracts.

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the year-end rate.

Financial statements of overseas subsidiaries are translated into Japanese yen at the year-end rate, except that shareholders' equity accounts are translated at historical rates and income statement items resulting from transactions with the Company at the rates used by the Company. Any resulting differences are reflected as foreign currency translation adjustments in shareholders' equity.

Research and Development Expenses

Expenses relating to research and development activities are charged to income as incurred. Research and development expenses include practical-application research expenses of the Technical Development Departments and other research expenses incurred by the Toppan Technical Research Institute.

The subject amounts for the years ended March 31, 2003, 2004 and 2005 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2003	2004	2005	2005
Research and development expenses	¥20,252	¥21,302	¥22,256	\$207,245

Appropriations of Retained Earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Treasury Stock and Reversal of Statutory Reserves

Effective April 1, 2002, the Company and domestic subsidiaries adopted the new accounting standard for treasury stock and reversal of statutory reserves (Accounting Standards Board Statement No. 1, "Accounting Standard for Treasury Stock and Reversal of Statutory Reserves", issued by the Accounting Standards Board of Japan on February 21, 2002).

As a result of this change, acquisition of additional minority interest by a subsidiary is now accounted for as a reduction of minority interest. The excess of the acquisition cost over the minority interest is recorded as goodwill and was fully amortized in the year ended March 31, 2003. Previously, these acquisitions were included in other current assets. Income before income taxes and minority interests for the year ended March 31, 2003 decreased by ¥362 million compared with what would have been recorded under the previous accounting policy.

Acquisition of the Stock of DuPont Photomasks, Inc., of the United States

At a meeting held on October 5, 2004, the Board of Directors approved the Company's acquisition of DuPont Photomasks, Inc. (Round Rock, Texas, United States), a photomask production and sales company. The purpose of this acquisition, which is one facet of the Company's efforts to strengthen its photomask operations, is to enable the Company to respond quickly to increasingly advanced customer needs around the world and to establish leading-edge technical development capabilities and production systems. The acquisition was completed on April 23, 2005. The total stock acquisition cost was ¥70,755 million (\$663 million). As a result, DuPont Photomasks became a wholly owned subsidiary of the Company, and its name was changed to Toppan Photomasks, Inc. An overview of the most recent fiscal year ended June 30, 2004 of Toppan Photomasks is as follows:

Net sales	\$345,917 thousand (¥37,148 million)
Total assets	\$777,670 thousand (¥83,514 million)
Total shareholders' equity	\$288,621 thousand (¥30,995 million)

* Translated at ¥107.39 to \$1.

Reclassifications

Certain reclassifications have been made to previously reported amounts to conform to the current presentation. These reclassifications had no effect on previously reported net income or total shareholders' equity.

note 2

MARKETABLE AND INVESTMENT SECURITIES

The following tables summarize historical costs, book values and fair values of securities with available fair values as of March 31, 2004 and 2005:

(a) Held-to-maturity debt securities whose fair value is determinable

Securities with available fair values exceeding book values

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Book value	¥2,005	¥3,000	\$27,936
Fair value	2,007	3,096	28,829
Difference	2	96	893

Securities with available fair values below book values

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Book value	¥4,423	¥6,008	\$55,946
Fair value	4,325	5,942	55,331
Difference	(98)	(66)	(615)

(b) Available-for-sale securities whose fair value is determinable

Securities with book values exceeding historical costs

2004 Type	Millions of yen		
	Historical costs	Book value	Difference
Equity securities	¥45,503	¥79,504	¥34,001
Bonds	—	—	—
Others	10,091	10,284	193
Total	¥55,594	¥89,788	¥34,194

2005 Type	Millions of yen		
	Historical costs	Book value	Difference
Equity securities	¥47,410	¥84,748	¥37,338
Bonds	—	—	—
Others	5,307	5,349	42
Total	¥52,717	¥90,097	¥37,380

2005 Type	Thousands of U.S. dollars		
	Historical costs	Book value	Difference
Equity securities	\$441,475	\$789,161	\$347,686
Bonds	—	—	—
Others	49,418	49,809	391
Total	\$490,893	\$838,970	\$348,077

Securities with book values below historical costs

2004 Type	Millions of yen		
	Historical costs	Book value	Difference
Equity securities	¥ 4,966	¥ 4,341	¥(625)
Bonds	1,000	983	(17)
Others	6,353	6,212	(141)
Total	¥12,319	¥11,536	¥(783)

2005 Type	Millions of yen		
	Historical costs	Book value	Difference
Equity securities	¥ 3,957	¥ 3,579	¥(378)
Bonds	1,000	943	(57)
Others	5,570	5,482	(88)
Total	¥10,527	¥10,004	¥(523)

2005 Type	Thousands of U.S. dollars		
	Historical costs	Book value	Difference
Equity securities	\$36,847	\$33,327	\$(3,520)
Bonds	9,312	8,781	(531)
Others	51,867	51,048	(819)
Total	\$98,026	\$93,156	\$(4,870)

The following tables summarize book values of securities with no available fair values as of March 31, 2004 and 2005:

(a) Held-to-maturity debt securities whose fair value is not readily determinable

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Discount debenture	¥100	—	—

(b) Book value of available-for-sale securities whose fair value is not readily determinable

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Non-listed equity securities	¥16,815	¥14,387	\$133,970
Non-listed foreign bonds	202	202	1,881
Non-listed domestic bonds	105	243	2,263
Preference shares	5,000	5,000	46,559
Investment in limited partnerships	—	6,045	56,290
Total	¥22,122	¥25,877	\$240,963

Planned redemption schedule of available-for-sale securities with maturities and held-to-maturity debt securities as of March 31, 2005 is as follows:

	Millions of yen				Total
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	
Bonds –					
Corporate bonds	¥ 3,900	¥2,305	¥1,030	¥3,107	¥10,342
Others	13,000	—	—	—	13,000
Total	¥16,900	¥2,305	¥1,030	¥3,107	¥23,342

	Thousands of U.S. dollars				Total
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	
Total					
Bonds –					
Corporate bonds	\$ 36,316	\$21,464	\$9,591	\$28,932	\$ 96,303
Others	121,054	—	—	—	121,054
Total	\$157,370	\$21,464	\$9,591	\$28,932	\$217,357

Available-for-sale securities sold in the years ended March 31, 2003, 2004 and 2005 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2003	2004	2005	2005
Sales amount	¥1,306	¥8,730	¥27,624	\$257,231
Gross realized gains	307	3,816	3,211	29,900
Gross realized losses	737	124	180	1,676

note 3

INVESTMENTS IN AND ADVANCES TO AFFILIATES

(a) Combined unaudited financial information of affiliates as of each balance sheet date for the years presented was as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
FINANCIAL POSITION:			
Assets –			
Current assets	¥148,378	¥149,758	\$1,394,525
Investments and other assets	192,989	195,314	1,818,735
Total	¥341,367	¥345,072	\$3,213,260
Liabilities –			
Current liabilities	¥108,810	¥110,847	\$1,032,191
Long-term liabilities	59,276	57,418	534,668
Shareholders' equity	173,281	176,807	1,646,401
Total	¥341,367	¥345,072	\$3,213,260

	Millions of yen			Thousands of U.S. dollars
	2003	2004	2005	2005
OPERATIONS:				
Net sales	¥294,589	¥283,574	¥298,388	\$2,778,545
Net income	3,521	3,800	6,132	57,100

(b) Summarized below are significant transactions with affiliates for the years ended March 31, 2003, 2004 and 2005:

	Millions of yen			Thousands of U.S. dollars
	2003	2004	2005	2005
Sales	¥ 2,617	¥ 2,665	¥ 3,080	\$ 28,681
Cost of sales –				
Purchases of materials	22,035	20,809	19,545	182,000
Subcontractors' fees and others	5,841	6,546	6,542	60,918
Interest and dividend income	508	530	655	6,099
Rental income	305	289	288	2,682

note 4

SHORT-TERM LOANS AND LONG-TERM INDEBTEDNESS

Short-term loans consisted of unsecured loans payable to banks at weighted average interest rates of 2.28% and 1.87% per annum as of March 31, 2004 and 2005, respectively.

Long-term indebtedness as of March 31, 2004 and 2005 is detailed in the following table:

	Yen per share Conversion price	Millions of yen		Thousands of U.S. dollars
		2004	2005	2005
1.4% unsecured convertible bonds, due 2005	¥2,235.20	¥ 34,950	¥ —	\$ —
Zero coupon unsecured convertible bonds (with stock acquisition rights), due 2024	2,030.00	60,000	60,000	558,711
Unsecured bonds –				
0.8%, due 2006		200	200	1,862
0.9%, due 2007		200	200	1,862
2.7%, due 2007		50,000	50,000	465,593
1.4%, due 2011		30,000	30,000	279,356
1.4%, due 2013		40,000	40,000	372,475
Secured bonds –				
1.8%, due 2005		200	200	1,862
Unsecured loans –				
Japanese banks, 1.7–5.1%, due 2004 through 2007		1,353		
Japanese banks, 2.3–5.3%, due 2006 through 2007			1,251	11,649
Foreign banks, 2.0–6.9%, due 2004 through 2009		1,094		
Foreign banks, 2.0–4.1%, due 2006 through 2010			7,726	71,943
Mortgage loans –				
Japanese banks, 1.7%, due 2004 through 2012		1,586		
Japanese banks, 1.2–2.0%, due 2006 through 2012			2,033	18,931
Total long-term indebtedness		219,583	191,610	1,784,244
Less: Current portion included in current liabilities		(35,643)	(2,448)	(22,795)
Net long-term indebtedness		¥183,940	¥189,162	\$1,761,449

The aggregate annual maturities of long-term debt at March 31, 2005 are as follows:

FISCAL YEAR ENDING MARCH 31	Millions of yen	Thousands of U.S. dollars
2007	¥ 2,005	\$ 18,670
2008	52,163	485,734
2009	1,746	16,259
2010	1,693	15,765
2011 and thereafter	131,555	1,225,021

note 5

PLEGDED ASSETS

As of March 31, 2004 and 2005, the following assets were pledged as collateral for notes and accounts payable-trade, short-term loans, current portion of long-term indebtedness, bonds and long-term indebtedness:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Time deposits with original maturities over three months	¥ 50	¥ 30	\$ 279
Land	1,674	1,918	17,860
Buildings and structures	2,394	3,931	36,605
Machinery and equipment	425	471	4,386
Other assets	49	53	494
Total	¥4,592	¥6,403	\$59,624

note 6

IMPAIRMENT LOSS OF LONG-LIVED ASSETS

The Companies, as a general rule, categorize operating assets by work site and assign idle assets to particular groups on an individual asset basis. In calculating recoverable amounts, as a general rule the companies use the net realizable value for idle assets and the value in use for other assets. The official appraised value is principally used for net realizable value, and value in use is calculated by discounting future cash flows at 5%.

As a result, in the year ended March 31, 2005, the book values of the following asset groups were reduced to the recoverable amounts, and the amount of the reduction, ¥8,440 million (\$78,592 thousand), was recorded as impairment loss of long-lived assets in other expenses.

The reasons for the loss were lower profitability on shadow mask production equipment due to reduced prices and exchange rate fluctuations, as well as significant reductions in the market prices of idle and little-used land and other assets.

The impairment loss of long-lived assets was ¥2,355 million (\$21,929 thousand) for shadow mask production equipment and ¥6,085 million (\$56,663 thousand) for idle and little-used assets. By asset category, the loss was ¥5,967 million (\$55,564 thousand) for land, ¥1,796 million (\$16,724 thousand) for machinery and equipment, ¥662 million (\$6,164 thousand) for buildings and structures and ¥15 million (\$140 thousand) for other assets.

Location	Use	Category
Kumamoto Prefecture, Tamana-shi	Shadow mask production equipment	Machinery and equipment, buildings and structures
Saitama Prefecture, Osato-gun	Idle asset	Land
Tokyo Prefecture, Chiyoda-ku	Little-used asset	Buildings and structures
Kanagawa Prefecture, Ashigara-Shimo-gun	Idle asset	Land
Hokkaido Prefecture, Ishikari-shi	Idle asset	Land
Kumamoto Prefecture, Tamana-shi	Idle asset	Land
Others	Idle assets	Land, buildings and structures

note 7

INCOME TAXES

The Companies are subject to several taxes (corporate, inhabitant and enterprise) based on income.

The aggregate statutory tax rates and the effective tax rates for the years ended March 31, 2003, 2004 and 2005 are as follows:

	2003	2004	2005
Statutory tax rate	41.7%	41.7%	40.2%
Effective tax rate	45.2%	37.1%	38.7%

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the years ended March 31, 2003 and 2004:

	2003	2004
Statutory tax rate:	41.7%	41.7%
Difference in statutory tax rates of subsidiaries outside Japan	0.8	(3.4)
Non-taxable dividend income	(1.9)	(2.9)
Non-deductible expenses	1.9	2.1
Per capita inhabitant tax	0.6	0.6
Special tax credit for research and development expenses and other	—	(2.1)
Change in income tax rates	1.1	0.6
Other	1.0	0.5
Effective tax rate	45.2%	37.1%

The difference between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2005 is not disclosed because the difference is less than 5% of the statutory tax rate.

Effective for years commencing on April 1, 2004 or later, according to the revised local tax law, income tax rates for enterprise taxes were reduced as a result of introducing assessment by estimation on the basis of the size of business.

Accordingly, the Company and domestic subsidiaries used 41.7% for temporary differences that are expected to reverse within one year and 40.2% for those expected to reverse later than one year, respectively, at March 31, 2003. As a result of the change in the aggregate statutory income tax rates, deferred income tax assets decreased by ¥638 million and net unrealized holding gains on securities and provision

for deferred income taxes increased by ¥33 million and ¥671 million, respectively, compared with what would have been recorded under the previous local tax law, at March 31, 2003.

For the year ended March 31, 2004, the Company and domestic subsidiaries used the aggregate statutory income tax rate of 40.2% to value all temporary differences that are expected to be reversed. The effect of the change in the rates was a decrease of deferred income taxes assets by ¥311 million (\$2,943 thousand) and provision for deferred income taxes increased by ¥311 million (\$2,943 thousand) compared with what would have been recorded under previous local tax law.

Significant components of deferred tax assets and liabilities as of March 31, 2004 and 2005 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Deferred tax assets:			
Allowance for doubtful receivables	¥ 2,168	¥ 2,405	\$ 22,395
Accrued bonuses	5,494	5,776	53,785
Enterprise taxes	1,430	1,178	10,969
Depreciation	1,573	1,673	15,579
Employees' severance and retirement benefits	17,165	15,233	141,847
Directors' retirement benefits	1,248	1,283	11,947
Inter-company profits (fixed assets)	2,276	1,305	12,152
Net operating loss carry forwards of subsidiaries	5,000	8,121	75,622
Other	14,780	22,597	210,420
	51,134	59,571	554,716
Valuation allowance	(2,907)	(6,348)	(59,112)
Total	48,227	53,223	495,604
Deferred tax liabilities:			
Tax purpose reserves regulated by Japanese tax law	5,095	5,153	47,984
Net unrealized gains on securities	13,495	15,613	145,386
Prepaid pension costs	—	11,015	102,570
Other	1,307	3,396	31,623
Total	19,897	35,177	327,563
Deferred tax assets, net	¥28,330	¥18,046	\$168,041

The valuation allowance mainly relates to deferred tax assets for operating loss carry forwards for tax purposes of the subsidiaries, which are not expected to be realized.

note 8

EMPLOYEES' SEVERANCE AND PENSION BENEFITS

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2004 and 2005 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Projected benefit obligation	¥159,787	¥ 158,228	\$ 1,473,396
Unrecognized prior service costs	—	16,894	157,314
Unrecognized actuarial differences	(31,097)	(40,538)	(377,483)
Fair value of pension assets	(88,493)	(123,615)	(1,151,085)
Prepaid pension costs	—	33,344	310,494
Liability for severance and retirement benefits	¥ 40,197	¥ 44,313	\$ 412,636

Included in the consolidated statements of income for the years ended March 31, 2003, 2004 and 2005 are severance and retirement benefit expenses comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2003	2004	2005	2005
Service costs – benefits earned during the year	¥ 9,685	¥ 6,752	¥ 6,764	\$ 62,985
Interest cost on projected benefit obligation	6,679	3,896	3,870	36,036
Expected return on plan assets	(3,603)	(1,881)	(2,068)	(19,257)
Amortization of prior service costs	(1,657)	—	(1,315)	(12,245)
Amortization of actuarial differences	2,919	2,965	2,434	22,665
	14,023	11,732	9,685	90,184
Gain on return of the substitutional portion of the government's Welfare Pension Insurance Scheme	(27,955)	—	—	—
Other	—	298	(194)	(1,797)
Total	¥(13,932)	¥12,030	¥ 9,491	\$ 88,378

The discount rate and the rate of expected return on plan assets used by the Companies are primarily 2.5% and 3.5%, respectively. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of

total service years. Prior service costs are recognized as an expense in equal amounts principally over 5 years, and amortization of actuarial differences are recognized in the consolidated statements of income using the straight-line method principally over 15 years.

note 9

SHAREHOLDERS' EQUITY

Under the Japanese Commercial Code, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital.

The Japanese Commercial Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 25% of common stock. Since the total amount of legal earnings reserve and additional paid-in capital of the Company has reached 25% of common stock, the Company is not required to provide additional legal earnings reserve. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. Any legal earnings reserve and paid-in capital in excess of 25% of common stock is available for distribution by the resolution of the shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

Year-end dividends are approved by the shareholders after the end of each fiscal year, and interim dividends are declared by the Board of Directors after the end of each semi-annual period. In accordance with the Japanese Commercial Code, the year-end dividends and the related appropriation of retained earnings are not reflected in the consolidated financial statements at the end of each fiscal year.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Japanese Commercial Code.

On June 29, 2005, the shareholders approved the declaration of a year-end cash dividend totaling ¥7,004 million (\$65,220 thousand), which was paid in that month to the shareholders of record as of March 31, 2005.

The presently authorized capital stock of the Company is 2,700,000,000 shares, which was most recently increased from 1,200,000,000 pursuant to a shareholders' resolution adopted at the 159th Ordinary General Meeting of Shareholders held on June 29, 2005.

note 10

PER SHARE INFORMATION

Net income per share of common stock has been computed based on the weighted average number of shares of common stock outstanding during each fiscal year (less the treasury stock). Diluted net income per share is based on the weighted average number of shares of common stock issued and dilutive common stock equivalents. The convertible bonds were considered as common stock equivalents and were included in the calculation of earnings per share when

they were dilutive. In computing diluted net income per share, net income is adjusted for interest expense, net of income taxes, on the dilutive convertible bonds. Dividends per share shown in the accompanying consolidated statements of income have been presented on an accrual basis, also including applicable dividends approved after each fiscal year-end.

note 11

DERIVATIVE TRANSACTIONS

The Company and several subsidiaries use derivative financial instruments selectively to manage interest rate risk and foreign exchange risk. The Company and several subsidiaries enter into forward foreign exchange contracts, currency swap contracts and currency option contracts to reduce foreign exchange risks and use interest rate swap contracts to manage floating interest rate risk. To reduce the credit risk of counterparties in derivative transactions, the Company and several subsidiaries select major, creditworthy financial institutions as counterparties.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with established policies, including specified limits on the

amounts of derivative transactions allowed and required counterparty credit standing. The Director in charge of the Finance Department reports information on derivative transactions to the Board of Directors semi-annually.

The fair value of derivative financial instruments, consisting principally of foreign exchange contracts, currency swap contracts, currency option contracts and interest rate swap contracts, are estimated by obtaining quotes from brokers.

The contracted amounts and the estimated fair values of the financial instruments, including financial instruments not qualifying as hedges, as of March 31, 2004 and 2005 are summarized as follows:

Currency Related

Type	Contracted amount		Estimated fair value	Unrealized gains (losses)
	Within one year	Over one year		
2004 Millions of yen				
Forward foreign exchange contracts –				
Sell: U.S. dollars (buy Japanese yen)	¥1,791	¥ —	¥ 1,772	¥ 19
Buy: U.S. dollars (sell Japanese yen)	334	—	324	(10)
Buy: N.T. dollars (sell Japanese yen)	2,033	—	1,911	(122)
Currency swap contracts –				
Receipt U.S. dollars, Payment Japanese yen	—	13,528	(2,443)	(2,443)
Receipt Japanese yen, Payment Thai baht	—	560	56	56
Currency option contracts –				
Sell:				
Put Japanese yen	175	—	3	(1)
Interest rate swap contracts –				
Receive fixed rate and pay floating rate	—	30,000	(490)	(490)
Total	—	—	—	¥(2,991)

Type	Contracted amount		Estimated fair value	Unrealized gains (losses)
	Within one year	Over one year		
2005 Millions of yen				
Forward foreign exchange contracts –				
Sell: U.S. dollars (buy Japanese yen)	¥1,408	¥ —	¥ 1,429	¥ (21)
Sell: U.S. dollars (buy N.T. dollars)	73	—	75	(2)
Buy: U.S. dollars (sell Japanese yen)	841	—	855	14
Buy: Japanese yen (sell N.T. dollars)	153	—	151	(2)
Currency swap contracts –				
Receipt U.S. dollars, Payment Japanese yen	—	15,464	(3,284)	(3,284)
Receipt Japanese yen, Payment Thai baht	112	392	39	39
Interest rate swap contracts –				
Receive fixed rate and pay floating rate	—	30,000	(886)	(886)
Total	—	—	—	¥(4,142)

Type	Contracted amount		Estimated fair value	Unrealized gains (losses)
	Within one year	Over one year		
2005 Thousands of U.S. dollars				
Forward foreign exchange contracts –				
Sell: U.S. dollars (buy Japanese yen)	\$13,111	\$ —	\$13,307	\$ (196)
Sell: U.S. dollars (buy N.T. dollars)	680	—	698	(18)
Buy: U.S. dollars (sell Japanese yen)	7,831	—	7,962	131
Buy: Japanese yen (sell N.T. dollars)	1,434	—	1,406	(28)
Currency swap contracts –				
Receipt U.S. dollars, Payment Japanese yen	—	143,999	(30,580)	(30,580)
Receipt Japanese yen, Payment Thai baht	1,043	3,650	363	363
Interest rate swap contracts –				
Receive fixed rate and pay floating rate	—	279,356	(8,260)	(8,260)
Total	—	—	—	\$(38,588)

note 12

CONTINGENT LIABILITIES

As of March 31, 2005, certain subsidiaries were contingently liable for trade notes receivable discounted with banks of ¥41 million (\$382 thousand). The average interest rate of the notes discounted with banks was 1.63% per annum as of March 31, 2004.

As of March 31, 2005, the Company and its subsidiaries were contingently liable as guarantors for the borrowings of certain affiliates, subcontractors and employees, amounting to ¥169 million (\$1,574 thousand), and also as guarantors for the future lease payments of subcontractors, amounting to ¥240 million (\$2,235 thousand).

note 13

LEASES

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value as of March 31, 2004 and 2005 with respect to the finance leases accounted for in the same manner as operating leases was as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Machinery and equipment	¥ 43,343	¥ 46,008	\$ 428,420
Other assets	16,808	15,199	141,531
Accumulated depreciation	(40,990)	(41,070)	(382,438)
Net book value	¥ 19,161	¥ 20,137	\$ 187,513

The accumulated depreciation indicated above for information is calculated on the declining-balance method for machinery and equipment and the straight-line method for other assets over lease terms, as if those non-capitalized finance leases were capitalized. If the above leases were capitalized, interest of ¥900 million and ¥866 million (\$8,064 thousand) and depreciation of ¥13,401 million and ¥13,119

million (\$122,162 thousand) would have been recorded for the years ended March 31, 2004 and 2005, respectively.

Total lease payments recorded as expense under non-capitalized finance leases were ¥14,129 million and ¥14,250 million (\$132,694 thousand) for the years ended March 31, 2004 and 2005, respectively.

Obligations under finance leases at March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Due within one year	¥12,157	¥11,873	\$110,560
Due after one year	18,210	19,115	177,996
Total	¥30,367	¥30,988	\$288,556

Obligations under operating leases at March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Due within one year	¥ 308	¥ 347	\$3,231
Due after one year	815	662	6,165
Total	¥1,123	¥1,009	\$9,396

note 14

SEGMENT INFORMATION

(a) Business segment information

Business segment information for the years ended March 31, 2003, 2004 and 2005 was as follows:

2003	Millions of yen					
	Information and networks	Living environment	Electronics	Total	Elimination and/or corporate	Consolidated
Net sales –						
Outside customers	¥739,125	¥329,798	¥182,683	¥1,251,606	¥ —	¥1,251,606
Inter-segment	9,915	27,492	102	37,509	(37,509)	—
Total	749,040	357,290	182,785	1,289,115	(37,509)	1,251,606
Costs and expenses	704,154	344,516	170,967	1,219,637	(19,199)	1,200,438
Operating income	¥ 44,886	¥ 12,774	¥ 11,818	¥ 69,478	¥ (18,310)	¥ 51,168
Assets	¥576,587	¥263,922	¥265,247	¥1,105,756	¥211,698	¥1,317,454
Depreciation	23,947	13,518	25,369	62,834	2,871	65,705
Capital expenditures	24,081	12,285	38,184	74,550	8,763	83,313

2004	Millions of yen					
	Information and networks	Living environment	Electronics	Total	Elimination and/or corporate	Consolidated
Net sales –						
Outside customers	¥739,851	¥328,226	¥229,281	¥1,297,358	¥ —	¥1,297,358
Inter-segment	10,093	31,528	107	41,728	(41,728)	—
Total	749,944	359,754	229,388	1,339,086	(41,728)	1,297,358
Costs and expenses	700,557	344,610	212,897	1,258,064	(22,663)	1,235,401
Operating income	¥ 49,387	¥ 15,144	¥ 16,491	¥ 81,022	¥ (19,065)	¥ 61,957
Assets	¥581,247	¥270,807	¥276,583	¥1,128,637	¥332,669	¥1,461,306
Depreciation	22,916	12,997	26,663	62,576	3,130	65,706
Capital expenditures	19,803	13,573	48,335	81,711	3,398	85,109

2005	Millions of yen					
	Information and networks	Living environment	Electronics	Total	Elimination and/or corporate	Consolidated
Net sales –						
Outside customers	¥769,029	¥353,613	¥290,938	¥1,413,580	¥ —	¥1,413,580
Inter-segment	13,648	31,387	176	45,211	(45,211)	—
Total	782,677	385,000	291,114	1,458,791	(45,211)	1,413,580
Costs and expenses	733,740	367,731	251,293	1,352,764	(26,123)	1,326,641
Operating income	¥ 48,937	¥ 17,269	¥ 39,821	¥ 106,027	¥ (19,088)	¥ 86,939
Assets	¥598,825	¥298,261	¥354,194	¥1,251,280	¥232,198	¥1,483,478
Depreciation	21,288	13,182	32,100	66,570	2,692	69,262
Impairment loss of long-lived assets	105	24	2,355	2,484	5,956	8,440
Capital expenditures	12,445	20,458	47,313	80,216	6,410	86,626

2005	Thousands of U.S. dollars					
	Information and networks	Living environment	Electronics	Total	Elimination and/or corporate	Consolidated
Net sales –						
Outside customers	\$7,161,086	\$3,292,793	\$2,709,172	\$13,163,051	\$ —	\$13,163,051
Inter-segment	127,088	292,271	1,639	420,998	(420,998)	—
Total	7,288,174	3,585,064	2,710,811	13,584,049	(420,998)	13,163,051
Costs and expenses	6,832,480	3,424,257	2,340,004	12,596,741	(243,253)	12,353,488
Operating income	\$ 455,694	\$ 160,807	\$ 370,807	\$ 987,308	\$ (177,745)	\$ 809,563
Assets	\$5,576,171	\$2,777,363	\$3,298,203	\$11,651,737	\$2,162,194	\$13,813,931
Depreciation	198,231	122,748	298,911	619,890	25,068	644,958
Impairment loss of long-lived assets	978	223	21,930	23,131	55,461	78,592
Capital expenditures	115,886	190,502	440,572	746,960	59,689	806,649

(b) Geographical segment information

Geographical segment information for the year ended March 31, 2005 was as follows:

2005	Millions of yen				
	Japan	Other	Total	Elimination and/or corporate	Consolidated
Net sales –					
Outside customers	¥1,282,876	¥130,704	¥1,413,580	¥ —	¥1,413,580
Inter-segment	40,582	13,060	53,642	(53,642)	—
Total	1,323,458	143,764	1,467,222	(53,642)	1,413,580
Costs and expenses	1,231,766	128,673	1,360,439	(33,798)	1,326,641
Operating income	¥ 91,692	¥ 15,091	¥ 106,783	¥ (19,844)	¥ 86,939
Assets	¥1,061,608	¥190,029	¥1,251,637	¥231,841	¥1,483,478

2005	Thousands of U.S. dollars				
	Japan	Other	Total	Elimination and/or corporate	Consolidated
Net sales –					
Outside customers	\$11,945,954	\$1,217,097	\$13,163,051	\$ —	\$13,163,051
Inter-segment	377,894	121,612	499,506	(499,506)	—
Total	12,323,848	1,338,709	13,662,557	(499,506)	13,163,051
Costs and expenses	11,470,025	1,198,184	12,668,209	(314,721)	12,353,488
Operating income	\$ 853,823	\$ 140,525	\$ 994,348	\$ (184,785)	\$ 809,563
Assets	\$ 9,885,539	\$1,769,522	\$11,655,061	\$2,158,870	\$13,813,931

Geographical segment information for the years ended March 31, 2003 and 2004 was not presented as the net sales and assets of the Company and its domestic subsidiaries in Japan exceeded 90% of consolidated net sales and assets.

(c) Overseas sales information

Overseas sales information for the year ended March 31, 2005 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2005	2005
Asia	¥ 116,265	\$ 1,082,643
Other	40,557	377,661
Total	¥ 156,822	\$ 1,460,304
Consolidated net sales	¥1,413,580	\$13,163,051
Overseas sales as a percentage of consolidated net sales	11.1%	11.1%

Overseas sales information for the years ended March 31, 2003 and 2004 was not presented as overseas sales of the Company and its subsidiaries were less than 10% of consolidated net sales.

independent auditors' report

To the Board of Directors of TOPPAN PRINTING Co., Ltd.:

We have audited the accompanying consolidated balance sheets of TOPPAN PRINTING CO., LTD. and subsidiaries as of March 31, 2004 and 2005, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2005, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOPPAN PRINTING CO., LTD. and subsidiaries as of March 31, 2004 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements. Effective from the year ended March 31, 2005, TOPPAN PRINTING CO., LTD. and domestic subsidiaries adopted the new accounting standard for impairment of fixed assets and "Partial Revision of Accounting Standard for Retirement Benefits".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 29, 2005

board of directors and auditors

As of June 29, 2005





Chairman & Representative Director

Huromichi Fujita

President & CEO

Naoki Adachi

Vice Presidents

Huromichi Kono

Takeshi Toyama

Senior Managing Directors

Main operational responsibilities

Akihiro Nagata

Electronics Division

Yoshio Sakamura

Purchasing Division

Hideaki Kawai

Corporate Manufacturing

Technology & Research Division

Yoshiaki Tsuneda

Packaging Division

Toshihiko Akiyama

Publications Printing Division

Ryuzou Yabe

Commercial Printing Division

Managing Directors

Yukio Natori

Takashi Terachi

Takeshi Soejima

Yoshihiko Okitsu

Jitsumei Takamiyagi

Kiyoshi Otsuka

Toshitaka Tokitomo

Shu Sakurai

Directors

Sawako Noma

Koji Iwasaki

Shingo Kaneko

Toshiro Masuda

Kenji Yano

Shingo Ohkado

Mitsuru Ominato

Yuichi Kumamoto

Yoshiyuki Nagayama

Yoshihiro Furuya

Kenichi Aoki

Shinichi Okubo

Seiji Mitsui

Senior Corporate Auditor

Tetsuro Minami

Corporate Auditors

Masaru Kitajima

Shuuro Hikita

Saburo Abe

principal consolidated subsidiaries and affiliates

As of March 31, 2005

Segment	Name	Country / Region	Paid-in capital	% Voting control**
Information & Networks	Toppan Forms Co., Ltd.	Japan	¥11,750 million	59.1
	Froebel-Kan Co., Ltd.	Japan	¥50 million	100
	Total Media Development Institute Co., Ltd.	Japan	¥500 million	100
	Toppan Travel Service Corp.	Japan	¥70 million	96.8
	Toppan Security Service Co., Ltd.	Japan	¥100 million	100
	Toppan Techno Co., Ltd.	Japan	¥400 million	100
	Toppan Multisoft Ltd.	Japan	¥200 million	100
	Toppan Co., Ltd.	Japan	¥10 million	100
	Toppan Insurance Service Co., Ltd.	Japan	¥10 million	100
	Toppan Hall Co., Ltd.	Japan	¥30 million	100
	Toppan Human Information Services Co., Ltd.	Japan	¥50 million	100
	Toppan Character Production Co., Ltd.	Japan	¥50 million	100
	Toppan Mind Wellness Co., Ltd.	Japan	¥50 million	100
	Toppan Forms (Hamamatsu) Co., Ltd.	Japan	¥100 million	100 (100)
	Toppan Forms Operation Co., Ltd.	Japan	¥100 million	100 (100)
	Toppan Forms Process Co., Ltd.	Japan	¥100 million	100 (100)
	Techno Toppan Forms Co., Ltd.	Japan	¥100 million	100 (100)
	Toppan Forms (Sanyo) Co., Ltd.	Japan	¥50 million	100 (100)
	Kagawa Business Forms Co., Ltd.	Japan	¥20 million	60 (60)
	Okinawa Business Forms Co., Ltd.	Japan	¥15 million	60 (60)
	Toppan Forms (Hokkaido) Co., Ltd.	Japan	¥30 million	70 (70)
	Toppan Forms Logistics and Services Co., Ltd.	Japan	¥50 million	100 (100)
	Toppan Forms Logistics and Services Kansai Co., Ltd.	Japan	¥50 million	100 (100)
	Toppan Forms Logistics and Services Nishinohon Co., Ltd.	Japan	¥30 million	100 (100)
	Toppan NSW Co., Ltd.	Japan	¥200 million	60
	Sansei Printing Ltd.	Japan	¥20 million	90
	Toppan Display Co., Ltd.	Japan	¥100 million	100
	Toppan Editorial Communications Co., Ltd.	Japan	¥50 million	100
	Sobi Calendars Co., Ltd.	Japan	¥10 million	100
	Toppan Printing Communications Co., Ltd.	Japan	¥450 million	100
	Toppan Graphic Communications Co., Ltd.	Japan	¥300 million	100
	Toppan Printing Itabashi Co., Ltd.	Japan	¥300 million	100
	Toppan Seihon Co., Ltd.	Japan	¥400 million	100
	Toppan Graphic Co., Ltd.	Japan	¥900 million	100
	Tokyo Computer Type Co., Ltd.	Japan	¥50 million	60
	T.M.G. Prepress Toppan Co., Ltd.	Japan	¥100 million	51
	Osaka Toppan Display Co., Ltd.	Japan	¥100 million	100
	Toppan Graphic Communications Kansai Co., Ltd.	Japan	¥100 million	100
	Toppan Idea Center Nishinohon Co., Ltd.	Japan	¥50 million	100
	Kannabe Toppan Co., Ltd.	Japan	¥50 million	100
	Toppan Aichi Kako Co., Ltd.	Japan	¥40 million	100
	Toppan Multicreate Co., Ltd.	Japan	¥50 million	100
	CyberMap Japan Corp.	Japan	¥600 million	63.3
	Toppan and Moak Ltd.	Japan	¥22 million	55.1
	Toppan Printing Co., (Shanghai) Ltd.	PRC	RMB42 million	90
	Shanghai Toppan International Trading Co., Ltd.	PRC	RMB9 million	100
	Toppan Printing Co. (America), Inc.	U.S.A.	US\$25 million	100
	Toppan Printing Co., (H.K.) Ltd.	PRC	HK\$260 million	100
	Toppan Printing Co., (Shenzhen) Ltd.	PRC	HK\$123 million	100 (37.9)
	Toppan Servicing Co., Ltd.	PRC	HK\$0.1 million	100 (100)
	Toppan Printing Co. (Australia) Pty. Ltd.	Australia	A\$30 thousand	100
	Toppan Printing (Taiwan) Co., Ltd.	Taiwan	NT\$15 million	100
	Beijing Toppan Digital Products Co., Ltd.	PRC	RMB4 million	100
Kouyou Sangyo Ltd.	Japan	¥34 million	100 (29.4)	
Top Planning Ltd.	Japan	¥10 million	100 (100)	
Froebel-Kan Fukuokahanbai Co., Ltd.	Japan	¥10 million	100 (100)	
The Institute of Cultural Communications, Ltd.	Japan	¥30 million	100 (100)	
Kagawa Prefecture Information Services Co., Ltd.	Japan	¥100 million	70 (10)	
T.F. Company, Ltd.	PRC	HK\$15 million	100 (100)	
Toppan Forms (H.K.), Ltd.	PRC	HK\$10 million	100 (100)	
Toppan Forms Computer Systems Ltd.	PRC	HK\$2 million	100 (100)	
Manson Computer Forms Co., Ltd.	PRC	PTC100 thousand	65 (65)	
Toppan Forms Card Technologies Ltd.	PRC	HK\$2 million	100 (100)	
Toppan Forms (Singapore) Pte. Ltd.	Singapore	S\$1 million	100 (100)	

Segment	Name	Country / Region	Paid-in capital	% Voting control**
Information & Networks	Toppan Forms Card Technologies (Taiwan) Ltd.	Taiwan	NT\$6 million	100 (100)
	Toppan Forms Information Systems (Shanghai) Ltd.	PRC	RMB1 million	100 (100)
	Toppan Forms (America) Ltd.	U.S.A.	US\$30 thousand	100 (100)
	Toppan Management Systems (S) Pte., Ltd.	Singapore	S\$300 thousand	100 (100)
	Toppan Management Systems (India) Pty., Ltd.	India	INR4 million	100 (100)
	Toppan Multisoft (Shanghai) Ltd.	PRC	RMB1 million	100 (100)
	Tokyo Shoseki Co., Ltd.*	Japan	¥80 million	47.8
	Hino Offset Printing Co., Ltd.*	Japan	¥400 million	50
	Tosho Printing Co., Ltd.*	Japan	¥11,898 million	26.6
	Tokyo Magnetic Printing Co., Ltd.*	Japan	¥1,000 million	50
Top Rep Ltd.	Japan	¥3 million	100 (100)	
Living Environment	Toppan Cosmo, Inc.	Japan	¥1,000 million	100
	Toppan Label Co., Ltd.	Japan	¥1,000 million	100
	Tamapoly Co., Ltd.	Japan	¥472 million	64.2
	Toppan Logistics Co., Ltd.	Japan	¥500 million	100
	Toppan Plastic Co., Ltd.	Japan	¥400 million	100
	Toppan Packs Co., Ltd.	Japan	¥100 million	100
	Toppan Packaging Service Co., Ltd.	Japan	¥100 million	100
	Toppan Containers Co., Ltd.	Japan	¥1,000 million	100
	Toppan Shikoku Engineering Co., Ltd.	Japan	¥30 million	66.7
	Toppan Prosprint Co., Ltd.	Japan	¥900 million	100
	Tokkyo Shiki Co., Ltd.	Japan	¥100 million	100
	GB One Printing Co., Ltd.	Japan	¥489 million	99.7
	Toppan Kansai Packs Co., Ltd.	Japan	¥100 million	100
	Toppan Harima Products Co., Ltd.	Japan	¥490 million	100
	Kita-Osaka Shigyo Co., Ltd.	Japan	¥10 million	80
	Kansai Bottling Co., Ltd.	Japan	¥330 million	48.4
	Toppan Kenzai Tech Co., Ltd.	Japan	¥100 million	100
	Kumamoto Toppan Co., Ltd.	Japan	¥50 million	100
	Toppan Fukuoka Shiko Co., Ltd.	Japan	¥50 million	100
	Toppan Saga Yoki Co., Ltd.	Japan	¥50 million	100
	Mikkabi Toppan Printing Co., Ltd.	Japan	¥30 million	100
	Toppan Miyagi Kako Co., Ltd.	Japan	¥10 million	100
	Toppan Hokkaido Insatsukako Co., Ltd.	Japan	¥20 million	100
	PT Toppan Sampoerna Indonesia	Indonesia	RP21,943 million	64
	Siam Toppan Packaging Co., Ltd.	Thailand	BAHT500 million	51
	Shanghai Toppan Co., Ltd.	PRC	RMB206 million	100
	Shanghai Toppan Printing Co., Ltd.	PRC	RMB41 million	100
	Toppan Interamerica Inc.	U.S.A.	US\$6 million	100
	Toppan Printing Co. (UK) Ltd.	U.K.	STG60 thousand	100
	Toppan Printing GmbH	Germany	EURO150 thousand	100
	San-ei Shiki Ltd.	Japan	¥10 million	100 (100)
	Totsudan Unyu Kako Ltd.	Japan	¥20 million	100 (100)
Kyushu Product Ltd.	Japan	¥10 million	100 (100)	
Tama Kako Co., Ltd.	Japan	¥13 million	100 (100)	
Wako Ltd.	Japan	¥10 million	90 (90)	
Toyo Ink Mfg. Co., Ltd.*	Japan	¥24,610 million	23.2	
Electronics	Toppan Electronics Fuji Co., Ltd.	Japan	¥50 million	100
	Niigata Toppan Printing Co., Ltd.	Japan	¥50 million	100
	Toppan Precision Board Ltd.	Japan	¥50 million	100
	Toppan Technical Design Center Co., Ltd.	Japan	¥50 million	100
	NEC Toppan Circuit Solutions Co., Ltd.	Japan	¥1,000 million	55
	Toppan Shiga Seimitsu Co., Ltd.	Japan	¥50 million	100
	Toppan Electronics, Inc.	U.S.A.	US\$52 million	100
	Toppan Chunghwa Electronics Co., Ltd.	Taiwan	NT\$2,000 million	70
	Toppan Electronics (Taiwan) Co., Ltd.	Taiwan	NT\$5 million	100
	Toppan CFI (Taiwan) Co., Ltd.	Taiwan	NT\$15,363 million	90.7
	Toppan SMIC Electronics (Shanghai) Co., Ltd.	PRC	RMB79 million	70
	Toppan PAP (Taiwan) Co., Ltd.	Taiwan	NT\$500 million	100
	Toppan Electronics Co., (Singapore) Pte. Ltd.	Singapore	S\$4.15 million	100
	Toppan Optical Products, Inc.	U.S.A.	US\$40 million	100
	NEC Toppan Circuit Solutions Philippines, Inc.	Philippines	PHP1,170 million	100 (100)
	NEC Toppan Circuit Design, Inc.	Philippines	PHP35 million	100 (100)
	NEC Toppan Circuit Solutions U.S.A., Inc.	U.S.A.	US\$0.5 million	100 (100)

* Companies marked with an asterisk are affiliates. Others are consolidated subsidiaries.

** Figures in parentheses show indirect control.

international network

As of June 29, 2005

INTERNATIONAL DIVISION

1, Kanda Izumi-cho, Chiyoda-ku, Tokyo 101-0024, Japan • Phone: 81-3-3835-5741 Fax: 81-3-3835-0674

LOCALLY INCORPORATED COMPANIES AND OFFICES

ASIA

Toppan Printing Co., Ltd. China Representative Office

Nan Zheng Building 601, No. 580 Nan Jing Road,
Shanghai, 200041, People's Republic of China
Phone: 86-21-6218-3111 Fax: 86-21-6218-4222

Beijing Office

Beijing Hotel A-7026, Dong Chang An Jie, No. 33,
Beijing, 100004, People's Republic of China
Phone: 86-10-6513-8039 Fax: 86-10-6513-3113
Marketing and liaison

Beijing Toppan Digital Products Co., Ltd.

Yanyuan Ziyuan Building 705, Beida Jie, Zhongguancun,
Haidian District, Beijing, 100080, People's Republic of China
Phone: 86-10-5887-6705 Fax: 86-10-5887-6707

Beijing Office

Beijing Hotel A-7024A, Dong Chang An Jie, No. 33,
Beijing, 100004, People's Republic of China
Phone: 86-10-6526-1361 Fax: 86-10-6526-7710
*Software research and development of related
technology and systems
Creation of CG, VR, mobile, and other digital contents*

Toppan Printing Co., (Shanghai) Ltd.

No. 5583 Hu Nan Road, Pu Dong, Shanghai, 201316,
People's Republic of China
Phone: 86-21-5822-1212 Fax: 86-21-5822-1543

Shanghai Sales Office

Shanghai International Shopping Center, Room 904,
B Building, 527 Huaihai Zhong Road,
Shanghai, 200020, People's Republic of China
Phone: 86-21-5306-1354 Fax: 86-21-5306-7296
*Manufacture and sales of bank cards, credit cards,
and prepaid cards*

Shanghai Toppan International Trading Co., Ltd.

Commercial Printing Operations

Nan Zheng Building 618, No. 580 Nan Jing Road,
Shanghai, 200041, People's Republic of China
Phone: 86-21-5234-0442 Fax: 86-21-5234-0309
General trading and advertising material trading

Electronics Operations, Wai Gaoqiao Factory

2nd Floor, 19 Factory Building, 61 Meisheng Road,
Wai Gaoqiao Free Trade Zone, Shanghai, 200131,
People's Republic of China
Phone: 86-21-5868-5008 Fax: 86-21-5868-5028
Inspection of electronic precision components

Shanghai Toppan Advertising Co., Ltd.

Nan Zheng Building 601, No. 580 Nan Jing Road,
Shanghai, 200041, People's Republic of China
Phone: 86-21-5234-0442 Fax: 86-21-5234-0309
Advertising and marketing services

Shanghai Toppan Co., Ltd.

No. 2300, Shengang Road, Dong Bu New District, Songjiang
Industrial Zone, Shanghai, 201612, People's Republic of China
Phone: 86-21-5768-4860 Fax: 86-21-5768-4301
Manufacture and sales of packaging materials

Shanghai Toppan Printing Co., Ltd.

No. 2300, Shengang Road, Dong Bu New District, Songjiang
Industrial Zone, Shanghai, 201612, People's Republic of China
Phone: 86-21-5768-4860 Fax: 86-21-5768-4301
Packaging materials printing

Toppan SMIC Electronics (Shanghai) Co., Ltd.

Nan Zheng Building 608, No. 580 Nan Jing Road,
Shanghai, 200041, People's Republic of China
Phone: 86-21-5228-0401 Fax: 86-21-5228-0410
Manufacture and sales of on-chip color filters

Toppan Printing Co., (Shenzhen) Ltd.

No. 27 Industrial Zone, Chuang Ye Road, Baoan District,
Shenzhen, 518133, People's Republic of China
Phone: 86-755-2796-3311 Fax: 86-755-2796-3262
*Manufacture and sales of publications printing,
commercial printing, and paper carton packaging*

Toppan Printing Co., (H.K.) Ltd.

1, Fuk Wang Street, Yuen Long Industrial Estate,
Yuen Long, New Territories, Hong Kong,
People's Republic of China
Phone: 852-2561-0101 Fax: 852-2475-4321
*Manufacture and sales of publications printing
and commercial printing*

Toppan Chunghwa Electronics Co., Ltd.

1127-3 Hopin Road, Padeh City, Taoyuan, Taiwan, 334
Phone: 886-3-364-3300 Fax: 886-3-364-9922
Manufacture and sales of photomasks for semiconductors

Toppan Electronics (Taiwan) Co., Ltd.

10th Floor, 109 Min Shen E. Road, Sec. 3, Taipei, Taiwan, 105
Phone: 886-2-2719-0065 Fax: 886-2-2719-0067
Sales of electronic precision components

Toppan Printing (Taiwan) Co., Ltd.

10th Floor, 109 Min Shen E. Road, Sec. 3, Taipei, Taiwan, 105
Phone: 886-2-2719-1641 Fax: 886-2-2719-1642
Sales and marketing of publications printing

Toppan CFI (Taiwan) Co., Ltd.

Tainan Technology Industrial Park, No. 36 Technology I Road,
An-Nan District, Tainan, Taiwan, 709
Phone: 886-6-384-0011 Fax: 886-6-384-0421
Manufacture and sales of color filters

Toppan PAP (Taiwan) Co., Ltd.

754-1, Ming-Fang Road, Yang Mei, Taoyuan, Taiwan, 326
Phone: 886-3-472-7655 Fax: 886-3-472-6081
*Manufacture and sales of etching products for fluorescent
indicator tubes and leadframes*

Toppan Electronics Co., (Singapore) Pte. Ltd.

152 Beach Road, #02-07A Gateway East, Singapore, 189721
Phone: 65-6392-0326 Fax: 65-6392-0832
Sales of electronic precision components

PT Toppan Sampoerna Indonesia

Jl. Raya Cibitung, Desa Telaga Asih, Kecamatan Cibitung,
Kabupaten Bekasi, 17520, Jawa Barat, Indonesia
Phone: 62-21-883-1153 Fax: 62-21-883-0039
*Manufacture and sales of flexible packaging materials and
paper carton packaging materials, and calendars and other
commercial printing*

Siam Toppan Packaging Co., Ltd.

543 Moo 4 Sukhumbit Road, Tambon Praksa,
Amphur Muang, Samutprakarn 10280, Thailand
Phone: 66-2-709-3110 Fax: 66-2-709-3115
*Manufacture and sales of paper cartons and
multi-color process corrugated board*

OCEANIA

Toppan Printing Co. (Australia) Pty. Ltd.

Level 13, 179 Elizabeth Street, Sydney, NSW 2000, Australia
Phone: 61-2-9283-5611 Fax: 61-2-9283-5185
Sales and marketing of publications printing

AMERICAS

Toppan Printing Co. (America), Inc.

650 Fifth Avenue, 12th Floor, New York, NY 10019-6108, U.S.A.
Phone: 1-212-489-7740 Fax: 1-212-969-9349
*Publications printing sales, commercial printing sales, sales
promotion, and copyright and joint publication negotiation*

New Jersey Plant

1100 Randolph Road, Somerset, NJ 08873, U.S.A.
Phone: 1-732-469-8400 Fax: 1-732-469-8225
Prepress services and commercial printing

Los Angeles Office

4551 Glencoe Avenue, Suite 110, Marina del Rey,
CA 90292, U.S.A.
Phone: 1-310-823-0050 Fax: 1-310-823-0777
Publications and commercial printing sales

Toppan Electronics, Inc.

3032 Bunker Hill Lane, Suite 108, Santa Clara, CA 95054, U.S.A.
Phone: 1-408-982-0944 Fax: 1-408-982-0953

Dallas Office

555 Republic Drive, Suite 430, Plano, Texas 75074, U.S.A.
Phone: 1-972-398-0411 Fax: 1-972-398-7802
Sales and marketing of electronic precision components

Toppan Optical Products, Inc.

14107 Stowe Drive, Poway, CA 92064-7145, U.S.A.
Phone: 1-858-391-3720 Fax: 1-858-391-3799
*Manufacture and sales of FC screens for rear
projection televisions*

Toppan Photomasks, Inc.

131 Old Settlers Boulevard, Round Rock, TX78664, U.S.A.
Phone: 1-512-310-6500 Fax: 1-512-310-6544
Manufacture and sales of photomasks for semiconductors

Toppan Printing Co., Ltd.

International Business Law Center
c/o Squire, Sanders & Dempsey,
One Maritime Plaza, Suite 300, San Francisco, CA 94111, U.S.A.
Phone: 1-415-393-9839 Fax: 1-415-296-8382

EUROPE

Toppan Printing Co. (UK) Ltd.

Gillingham House, 38-44 Gillingham Street,
London SW1V 1HU, United Kingdom
Phone: 44-20-7828-7292 Fax: 44-20-7828-5310
*European headquarters for sales and marketing of interior decor
materials, electronic precision components, and publications printing*

TECHNICAL TIE-UPS WITH FOREIGN COMPANIES

Kliklok Corp. (Connecticut) • Optigraphics Corp. (Texas) • Texas Instruments Incorporated (Texas) • Scholle Corp. (Illinois) • Golden Valley Microwave Foods, Inc. (Minnesota) • Eastman Kodak Company (New York) • Blue Ridge Paper Products, Inc. (Virginia) • Avery Dennison Corporation (California) • Weaver Popcorn Co., Inc. (Indiana) • Polaroid Corporation (Massachusetts) • Contra Vision Limited (London) • M-Pak Ltd. (London) • Mondex International Limited (London) • CP8 Technology (Louveciennes, France) • Michael Hörauf Maschinenfabrik GmbH (Donzdorf, Germany) • Balzers Process Systems GmbH (Alzenau, Germany) • Koninklijke Philips Electronics N.V. (Eindhoven, Netherlands) • Telstra Corp. Limited (Melbourne) • KMK Lizenze Ltd. (Port Luis, Mauritius) • Allied Material Technology Corp. (Taipei) • Worlds Incorporated (Boston)

investor information

As of March 31, 2005

Head Office

1, Kanda Izumi-cho,
Chiyoda-ku, Tokyo
101-0024, Japan
Phone: (03) 3835-5741
Fax: (03) 3835-0674

Established

1900

Number of Employees

32,724

Fiscal Year-End

March 31

Ordinary General Meeting of Shareholders

Held in June.

Dates of Record for Shareholders

Ordinary general meeting of shareholders, year-end dividends: March 31

Payment of interim dividends: September 30

Other dates announced as necessary.

Public Notices

Notices are provided on the Company's web site (<http://www.toppan.co.jp>).

If, due to unavoidable circumstances, notices cannot be provided on the web site, they will be published in a newspaper.

Independent Public Accountants

KPMG AZSA & Co.

Tokyo, Japan

Transfer Agent of Common Stock

Handling Office

The Mitsubishi Trust and Banking Corporation

Corporate Agency Department

7-7, Nishi-Ikebukuro 1-chome,

Toshima-ku, Tokyo 171-8508, Japan

Phone: (03) 5391-1900

Toll Free: (0120) 707696

Common Stock

Authorized – 1,200,000,000 shares

Outstanding – 699,412,481 shares

Stock Exchange Listings

Tokyo, Luxembourg

Tokyo Stock Exchange Code

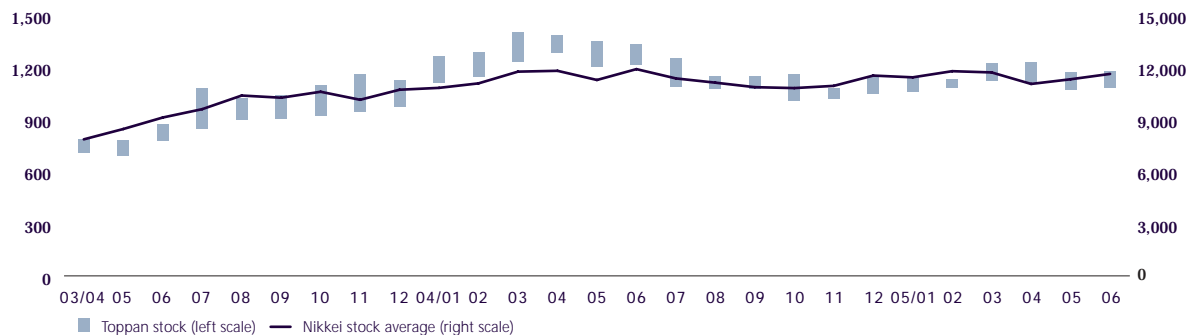
7911

Principal Shareholders

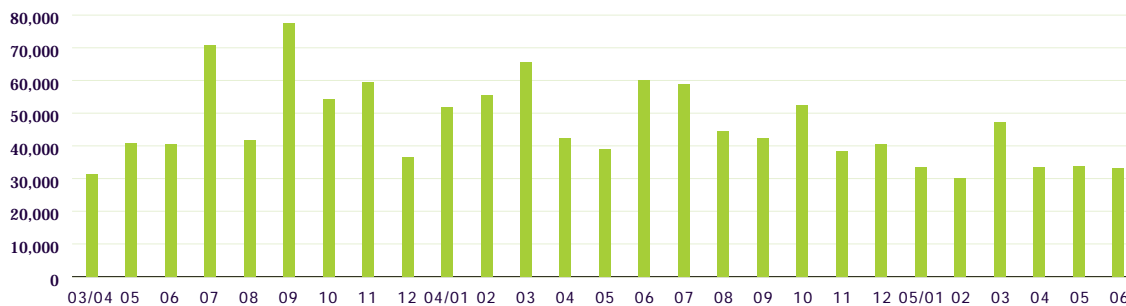
	Number of shares held (thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd.	46,529	6.65
Japan Trustee Services Bank, Ltd.	41,019	5.86
Nippon Life Insurance Company	28,648	4.10
The Dai-ichi Mutual Life Insurance Company	24,750	3.54
The Bank of Tokyo-Mitsubishi, Ltd.	17,823	2.55
Sumitomo Mitsui Banking Corporation	15,628	2.23
Employees' Stock Club	13,694	1.96
Kodansha Ltd.	13,077	1.87
Mitsui Sumitomo Insurance Co., Ltd.	8,882	1.27
State Street Bank and Trust Company 505025	8,245	1.18

STOCK PRICE RANGE (¥)

Tokyo Stock Exchange

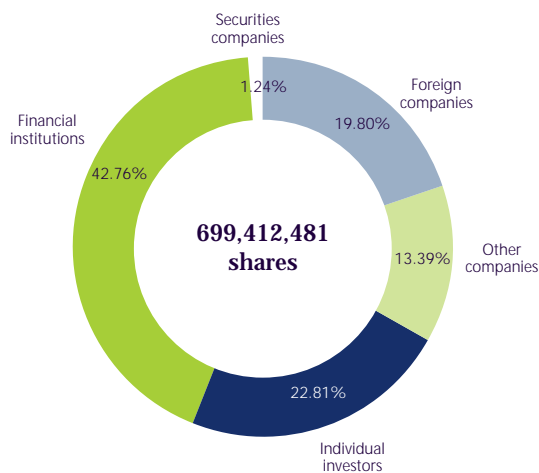


TRADING VOLUME (thousand shares)

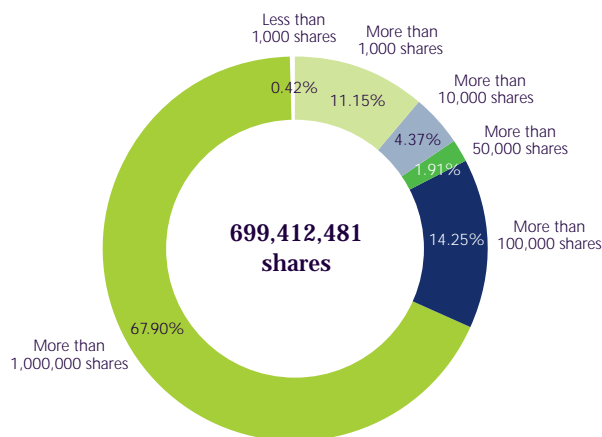


STOCK OWNERSHIP PROFILE

By type of shareholder



By number of shares held



The 27,519,000 shares of treasury stock are included in the "Individual Investors" category of the graph "By Type of Shareholder" and in the "More than 1,000,000 shares" category of the graph "By Number of Shares Held."

TOPPAN PRINTING CO., LTD.

1, Kanda Izumi-cho,
Chiyoda-ku, Tokyo 101-0024 Japan
<http://www.toppan.co.jp/>

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