

TOYO SEIKAN KAISHA, LTD.

**INVESTOR'S GUIDE 2007
YEAR ENDED MARCH 31, 2007**

Contents

1.	Financial Highlights	1
2.	Review of Operations.....	4
3.	Midterm Business Plan	8
4.	Group Business Structure	11
5.	Corporate Governance	12
6.	Financial Section	14
A.	<i>Consolidated Financial Statements</i>	<i>14</i>
i.	Consolidated Balance Sheet	14
ii.	Consolidated Statement of Income	17
iii.	Consolidated Statement of Changes in Net Assets.....	19
iv.	Consolidated Statement of Cash Flows.....	20
v.	Important items concerning the basis of presenting consolidated financial statements..	22
vi.	Changes in important items concerning the basis of presenting consolidated financial statements.....	25
B.	<i>Segment Information</i>	<i>26</i>
7.	Supplementary Information.....	29
A.	<i>Historical Data</i>	<i>29</i>
B.	<i>Non-Consolidated Financial Statements.....</i>	<i>30</i>
i.	Non-Consolidated Balance Sheet.....	30
ii.	Non-Consolidated Statement of Income.....	34
8.	Management Executives	36

Note: The performance projections, perspective and business plans in this report are estimated based on the information available as of the release date of this report and assumptions involved in uncertain factors that might affect future performance as of the release date of this report, and actual results for future terms may differ from these forecast figures due to various unknown factors.

1. Financial Highlights

(Amounts less than one million are truncated.)

1. Consolidated Financial Results for the Year Ended March 2007 (from April 1, 2006, to March 31, 2007)

(1) Consolidated operating results (Percentage refers to year-over-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen,	%	Millions of yen,	%	Millions of yen,	%	Millions of yen,	%
Year ended March 2007	728,928	2.0	17,968	124.5	18,802	90.9	4,950	(12.6)
Year ended March 2006	714,498	2.1	8,003	(57.0)	9,849	(47.4)	5,662	(55.5)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 2007	23.94	—	0.8	2.0	2.5
Year ended March 2006	25.67	—	0.9	1.1	1.1

(Reference) Equity in losses (earnings) of unconsolidated subsidiaries and affiliates
Year ended March 2007: ¥503 million, Year ended March 2006: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 2007	920,949	668,562	66.6	2,977.35
Year ended March 2006	931,614	610,435	65.5	2,938.84

(Reference) Shareholders' equity:

Year ended March 2007: ¥613,032 million, Year ended March 2006: ¥— million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 2007	41,244	(35,813)	(18,295)	117,297
Year ended March 2006	42,688	(60,537)	5,804	127,170

2. Dividends

(Record date)	Dividend per share			Total dividends (annual)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	Interim period-end	Year-end	Annual			
	Yen	Yen	Yen			
Year ended March 2007	5.00	5.00	10.00	2,080	39.0	0.3
Year ended March 2006	5.00	8.00	13.00	2,683	54.3	0.4
Year ending March 2008 (Projections)	5.00	5.00	10.00	—	29.4	—

(Note) Breakdown of the year-end dividends for the year ended March 2007:

Ordinary dividend per share: ¥5.00, 90th anniversary commemorative dividend: ¥3.00

3. Consolidated Financial Forecasts for the Year Ending March 2008 (from April 1, 2007, to March 31, 2008)

(Percentage refers to year-over-year change against the previous fiscal year for the full-year figures and against the previous interim period for the interim-period figures)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen, %	Millions of yen, %	Millions of yen, %	Millions of yen, %	Yen
Interim period	385,000 1.0	14,500 (10.8)	14,500 (15.4)	4,000 (43.3)	19.43
Full year	745,000 2.2	19,000 5.7	20,000 6.4	7,000 41.4	34.00

4. Others

- (1) Transfers of significant subsidiaries during the year (Transfer of specified subsidiaries that may involve a change in the scope of consolidation): None
- (2) Changes in principles, procedures and presentation methods, etc., involved in preparing the consolidated financial statements (those stated in “Changes in important items concerning the basis of presenting consolidated financial statements”)
 - a. Changes due to a revision to the accounting standards, etc.: Yes
 - b. Any revisions other than those in Item a. above: None
 Note: Refer to the “Changes in important items concerning the basis of presenting consolidated financial statements” on page 25 for details.
- (3) Number of shares issued (common shares)
 - a. Number of shares issued at the end of the year (including treasury stock)
Year ended March 2007: 216,592,000 shares. Year ended March 2006: 216,592,000 shares
 - b. Number of shares of treasury stock
Year ended March 2007: 10,693,295 shares, Year ended March 2006: 8,985,978 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 2007 (from April 1, 2006, to March 31, 2007)

(1) Non-consolidated operating results (% refers to year-over-year change)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen, %	Millions of yen, %	Millions of yen, %	Millions of yen, %
Year ended March 2007	344,800 (3.8)	4,154 —	8,203 286.6	4,616 99.5
Year ended March 2006	358,592 (2.0)	(1,685) —	2,121 (60.5)	2,313 (73.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 2007	22.32	—
Year ended March 2006	10.90	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 2007	510,874	417,762	81.8	2,028.97
Year ended March 2006	518,439	424,166	81.8	2,040.98

(Reference) Shareholders' equity:

Year ended March 2007: ¥417,762 million, Year ended March 2006: ¥— million

2. Non-Consolidated Financial Forecasts for the Year Ending March 2008 (from April 1, 2007, to March 31, 2008)

(Percentage refers to year-over-year change against the previous fiscal year for the full-year figures and against the previous interim period for the interim-period figures)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen, %	Millions of yen, %	Millions of yen, %	Millions of yen, %	Yen
Interim period	185,000 0.4	7,000 (9.9)	9,000 (14.0)	2,000 (64.9)	9.71
Full year	350,000 1.5	6,000 44.4	10,000 21.9	2,500 (45.8)	12.14

*** Explanation on adequate use of the financial forecasts and other noteworthy points**

The above financial forecasts are estimated based on assumptions and suppositions judged appropriate by management on the basis of the data as of the release date of this report. Actual results for future terms may differ from the forecast figures due to various unknown factors.

2. Review of Operations

(1) Analysis on Operating Results

During fiscal 2006, the year ended March 31, 2007, the Japanese economy showed clear signs of a steady recovery such as improvement in consumer spending, reflecting a continued increase in capital investment and better employment conditions, leading to a gradual improvement in household economies, against a backdrop of favorable corporate profits.

In this operating environment, the Toyo Seikan Group, consisting of Toyo Seikan Kaisha, Ltd. (“the Company”), and its consolidated and unconsolidated subsidiaries and affiliates, promoted further business reforms in production, sales and R&D toward an upturn in operating performance. As a result, consolidated net sales of the Group increased 2.0% year over year to ¥728,928 million. The merger of Tokan Packaging System Co., Ltd. (currently Nippon Tokan Package Co., Ltd.), with another company in October 2005 and an increase in the number of consolidated subsidiaries contributed to this rise. Reflecting the decrease in depreciation and amortization and overall cost-cutting efforts, consolidated ordinary income surged 90.9% to ¥18,802 million. As the Group reported an impairment loss for fixed assets and an extraordinary depreciation expense for fixed assets to achieve sounder financial capability during the year under review, consolidated net income decreased 12.6% year over year to ¥4,950 million.

Operating performance by business segment is as summarized below.

[Packaging Business]

Segment sales rose 2.9% year over year to ¥615,370 million, and operating income increased 64.0% to ¥12,237 million.

a. Manufacture and sales of cans for foods and beverages and other metal packaging

Sales of beverage cans increased year over year.

Sales of containers for soft drinks advanced mainly due to a rise in containers for coffee, one of our mainstay products, despite decreases in containers for green tea drinks, for which containers continued to shift to re-closable PET bottles, and black teas.

Sales of cans for alcoholic beverages decreased on the whole because sales of cans for beer and low malt beer (happoshu) were sluggish although cans for so-called third category beer (beer-flavored alcohol beverages) increased. Aluminum-made “aTULC” cans sold successfully thanks to their environmental friendliness.

Overseas, sales of cans for beer manufactured by Bangkok Can Manufacturing Co., Ltd., in Thailand, increased considerably during the year.

In the category of metal non-beverage containers, overall sales decreased from the previous fiscal year. This decline resulted from decreases in sales of cans for powder milk, bath agents and confectionery; for tuna, which was affected by decreased domestic production due to a rise in the price of raw materials resulting from the restriction on catching fish; and for meat sauce, for which containers continued to shift to plastic film. These decreases were not fully offset by increases in sales of cans for aerosol pesticides and for “Oden-Can” processed food, which became a popular topic in TV and magazines.

As for metal closures, exports of aluminum caps for beer called “Maxi Cap” largely increased, resulting in much higher sales than the previous fiscal year.

b. Manufacture and sales of plastic packaging

Sales of PET beverage bottles increased year over year.

Sales of large bottles (more than 500 ml) increased for tea, mineral water and carbonated drinks. Sales of bottles 500 ml or smaller also rose, reflecting sales increases in bottles for mineral water, healthy drinks and carbonated drinks although sales of bottles for green tea decreased, reflecting a shift from bottle sales to preform sales. Moreover, bottles for lactic acid bacteria beverage and PET bottles for frozen drinks, which were launched this term, performed successfully. Preform sales increased substantially mainly for large-volume mineral water and small-volume tea drinks.

For plastic non-beverage bottles, sales surpassed the previous fiscal year. The contributing factors

were increases in sales of “MultiBLOCK” containers for mayonnaise with improved barrier properties and bottles for laundry detergents, both of which contributed to high orders for new products, and the new inclusion of Well Pack Innovation Co., Ltd., in Thailand, which mainly manufactures and sells plastic bottles for household, as a consolidated subsidiary, despite a decline in sales of bottles for edible oil and fluid infusion.

Sales in the plastic film category increased from the previous fiscal year, reflecting orders received for the new “Flos Pouch” container, which has an improved refill function for detergents; increased orders for the new “Spout Pouch with Zipper” for fluid diets with a water refill function; and containers for rice diets and test agents for HIV, for which demand has been growing overseas. Net sales increased considerably in the year under review partly due to the inclusion of Malaysia Packaging Industry Berhad, a Malaysian company engaged in the manufacture and sales of flexible packaging materials, as a consolidated subsidiary, effective from the year ended March 31, 2007.

In the plastic cap field, overall sales decreased from the previous fiscal year because of a drop in sales for soft drinks despite an increase in sales from new orders for milk and edible oils.

c. Manufacture and sales of glass packaging

Sales of glass bottles decreased year over year due to a decline in sales of bottles for nutritional supplement drinks and soft drinks.

Sales of bottles for houseware products fell slightly year over year due to a continued decline in demand although Shimada Glass Co., Ltd., was consolidated effective from the year ended March 31, 2007.

d. Manufacture and sales of paper products

In the paper products field, sales of paper cups for snacks, *natto* and yogurt were favorable, and Shosando Co., Ltd., was consolidated effective from fiscal 2006, the year ended March 31, 2007, increasing sales in this field from the previous fiscal year.

Sales of printed paper products decreased year over year mainly due to sluggish sales of Jak-Et-Pak for beer and E Fruit for nutritional supplement drinks.

Sales of corrugated paper products grew significantly year over year, reflecting the merger of Tokan Packaging System Co., Ltd. (currently Nippon Tokan Package Co., Ltd.), with Nichiita Package Industries Co., Ltd., in October 2005.

e. Contracted manufacture and sales of aerosol and general filling products

In this category, sales of deodorants and cleaners sold firmly in the aerosol category, whereas sales of general filling products increased for detergents and hair-care products with large-volume new orders. Consequently, sales exceeded the previous fiscal year.

[Steel-Plate-Related Business]

Segment sales decreased 9.6% year over year to ¥66,341 million, and operating income of ¥1.7 billion was recorded (compared with an operating loss of ¥2,436 million the previous fiscal year).

As for electrical and electronic products, sales of steel plates for CRTs decreased year over year, affected by the sales growth of flat-screen displays, despite a temporary demand recovery for overseas use of special thin plates for shadow masks and Ni-Top (nickel-plated steel sheet) for inner shields. Sales of steel plates for LCDs largely increased for overseas PCs. Ni-Top for batteries performed well, considerably increasing market share and sales, as a result of focused sales promotion overseas. In the home electric appliance field, sales of VINYTOP (film-laminated steel sheet) remained flat despite favorable demand for larger refrigerator models offset by the harsh market competition with other materials. Sales of Silver Top (composite electro-galvanized steel sheet) were steady mainly for OA equipment such as copiers and printers overseas. Consequently, overall sales in the electrical and electronic products category were almost the same as the previous fiscal year.

As for building materials, sales of VINYTOP for prefabricated baths contributed to surpassing sales of the previous fiscal year by taking advantage of its excellent design and environment-friendly features.

As for automotive and mechanical components, sales of Ni-Top for fuel pipes sold firmly and sales of Silver Top for bearing seals increased due to favorable production of automobiles, resulting in higher year-over-year sales of this category.

[Other Businesses]

This segment includes 1) the manufacture and sales of hard alloys, electronic equipment parts, machinery, tools, glazes, fertilizers, pigments, gel coats and agricultural material products; 2) sales of glass products for building materials and petrochemical products; 3) the non-life insurance agency business; and 4) real estate management. Segment sales increased 9.5% year over year to ¥47,216 million, and operating income rose 45.4% to ¥3,874 million, partly due to successful sales of aluminum PCBs for magnetic disks manufactured by TOYO-MEMORY TECHNOLOGY SDN. BHD. in Malaysia.

Operating performance by geographical segment is as summarized below.

Net sales in Japan amounted to ¥707,090 million, and operating income was ¥15,785 million. Net sales in Asia (Thailand, Malaysia, China, Singapore and other countries) amounted to ¥21,837 million, and operating income was ¥2,204 million.

For the year ending March 31, 2008, net sales of ¥745.0 billion (up 2.2% year over year), operating income of ¥19.0 billion (up 5.7%), ordinary income of ¥20.0 billion (up 6.4%) and net income of ¥7.0 billion (up 41.4%) are projected.

(2) Analysis on Financial Position

Cash and cash equivalents (“cash”) at the end of the year decreased ¥9,872 million, or 7.8%, from the end of the previous year to ¥117,297 million.

[Cash flows from operating activities]

Net cash provided by operating activities for the year ended March 31, 2007, amounted to ¥41,244 million (down 3.4% year over year). This was attributable to such factors as ¥14,266 million in income before income taxes and minority interests, ¥53,240 million in depreciation and amortization, a ¥7,621 million impairment loss for fixed assets, a ¥6,108 million decrease in accrued retirement benefits, a ¥15,117 million increase in notes and accounts receivable and ¥6,927 million in income taxes paid.

[Cash flows from investing activities]

Net cash used in investing activities amounted to ¥35,813 million (down 40.8% year over year) mainly due to purchases of property, plant and equipment (¥39,093 million) in association with the capital investment in the packaging business segment.

[Cash flows from financing activities]

Net cash used in financing activities amounted to ¥18,295 million (compared with ¥5,804 million in net cash provided by financing activities for the previous fiscal year). This was attributable to such factors as ¥5.0 billion in redemption of bonds, a ¥5,680 million repayment for long-term loans payable and ¥3,335 million in purchases of treasury stock.

Cash Flow Indicators

	Year ended March 2003	Year ended March 2004	Year ended March 2005	Year ended March 2006	Year ended March 2007
Equity ratio (%)	62.7	64.1	63.7	65.5	66.6
Market value-based equity ratio (%)	27.3	48.6	45.1	47.6	53.1
Ratio of interest-bearing debt to operating cash flows (%)	0.4	0.6	0.6	1.1	0.9
Interest coverage ratio (times)	67.4	93.2	103.9	78.0	64.5

Note: The computation method of the respective indicators is as follows:

Equity ratio: Shareholders' equity/Total assets

Market value-based equity ratio: Total market capitalization/Total assets

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

Interest coverage ratio: Operating cash flow/Interest payment

1. All of the above indicators are calculated for their respective values on a consolidated basis.
2. Total market capitalization is calculated by multiplying the closing stock price at the end of the year by the number of shares issued at the end of the year (after deducting shares of treasury stock).
3. Operating cash flow is the value stated as "cash flows from operating activities" in the consolidated statements of cash flows. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheets. Interest payment corresponds to the amount of "Interest paid" in the consolidated statements of cash flows.

(3) Basic policy on profit appropriation and dividends for the year under review and the next fiscal year

The Company intends to continuously make efforts to steadily increase the return to shareholders, or profit appropriation to shareholders, with due regard to overall Group operating performance.

The Company's policies on return to shareholders, or profit appropriation to shareholders, are as follows:

- a. A consolidated payout ratio of 20% shall be a rough target for the return to shareholders.
- b. The Company will flexibly conduct purchases of treasury stock in response to stock market conditions and financial circumstances.
- c. The Company shall apply retained earnings, in a positive and flexible manner, to M&A projects, new businesses, overseas businesses and R&D development investment from long- and medium-term viewpoints.

The Company has decided to distribute a year-end dividend of ¥8 per share, which consists of ¥5 per share as an ordinary dividend and ¥3 per share as a commemorative dividend to celebrate the Company's 90th anniversary. As a result, the annual dividend for the year under review would be ¥13 per share including an interim dividend of ¥5 per share. For the year ending March 31, 2008, the Company intends to distribute an annual dividend of ¥10 per share.

3. Midterm Business Plan

The Company formulated the “Toyo Seikan Group Midterm Business Plan” covering the three-year period from fiscal 2007 (year ending March 2008) to fiscal 2009 (year ending March 2010) at the Board of Directors meeting held on May 18, 2007. The overview of the Business Plan is as shown below.

1. Purpose and Background of the Toyo Seikan Group Midterm Business Plan

The business environment in which the Group operates continues to be increasingly harsh, principally due to higher prices of raw materials, intensifying competition from container/packaging companies and a trend toward self-production by our clients.

The Company drafted the Business Plan for fiscal 2007–2009 by capitalizing on the opportunity of its 90th anniversary on June 25, 2007.

The Group will strive to increase its corporate value by executing the targets set forth in the Business Plan as it heads toward its 100th anniversary.

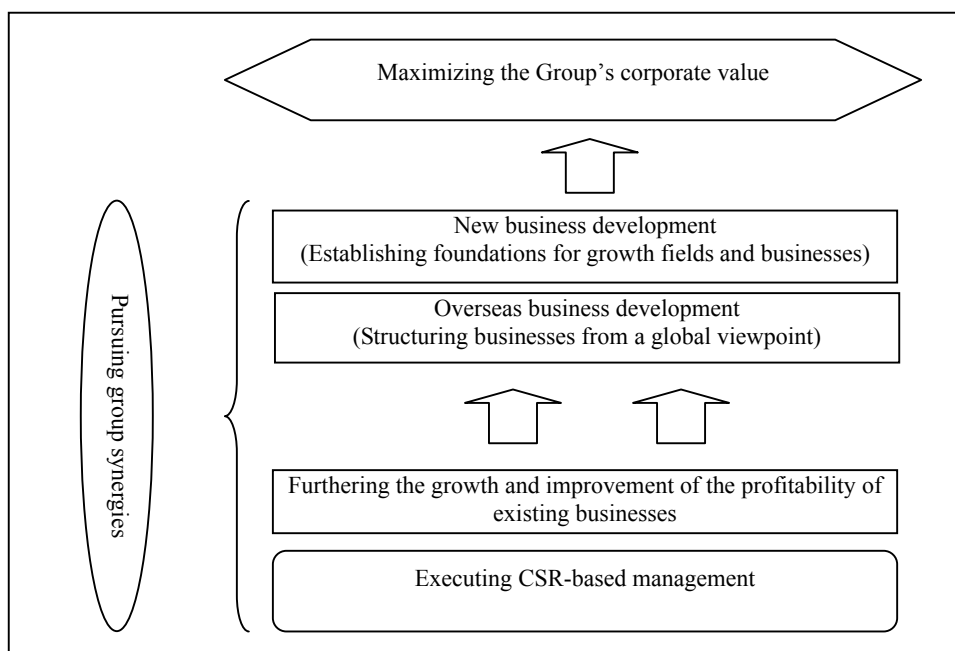
2. Management Visions of the Toyo Seikan Group

Centered on “Packaging technology,” the Group aims to be a world leading professional corporate group that contributes to the happiness and prosperity of people throughout the world.

- a. We will pursue the unlimited possibilities of the packaging industry, which has a function as a bridge between the production and consumption of products.
- b. We will become a corporate group offering solutions in the area of production, filling/packaging, distribution, consumption and recovery and recycling, with an enhanced focus on the environment.
- c. We will strive to become a peerless technology-based company.

3. Basic Strategies

The Toyo Seikan Group Midterm Business Plan follows the basic concept of the Company’s own Midterm Business Plan that was released a year earlier. Accordingly, the Group’s basic strategy shall be “Furthering the growth and improvement of the profitability of existing businesses,” “Establishing foundations for growth fields and businesses,” “Structuring businesses from a global viewpoint,” “Pursuing group synergies” and “Executing CSR-based management.”



4. Summary of Basic Strategies

Furthering the growth and improvement of the profitability of existing businesses

[Packaging Business]

- Expansion of sales via launch in the market of value-added or environment-friendly products
- Reinforcement of the business structure by promoting the solutions business
- Adjustment to fair and reasonable product prices
- Ongoing product improvement and strengthening of cost competitiveness
- Reorganization of intragroup businesses and products
- Transfer of production overseas and expansion of overseas markets

[Steel-Plate-Related Business]

- Extension of applications for steel plates
- Market expansion overseas for can materials
- Withdrawal from unprofitable businesses

[Other Businesses]

- Expansion of overseas sales and procurement of raw materials overseas
- Efficient utilization of intragroup assets

Establishing foundations for growth fields and businesses

- Extension of application fields by making the most of proprietary technologies
- Business development from the mainstay food and houseware packaging—the Group's core business—to the IT, energy and electrical machinery markets

Structuring businesses from a global viewpoint

- Proactive overseas presence from long- and medium-term viewpoints
- Startup of beverage filling business overseas
- Global business deployment with the best container/packaging and sophisticated manufacturing technology

Pursuing group synergies

- Integration and efficiency improvement of existing businesses and product items
- Effective utilization of management resources
- Reinforcement of R&D capabilities
- Overseas business development through concerted efforts of the Group companies

Executing CSR-based management

- Promotion of groupwide CSR-based management
- Promotion of environment-friendly management

5. Numerical Targets

a. Consolidated net sales and income

	Fiscal 2006 Actual	Fiscal 2007 Plan	Fiscal 2008 Plan	Fiscal 2009 Plan
Net sales	¥728.9 billion	¥745.0 billion	¥770.0 billion	¥800.0 billion
Operating income	¥17.9 billion	¥19.0 billion	¥25.0 billion	¥32.0 billion
Ordinary income	¥18.8 billion	¥20.0 billion	¥26.0 billion	¥33.0 billion
Ordinary margin	2.6%	2.6%	3.3%	4.1%

*** Reference (Non-consolidated net sales and income)**

	Fiscal 2006 Actual	Fiscal 2007 Plan	Fiscal 2008 Plan	Fiscal 2009 Plan
Net sales	¥344.8 billion	¥350.0 billion	¥355.0 billion	¥370.0 billion
Operating income	¥4.1 billion	¥6.0 billion	¥9.5 billion	¥10.5 billion
Ordinary income	¥8.2 billion	¥10.0 billion	¥13.0 billion	¥14.0 billion
Ordinary margin	2.4%	2.8%	3.6%	3.7%

[Business Segments]**■ Packaging Business**

	Fiscal 2006 Actual	Fiscal 2007 Plan	Fiscal 2008 Plan	Fiscal 2009 Plan
Net sales	¥615.3 billion	¥635.0 billion	¥650.0 billion	¥675.0 billion
Operating income	¥12.2 billion	¥14.0 billion	¥18.0 billion	¥22.0 billion

■ Steel-plate-related Business

	Fiscal 2006 Actual	Fiscal 2007 Plan	Fiscal 2008 Plan	Fiscal 2009 Plan
Net sales	¥66.3 billion	¥60.0 billion	¥65.0 billion	¥65.0 billion
Operating income	¥1.7 billion	¥1.0 billion	¥2.0 billion	¥3.0 billion

■ Other Businesses

	Fiscal 2006 Actual	Fiscal 2007 Plan	Fiscal 2008 Plan	Fiscal 2009 Plan
Net sales	¥47.2 billion	¥50.0 billion	¥55.0 billion	¥60.0 billion
Operating income	¥3.8 billion	¥4.0 billion	¥5.0 billion	¥7.0 billion

[Geographical Segments]**■ Japan**

	Fiscal 2006 Actual	Fiscal 2007 Plan	Fiscal 2008 Plan	Fiscal 2009 Plan
Net sales	¥707.0 billion	¥710.0 billion	¥730.0 billion	¥755.0 billion
Operating income	¥15.7 billion	¥17.0 billion	¥22.5 billion	¥29.0 billion

■ Overseas

	Fiscal 2006 Actual	Fiscal 2007 Plan	Fiscal 2008 Plan	Fiscal 2009 Plan
Net sales	¥21.8 billion	¥35.0 billion	¥40.0 billion	¥45.0 billion
Operating income	¥2.2 billion	¥2.0 billion	¥2.5 billion	¥3.0 billion

b. Investment plan

■ Total investment amount: Aggregate for fiscal 2007 - 2009: ¥150.0 billion

Toyo Seikan (the Company): ¥60.0 billion

Overseas investments and loans: ¥20.0 billion

c. R&D investment

■ R&D expenditures: ¥16.0 billion annually for fiscal 2007 - 2009

d. Personnel staffing

■ Personnel reduction of approximately 400 domestic employees for fiscal 2007 - 2009

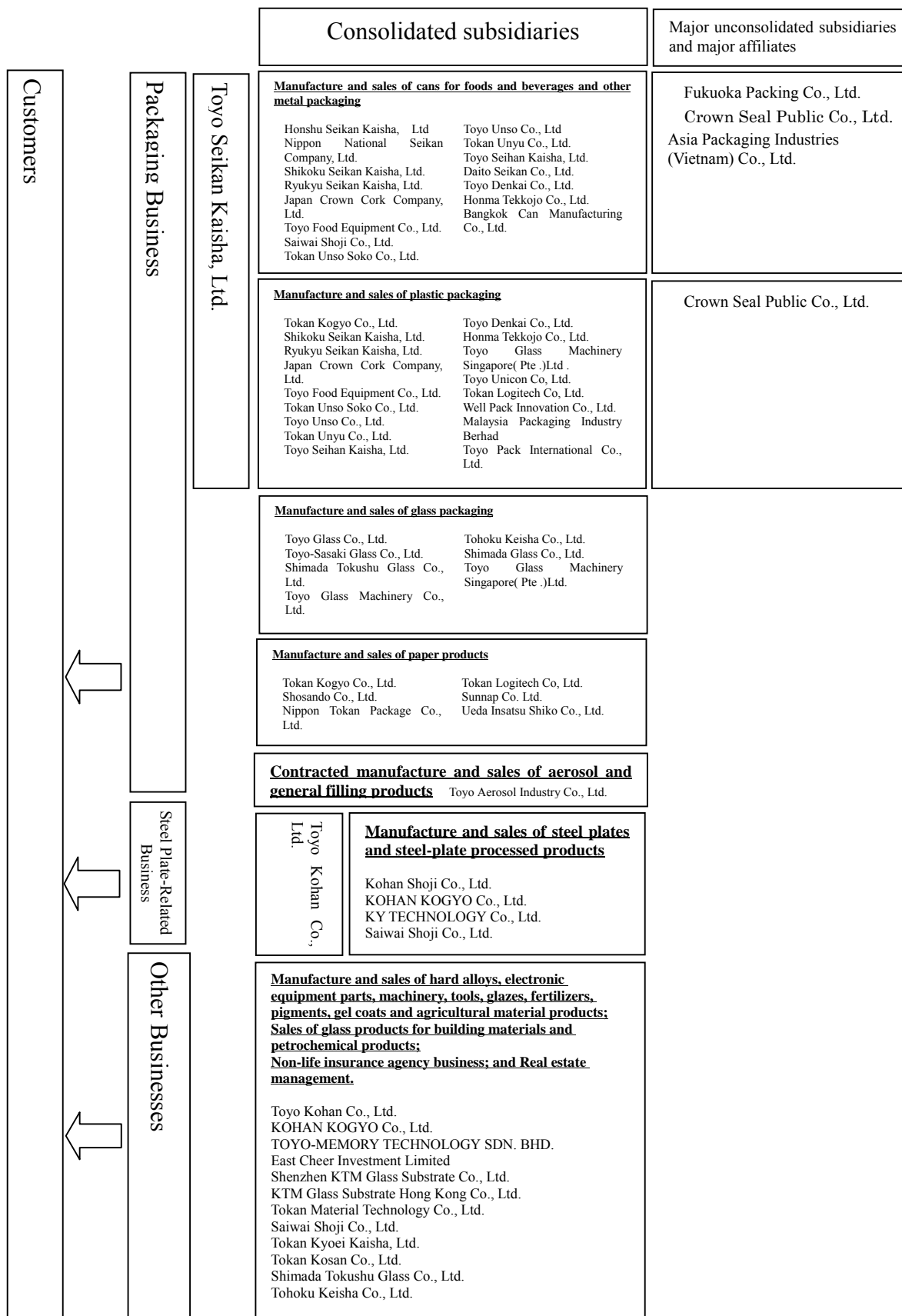
6. Return to Shareholders, or Profit Appropriation to Shareholders

The Company intends to continuously make efforts to steadily increase the return to shareholders, or profit appropriation to shareholders, with due regard to overall Group operating performance.

The Company's policies on return to shareholders, or profit appropriation to shareholders, are as follows:

- a. A consolidated payout ratio of 20% shall be a rough target for the return to shareholders.
- b. The Company will flexibly conduct purchases of treasury stock in response to stock market conditions and financial circumstances.
- c. The Company shall apply retained earnings, in a positive and flexible manner, to M&A projects, new businesses, overseas businesses and R&D development investment from long- and medium-term viewpoints.

4. Group Business Structure



5. Corporate Governance

(1) Basic concept on corporate governance

Under the fundamental spirit since its foundation, the Company regards enhancing corporate governance as one of the most important management priorities and is committed to continuously furthering corporate development and evolution via improvement of corporate value while contributing to society with sound business activities.

(2) Status of measures conducted regarding corporate governance

a. Basic descriptions of the corporate bodies

The Company has adopted the Board of Auditors system, and each auditor supervises the business duties executed by directors and oversees the Company's management.

As of June 29, 2007, the Board of Directors consisted of 10 Board members, including two external directors. The term of office of directors is fixed at one year to clarify the management responsibilities of the directors and flexibly renew the management system so that it can cope rapidly with changes in the business environment.

The Board of Auditors consists of five auditors, including three external auditors.

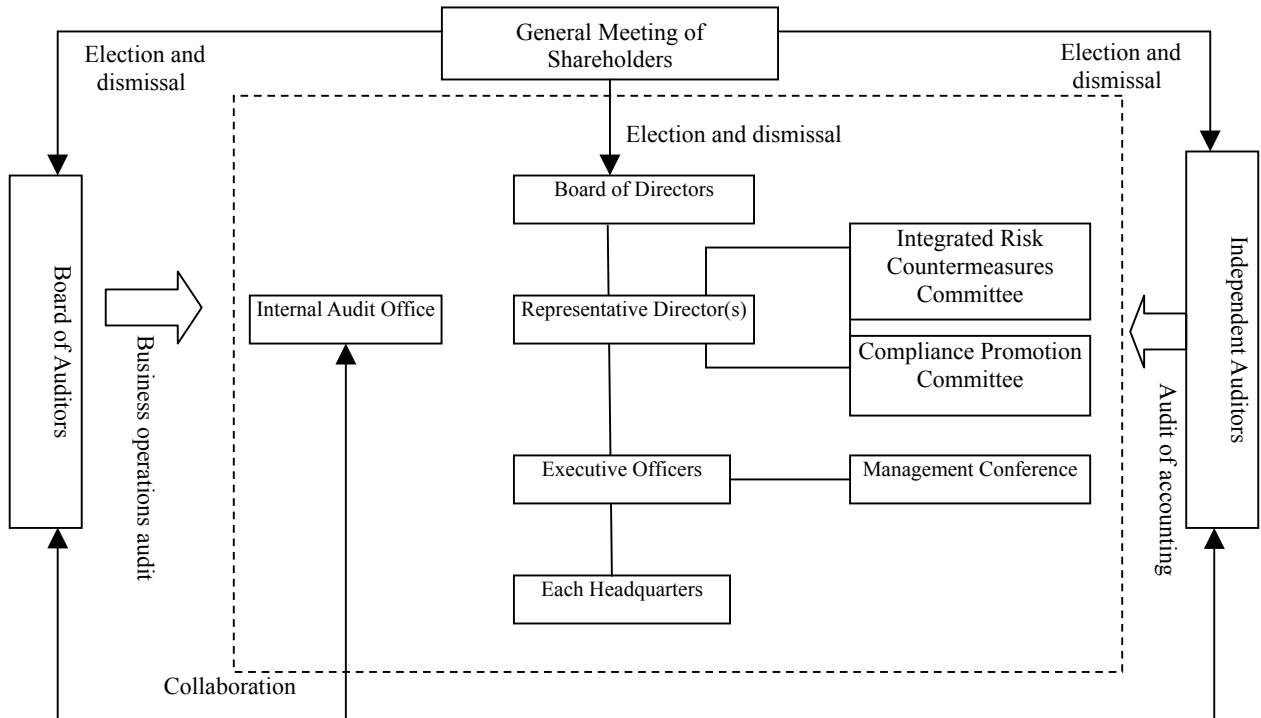
The Company has implemented an Executive Officer system with the aim of clearly distinguishing the decision-making and oversight functions from the execution of business operations. Moreover, to raise the precision level of management judgments by making swift decision making on corporate strategy, the Management Conference, which consists of the President, the Executive Vice President, the Directors and Senior Executive Officers, the Directors and Executive Officers, the Heads of the respective divisions and the Head of Toyo Seikan Group R&D Laboratory, is held three times monthly, in principle.

The Company has adopted the headquarters systems with seven headquarters to clarify the responsibilities and authorities of the respective operations: Corporate Planning Headquarters, International Operations Headquarters, Corporate Administration Headquarters, Sales & Marketing Headquarters, Material Purchase & Environment Headquarters, Production & Operations Headquarters, and Technology & Packaging Development Headquarters. In addition, at the three headquarters (Sales & Marketing, Production & Operations, and Technology & Packaging Development Headquarters), a Headquarters Office is formed to establish operational strategies at each headquarters level and encourage communications among them.

The Internal Audit Office (consisting of six members) has been established as a corporate body to strengthen internal audits by disseminating compliance-based corporate activities for enhanced efficiency improvement.

b. The Company's corporate governance system is as follows:

<Pattern diagram of the Corporate Governance System>



6. Financial Section

A. Consolidated Financial Statements

i. Consolidated Balance Sheet

Account item	Year ended March 31, 2006 (As of March 31, 2006)		Year ended March 31, 2007 (As of March 31, 2007)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
(Assets)				
I. Current assets				
1. Cash and bank deposits	127,170		117,371	
2. Notes and accounts receivable - trade	205,205		229,616	
3. Investments in securities	4,999		2,000	
4. Inventories	87,657		91,448	
5. Deferred income taxes	10,430		9,902	
6. Other	12,072		10,430	
7. Allowance for doubtful accounts	(2,974)		(2,640)	
Total current assets	444,561	47.7	458,129	49.7
II. Fixed assets				
(1) Property, plant and equipment				
1. Buildings and structures	92,195		91,962	
2. Machinery, equipment and vehicles	98,276		83,688	
3. Land	67,677		72,240	
4. Construction in progress	11,885		9,433	
5. Other	9,574		8,376	
Total property, plant and equipment	279,609	30.0	265,700	28.9
(2) Intangible fixed assets	6,221	0.7	5,305	0.6
(3) Investments and other assets				
1. Investments in securities	167,784		159,705	
2. Long-term loans receivable	3,536		1,802	
3. Deferred income taxes	17,035		16,712	
4. Other	14,958		15,345	
5. Allowance for doubtful accounts	(2,092)		(1,751)	
Total investments and other assets	201,222	21.6	191,814	20.8
Total fixed assets	487,053	52.3	462,820	50.3
Total Assets	931,614	100.0	920,949	100.0

Account item	Year ended March 31, 2006 (As of March 31, 2006)		Year ended March 31, 2007 (As of March 31, 2007)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
(Liabilities)				
I Current liabilities				
1. Accounts payable—trade	79,809		—	
2. Notes and accounts payable—trade	—		90,345	
3. Short-term loans payable	23,276		21,995	
4. Accrued income taxes	3,137		3,562	
5. Reserve for bonuses to directors and auditors	—		443	
6. Other	60,187		52,716	
Total current liabilities	166,411	17.9	169,063	18.4
II Long-term liabilities				
1. Bonds	8,000		5,000	
2. Long-term loans payable	10,157		5,405	
3. Deferred income liabilities	6,745		4,592	
4. Accrued retirement benefits	64,416		59,157	
5. Accrued retirement benefits for directors	1,693		—	
6. Reserve for special repairs	4,144		4,066	
7. Consolidation adjustments account	1,116		—	
8. Negative goodwill	—		1,042	
9. Other	2,045		4,058	
Total long-term liabilities	98,319	10.5	83,324	9.0
Total Liabilities	264,731	28.4	252,387	27.4
(Minority Interests)				
Minority interests	56,448	6.1	—	—
(Shareholders' Equity)				
I Common stock	11,094	1.2	—	—
II Capital surplus	349	0.0	—	—
III Retained earnings	551,177	59.1	—	—
IV Unrealized holding gains on securities	63,171	6.8	—	—
V Foreign currency translation adjustments	(106)	(0.0)	—	—
VI Treasury stock	(15,250)	(1.6)	—	—
Total shareholders' equity	610,435	65.5	—	—
Total Liabilities, Minority Interests and Shareholders' Equity	931,614	100.0	—	—

Account item	Year ended March 31, 2006 (As of March 31, 2006)		Year ended March 31, 2007 (As of March 31, 2007)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
(Net Assets)				
I Shareholders' equity				
1. Common stock	—	—	11,094	1.2
2. Capital surplus	—	—	349	0.0
3. Retained earnings	—	—	562,852	61.1
4. Treasury stock	—	—	(18,604)	(2.0)
Total shareholders' equity	—	—	555,692	60.3
II Valuation, translation adjustments and others				
1. Unrealized holding gains on securities	—	—	56,776	6.2
2. Deferred gains or losses on hedging instruments	—	—	200	0.0
3. Foreign currency translation adjustments	—	—	363	0.0
Total valuation, translation adjustments and others	—	—	57,340	6.2
III Minority interests	—	—	55,529	6.1
Total Net Assets	—	—	668,562	72.6
Total Liabilities and Net Assets	—	—	920,949	100.0

ii. Consolidated Statement of Income

Account item	Note No.	Year ended March 31, 2006 (From April 1, 2005, to March 31, 2006)		Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)			
		Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)		
I Net sales			714,498	100.0	728,928	100.0	
II Cost of sales	2		621,510	87.0	628,029	86.2	
Gross profit on sales			92,988	13.0	100,899	13.8	
III Selling, general and administrative expenses	1, 2		84,985	11.9	82,930	11.3	
Operating income			8,003	1.1	17,968	2.5	
IV Non-operating income							
1. Interest income		407			663		
2. Dividend income		1,717			1,904		
3. Rent income		1,981			1,864		
4. Amortization of consolidation adjustments account		674			—		
5. Amortization of negative goodwill		—			557		
6. Equity in earnings of unconsolidated subsidiaries and affiliates		—			503		
7. Other		4,611	9,392	1.3	4,449	9,942	1.3
V Non-operating expenses							
1. Interest expense		545			649		
2. Maintenance cost of assets for rent		1,451			1,227		
3. Loss on disposal of inventories		1,184			1,333		
4. Loss on disposal of fixed assets		1,156			1,028		
5. Valuation loss of fixed assets		1,280			2,273		
6. Other		1,927	7,546	1.0	2,595	9,108	1.2
Ordinary income			9,849	1.4		18,802	2.6
VI Extraordinary gains							
1. Gain on sale of fixed assets	3	6,340			5,382		
2. Gain on sales of investments in securities		1,590			1,052		
3. Gain on securities contributed to employee's retirement benefit trust		13,912			2,910		
4. Gain on the transfer of benefit obligations of welfare pension fund to the government	4	15,522			—		
5. Gain on change in employees' retirement benefit plans	5	2,499	39,865	5.6	983	10,329	1.4

Account item	Year ended March 31, 2006 (From April 1, 2005, to March 31, 2006)		Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)
VII Extraordinary losses				
1. Valuation loss of inventories	—		1,388	
2. Impairment loss	24,789		7,621	
3. Extraordinary depreciation expense for fixed assets	9,692		5,856	
4. Loss on disposal of asbestos	601		—	
5. Loss on disposal of PCB	622		—	
6. Extra payment for employees' retirement	4,496		—	
7. Provision for accrued retirement benefits for directors	809	41,011	5.8	—
Income before income taxes and minority interests		8,704	1.2	14,865
Income taxes—current	7,343			2.0
Income taxes—deferred	(4,640)	2,702	0.4	6,900
Minority interests		339	0.0	9,293
Net income		5,662	0.8	22
				0.7

iii. Consolidated Statement of Changes in Net Assets

Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of March 31, 2006	11,094	349	551,177	(15,250)	547,370
Changes in the year					
Dividends from surplus (Note)			(2,073)		(2,073)
Bonuses to directors and auditors (Note)			(359)		(359)
Net income			4,950		4,950
Increase in retained earnings due to an increase of consolidated subsidiaries			7,750		7,750
Increase in retained earnings due to an increase of equity method companies			1,406		1,406
Purchases of treasury stock				(3,353)	(3,353)
Net changes in items other than those in shareholders' equity					
Total of changes in the year	—	—	11,674	(3,353)	8,321
Balance as of March 31, 2007	11,094	349	562,852	(18,604)	555,692

	Valuation, translation adjustments and others				Minority interests	Total net assets
	Unrealized holding gains on securities	Deferred gains or losses on hedging instruments	Foreign currency translation adjustments	Total valuation, translation adjustments and others		
Balance as of March 31, 2006	63,171	—	(106)	63,065	56,448	666,883
Changes in the year						
Dividends from surplus (Note)						(2,073)
Bonuses to directors and auditors (Note)						(359)
Net income						4,950
Increase in retained earnings due to an increase of consolidated subsidiaries						7,750
Increase in retained earnings due to an increase of equity method companies						1,406
Purchases of treasury stock						(3,353)
Net changes in items other than those in shareholders' equity	(6,395)	200	470	(5,724)	(918)	(6,643)
Total of changes in the year	(6,395)	200	470	(5,724)	(918)	1,678
Balance as of March 31, 2007	56,776	200	363	57,340	55,529	668,562

Note: ¥(1,036) million out of ¥(2,073) million in "Dividends from surplus" and ¥(359) million in "Bonuses to directors and auditors" were derived from the profit appropriation approved by the Ordinary General Meeting of Shareholders held in June 2006.

iv. Consolidated Statement of Cash Flows

	Year ended March 31, 2006 (From April 1, 2005, to March 31, 2006)	Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)
Account item	Amount (Millions of yen)	Amount (Millions of yen)
I Cash flows from operating activities		
Income before income taxes and minority interests	8,704	14,266
Depreciation and amortization	67,274	53,240
Impairment loss	24,789	7,621
Increase (decrease) in accrued retirement benefits	(19,508)	(6,108)
Interest and dividend income	(2,124)	(2,567)
Interest expense	545	649
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	—	(503)
Loss (gain) on sales of fixed assets	(6,332)	(5,382)
Loss on disposal and valuation loss of fixed assets	1,405	2,511
Loss (gain) on sales of investments in securities	(1,590)	(1,052)
Gain on securities contributed to employees' retirement benefit trust	(13,912)	(2,910)
Extra payment for employees' retirement	4,496	—
Decrease (Increase) in notes and accounts receivable—trade	(833)	(15,117)
Decrease (increase) in inventories	1,502	(1,190)
Increase (decrease) in accounts payable—trade	(9,546)	3,225
Other	126	(417)
Subtotal	54,995	46,264
Interests and dividends received	2,110	2,546
Interests paid	(547)	(639)
Extra payment for employees' retirement paid	(4,496)	—
Income taxes paid	(9,374)	(6,927)
Net cash provided by operating activities	42,688	41,244
II Cash flows from investing activities		
Purchases of property, plant and equipment	(58,629)	(39,093)
Proceeds from sales of property, plant and equipment	10,053	5,433
Purchases of investments in securities	(7,656)	(7,727)
Proceeds from sales of investments in securities	1,871	1,362
Proceeds from redemption of investments in securities	5,500	5,000
Purchases of stocks of subsidiaries	(328)	(396)
Other	(11,347)	(391)
Net cash used in investing activities	(60,537)	(35,813)

	Year ended March 31, 2006 (From April 1, 2005, to March 31, 2006)	Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)
Account item	Amount (Millions of yen)	Amount (Millions of yen)
III Cash flows from financing activities		
Increase (decrease) in short-term loans payable	4,562	(1,969)
Proceeds from long-term loans payable	4,763	467
Repayment for long-term loans payable	(4,850)	(5,680)
Proceeds from issuance of bonds	5,000	—
Redemption of bonds	—	(5,000)
Purchases of treasury stock	(1,872)	(3,335)
Proceeds from cash contribution from minority shareholders	618	—
Cash dividends paid	(2,077)	(2,074)
Cash dividends paid to minority shareholders	(339)	(702)
Net cash provided by (used in) financing activities	5,804	(18,295)
IV Effect of exchange rate changes on cash and cash equivalents	290	160
V Net decrease of cash and cash equivalents	(11,754)	(12,703)
VI Cash and cash equivalents at beginning of year	138,110	127,170
VII Increase of cash and cash equivalents due to an increase of consolidated companies	774	2,831
VIII Increase of cash and cash equivalents due to a merger of a consolidated subsidiary and a unconsolidated subsidiary	4	—
IX Increase of cash and cash equivalents due to a merger of a consolidated subsidiary and an ordinary company	35	—
X Cash and cash equivalents at end of year	127,170	117,297

v. Important items concerning the basis of presenting consolidated financial statements

Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)

(1) Scope of Consolidation

44 significant subsidiaries are included in consolidation.

The names of consolidated subsidiaries are omitted as they are disclosed in the “4 Group Business Structure.” Toyo Denkai Co., Ltd., Tokan Kosan Co., Ltd., Ueda Insatsu Shiko Co., Ltd. and 14 other companies have been consolidated due to their increased importance, whereas Toyo Pack International Co., Ltd. was consolidated due to its new establishment, effective from the year ended March 31, 2007.

As a result of the merger of Toyo Sekiyu Kaisha, Ltd., Toyo Kikai Hanbai Kaisha, Ltd., and Saiwai Shoji Co., Ltd., the two former companies are excluded from consolidation.

There are 15 unconsolidated subsidiaries including Tosho Co., Ltd. Their respective sums of total assets, net sales, net income (loss) (corresponding to the equity held by Toyo Seikan Kaisha, Ltd. (the “Company”) and retained earnings (corresponding to the equity held by the Company) have no significant impact on these account items in the consolidated financial statements, therefore, they are excluded from consolidation.

(2) Application of the Equity Method

Affiliates accounted for by the equity method are Fukuoka Packing Co., Ltd. and one other company. These two have become equity method affiliates due to their increased importance, effective from the year ended March 31, 2007.

The unconsolidated subsidiaries (Tosho Co., Ltd., and 14 others) and affiliates (Takeuchi Hi-pack Co., Ltd. and six others) are excluded from the application of the equity method because their net income (loss) (corresponding to the equity held by the Company) and retained earnings (corresponding to the equity held by the Company) have no significant impact on these account items in the consolidated financial statements, even if they are excluded, and they are immaterial on the whole.

(3) Closing Date for the Settlement of Accounts of Consolidated Subsidiaries

For the nine companies listed below of the consolidated subsidiaries, the closing date is December 31. As the difference between the closing date of these nine and the consolidated closing date is less than three months, the financial statements as of their closing date of these companies are used in the consolidated financial statements.

Bangkok Can Manufacturing Co., Ltd.
TOYO-MEMORY TECHNOLOGY SDN. BHD.
East Cheer Investment Limited
Shenzhen KTM Glass Substrate Co., Ltd.
KTM Glass Substrate Hong Kong Co., Ltd.
Toyo Glass Machinery Singapore(Pte.)Ltd.
Well Pack Innovation Co., Ltd.
Malaysia Packaging Industry Berhad
Toyo Pack International Co., Ltd.

Necessary adjustments are made for consolidation purposes with regard to material transactions between their closing date (December 31) and the consolidated closing date (March 31).

(4) Summary of Significant Accounting Policies

1) Valuation basis and method for important assets

a. Marketable securities and investments in securities

Held-to-maturity debt securities: Valued at amortized cost by the straight-line method.

Other securities:

Other securities with market value:

Valued at fair market value as of the balance-sheet date with changes in net unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. The cost of securities sold is determined by the moving-average method.

Other securities without market value:

Valued at cost determined by the moving-average method.

b. Derivatives

Derivative instruments are valued at fair value.

c. Inventories

Principally valued at the lower of cost or market method based on the average cost method. Inventories of several consolidated subsidiaries are stated at cost determined by the periodic average method.

2) Depreciation and amortization method of major assets

a. Property, plant and equipment

The depreciation of property, plant and equipment is principally computed by the declining-balance method.

(Additional information)

For three consolidated domestic subsidiaries, property, plant and equipment was previously depreciated to 5% of the acquisition value. However, they have changed to depreciate to the memorandum value effective from the year ended March 31, 2007. This accounting change has been made taking into account the fact that the disposable value after the completion of depreciation of their property, plant and equipment is almost zero and even disposal cost is required. As a consequence, depreciation and amortization has been additionally recorded and ¥5,856 million in extraordinary depreciation expense for fixed assets was posted for the preceding years under extraordinary losses. Compared with the previous method, operating income and ordinary income decreased ¥276 million and income before income taxes and minority interests decreased ¥6,133 million.

The impact on segment information is stated in the Segment Information.

b. Intangible fixed assets

The amortization of intangible assets is computed by the straight-line method.

3) Accounting for significant reserves

a. Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

b. Reserve for bonuses to directors and auditors

The reserve for bonuses to directors and auditors is provided at an amount considered sufficient to cover the estimated amount for the year-end payment to directors and auditors.

(Change in accounting method)

Effective from the year ended March 31, 2007, the Company has adopted ASBJ Statement No. 4, Accounting Standards for Directors' Bonus (issued on November 29, 2005). Due to the adoption of the new accounting policy, operating income, ordinary income and income before income taxes and minority interests decreased ¥443 million.

c. Accrued retirement benefits

The accrued retirement benefits for employees are provided at an amount calculated based on the projected benefit obligations and the fair value of the plan assets as of

March 31, 2007. Prior service cost is collectively expensed as incurred. Actuarial gain or loss is amortized by the straight-line method over a period of 10 years, which is shorter than the average remaining service years for employees at the time of recognition, from the following year of recognition.

(Additional information)

As of January 1, 2007, one consolidated domestic subsidiary shifted its retirement benefit scheme to a point-type retirement benefit system, abolished a qualified retirement annuity system and implemented an agreement-based defined-benefit corporate pension plan. The effect of this change in retirement benefit scheme on the consolidated income summary was ¥983 million recorded under extraordinary gains.

d. Accrued retirement benefits for directors

The accrued retirement benefits for directors are provided at an amount that is estimated at the year-end to be required in accordance with the Company's internal rules.

(Additional information)

The Company and one consolidated domestic subsidiary abolished the retirement benefit system for directors as of the conclusion of their respective ordinary general meetings of shareholders held in June 2006, and it was approved at those meetings that the final retirement benefits for directors be paid for amounts corresponding to the tenure of each director and each auditor. As a consequence, the "accrued retirement benefits for directors" account was drawn down in full amount thereafter, and the unpaid portion of the final retirement benefits to be granted are included in "Other" under long-term liabilities.

e. Reserve for special repairs

The reserve for special repairs for regular repair of glass kilns is provided at an amount considered sufficient to cover the estimated amount for the next repair in response to the lapsed time.

4) Treatment of lease transactions

Finance leases that do not transfer the ownership of leased property to the lessee are accounted for as ordinary lease transactions.

5) Hedge accounting

a. Hedge accounting method

The Company has adopted the deferral method for hedging activities. Certain forward foreign exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment ("Furiate-shori"). Special treatment ("Tokurei-shori") is adopted in the case of interest rate swaps that satisfy specific matching criteria.

b. Hedging instruments and hedged items

Hedging instrument	Hedged item
Forward foreign exchange contracts	Accounts receivable/payable—trade denominated in foreign currencies and forecast transactions denominated in foreign currencies
Interest rate swaps	Loans payable and held-to-maturity debt securities
Commodity swaps	Class-C heavy oil and nickel

c. Hedging policy

The Company enters into forward foreign exchange contracts to hedge its exposure to foreign currency risk with regard to transactions denominated in foreign currencies, interest rate swaps to hedge its exposure to interest rate risk related to the rise in interest rates on fund-raising costs and interest income for debt securities, and commodity swaps

to hedge its exposure to price fluctuation risk regarding Class-C heavy oil and nickel. The Company utilizes these hedging instruments only for transactions based on actual demand and does not participate in hedging activities for speculative purposes with the aim of gaining marginal advantage from selling and buying.

d. Method for assessing hedging effectiveness

As for commodity swaps, ratio analysis is conducted through comparison of the price fluctuations or the accumulated cash flow fluctuations of the hedged item with the same of the hedging instrument.

As for forward foreign exchange contracts and interest rate swaps, assessment of hedging effectiveness is omitted because it is assumable that the important conditions for the hedging instrument and the hedged item are the same and the fluctuation of rate or the cash flow fluctuations can be fully offset at the beginning of the hedging and also continuously thereafter.

6) Other important matters in preparing the consolidated financial statements

a. Accounting for consumption taxes:

Transactions subject to the consumption tax and local consumption tax are recorded at amounts exclusive of the consumption taxes.

(5) Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries are valued at their fair market values at the respective dates when the subsidiaries were initially consolidated.

(6) Treatment of Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill are equally amortized over five years on a straight-line basis.

(7) Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents in the consolidated statement of cash flows include cash on hand, demand deposits and short-term investments due within three months from the acquired date, which are easily convertible into cash with little or no risk from fluctuation in value.

vi. Changes in important items concerning the basis of presenting consolidated financial statements

(Accounting Standard for Presentation of Net Assets in the Balance Sheet)

Effective from the year ended March 31, 2007, the Company has adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005). The amount corresponding to the previous "Shareholders' equity" is ¥612,832 million.

The net assets section of the consolidated balance sheet for the year ended March 31, 2007 was prepared in accordance with the revised Regulation for Terminologies, Forms and Methods of Preparation of Consolidated Financial Statements.

B. Segment Information

[Business Segment Information]

Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)

(Millions of yen)

	Packaging business	Steel-plate-related business	Other businesses	Total	Eliminations and corporate	Consolidated total
I Net sales and operating income (loss)						
Net sales to external customers	615,370	66,341	47,216	728,928	—	728,928
Intersegment net sales or transfer amount	628	38,069	5,249	43,946	(43,946)	—
Total	615,998	104,410	52,465	772,874	(43,946)	728,928
Operating expenses	603,761	102,710	48,590	755,063	(44,103)	710,959
Operating income	12,237	1,700	3,874	17,811	156	17,968
II Assets, depreciation and amortization, impairment loss and capital expenditures						
Assets	773,154	107,641	53,183	933,979	(13,029)	920,949
Depreciation and amortization	38,288	10,677	4,259	53,225	(2)	53,223
Impairment loss	2,092	4,784	744	7,621	—	7,621
Capital expenditures	31,090	6,088	2,974	40,153	—	40,153

Notes:

- Business segments are according to the segmentation adopted for internal management purposes.
- Major products included in each segment are as follows:
 - Packaging business.....Cans for foods and beverages and other metal packaging, plastic packaging, glass packaging and paper products
 - Steel-plate-related business.....Steel plates and steel-plate processed products
 - Other businesses.....Glazes, pigments, electronic equipment parts, machinery, tools and petrochemical products
- Operating expenses for the year ended March 31, 2007 are wholly distributed to each relevant segment.
- Assets for the year ended March 31, 2007 are wholly distributed to each relevant segment.
- Additional information

(Year ended March 31, 2007)

As has been stated in the “**Important items concerning the basis of presenting consolidated financial statements,**” property, plant and equipment was previously depreciated to 5% of the acquisition value (for three consolidated domestic subsidiaries). However, they have changed to depreciate to the memorandum value effective from the year ended March 31, 2007. As a consequence, compared with the previous method, ¥183 million and ¥92 million in operating expenses increased, whereas the same amounts in operating income decreased for the steel-plate-related business and the other businesses, respectively.

[Geographical Segment Information]

Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)

(Millions of yen)

	Japan	Asia	Total	Eliminations and corporate	Consolidated total
I Net sales and operating income (loss)					
(1) Net sales to external customers	707,090	21,837	728,928	—	728,928
(2) Intersegment net sales or transfer amount	1,219	78	1,298	(1,298)	—
Total	708,310	21,916	730,227	(1,298)	728,928
Operating expenses	692,524	19,712	712,237	(1,277)	710,959
Operating income	15,785	2,204	17,989	(21)	17,968
II Assets	908,330	23,870	932,201	(11,251)	920,949

Notes:

- Countries and areas are segmented based on their geographical proximity.
- Major countries and areas belonging to a segment other than Japan are as follows:
Asia: Thailand, Malaysia, China and Singapore
- Operating expenses for the year ended March 31, 2007 are wholly distributed to each relevant segment.
- Assets for the year ended March 31, 2007 are wholly distributed to each relevant segment.
- Additional information
(Year ended March 31, 2007)
As has been stated in the **“Important items concerning the basis of presenting consolidated financial statements,”** property, plant and equipment was previously depreciated to 5% of the acquisition value (for three consolidated domestic subsidiaries). However, they have changed to depreciate to the memorandum value effective from the year ended March 31, 2007. As a consequence, compared with the previous method, ¥276 million in operating expenses increased, whereas the same amount in operating income decreased for Japan.

[Overseas Sales]

Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)

	Asia	Other regions	Total
I Overseas sales (Millions of yen)	50,383	7,056	57,439
II Consolidated net sales (Millions of yen)			728,928
III Overseas sales as a percentage of consolidated net sales (%)	6.9	1.0	7.9

Notes:

- Countries and areas are segmented based on their geographical proximity.
- Major countries and areas belonging to respective segments are as follows:
Asia: Thailand, China, South Korea and Singapore
Other regions: United States and Russia
- Overseas sales consist of sales of the Company and its consolidated subsidiaries to and in countries and areas other than Japan.

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7. Supplementary Information

A. Historical Data

Fiscal term		Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006
Year ended		March 2003	March 2004	March 2005	March 2006	March 2007
Net sales	Millions of yen	696,361	666,272	699,865	714,498	728,928
Ordinary income	Millions of yen	19,016	20,196	18,734	9,849	18,802
Net income	Millions of yen	8,267	11,886	12,735	5,662	4,950
Net assets	Millions of yen	552,866	582,695	585,401	610,435	668,562
Total assets	Millions of yen	882,104	909,212	919,608	931,614	920,949
Net assets per share	Yen	2,588.45	2,728.55	2,810.14	2,938.84	2,977.35
Net income per share	Yen	36.89	53.86	58.45	25.67	23.94
Diluted net income per share	Yen	—	—	—	—	—
Equity ratio	%	62.7	64.1	63.7	65.5	66.6
Return on equity	%	1.49	2.09	2.18	0.95	0.81
P/E ratio	Times	30.60	38.43	34.06	83.17	99.21
Cash flows from operating activities	Millions of yen	96,665	68,262	53,441	42,688	41,244
Cash flows from investing activities	Millions of yen	(69,137)	(60,808)	(65,081)	(60,537)	(35,813)
Cash flows from financing activities	Millions of yen	(59,214)	(2,313)	(15,835)	5,804	(18,295)
Cash and cash equivalents at end of year	Millions of yen	160,405	165,491	138,110	127,170	117,297

Notes:

1. “Net sales” does not include the consumption tax and local consumption.
2. “Diluted net income per share” is not stated because there have been no residual securities outstanding.
3. Effective from the year ended March 31, 2007, the Company has adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8) in calculating net assets.

B. Non-Consolidated Financial Statements

i. Non-Consolidated Balance Sheet

Account item	Year ended March 31, 2006 (As of March 31, 2006)		Year ended March 31, 2007 (As of March 31, 2007)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
(Assets)				
I Current assets				
1. Cash and bank deposits	73,440		62,194	
2. Notes receivable—trade	13,189		13,341	
3. Accounts receivable—trade	98,181		109,438	
4. Investments in securities	4,999		2,000	
5. Merchandise	969		2,883	
6. Finished goods	21,465		22,189	
7. Semifinished goods	402		1,270	
8. Raw materials	1,808		3,763	
9. Work in process	4,595		725	
10. Supplies	1,827		1,859	
11. Advanced money	20		178	
12. Deferred income taxes	4,242		4,983	
13. Short-term loans receivable	24,197		23,606	
14. Accounts receivable—other	834		1,956	
15. Other	399		507	
16. Allowance for doubtful accounts	(796)		(1,150)	
Total current assets	249,778	48.2	249,749	48.9
II Fixed assets				
(1) Property, plant and equipment				
1. Buildings	34,139		32,897	
2. Structures	1,261		1,142	
3. Machinery and equipment	27,800		24,521	
4. Vehicles and delivery equipment	220		183	
5. Tools, furniture and fixtures	4,047		3,151	
6. Land	22,972		22,886	
7. Construction in progress	7,170		3,628	
Total property, plant and equipment	97,612	18.8	88,411	17.3

Account item	Year ended March 31, 2006 (As of March 31, 2006)		Year ended March 31, 2007 (As of March 31, 2007)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
(2) Intangible fixed assets				
1. Leasehold	29		26	
2. Software	1,814		3,549	
3. Software in progress	2,692		—	
4. Right of utilization	23		20	
5. Other	0		0	
Total intangible fixed assets	4,559	0.9	3,596	0.7
(3) Investments and other assets				
1. Investments in securities	132,952		128,897	
2. Investment in stocks of subsidiaries and affiliates	18,733		22,542	
3. Investment in capital	3		3	
4. Long-term loans receivable	13		12	
5. Long-term loans receivable from employees	8		4	
6. Long-term loans receivable from subsidiaries and affiliates	3,624		5,277	
7. Long-term accounts receivable—trade, etc.	903		899	
8. Long-term prepaid expenses	355		328	
9. Deferred income taxes	6,385		7,795	
10. Other	6,084		5,972	
11. Allowance for doubtful accounts	(2,576)		(2,620)	
Total investments and other assets	166,488	32.1	169,116	33.1
Total fixed assets	268,660	51.8	261,124	51.1
Total Assets	518,439	100.0	510,874	100.0
(Liabilities)				
I Current liabilities				
1. Accounts payable—trade	36,583		41,475	
2. Accounts payable—other	9,300		8,153	
3. Accrued expenses	16,794		15,387	
4. Accrued income taxes	1,150		—	
5. Advances received	34		28	
6. Deposits received	3,595		3,467	
7. Reserve for bonuses to directors and auditors	—		55	
8. Other	364		595	
Total current liabilities	67,822	13.1	69,165	13.5
II Long-term liabilities				
1. Accrued retirement benefits	24,552		22,170	
2. Accrued retirement benefits for directors	707		—	
3. Other	1,189		1,775	
Total long-term liabilities	26,450	5.1	23,946	4.7
Total Liabilities	94,272	18.2	93,111	18.2

Account item	Year ended March 31, 2006 (As of March 31, 2006)		Year ended March 31, 2007 (As of March 31, 2007)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
(Shareholders' Equity)				
I Common stock		11,094	—	—
II Capital surplus				
(1) Additional paid-in capital	349		—	
Total capital surplus		349	—	—
III Retained earnings				
(1) Legal reserve	2,773		—	
(2) Voluntary reserves				
1. Reserve for dividends	2,006		—	
2. Reserve for retirement allowances	552		—	
3. Bad debt reserve	5,800		—	
4. Reserve for inventory adjustment	5,600		—	
5. Reserve for special depreciation	33,500		—	
6. Reserve for special depreciation for tax purposes	359		—	
7. Reserve for advanced depreciation for tax purposes	4,485		—	
8. General reserve	311,076		—	
(3) Unappropriated retained earnings at end of year	7,772		—	
Total retained earnings		373,924	—	—
IV Unrealized holding gains on securities		54,032	—	—
V Treasury stock		(15,234)	—	—
Total shareholders' equity		424,166	—	—
Total Liabilities and Shareholders' Equity		518,439	—	—

Account item	Note No.	Year ended March 31, 2006 (As of March 31, 2006)		Year ended March 31, 2007 (As of March 31, 2007)	
		Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
(Net Assets)					
I Shareholders' equity					
1. Common stock		—	—	11,094	2.1
2. Capital surplus					
(1) Additional paid-in capital		—		349	
Total capital surplus		—	—	349	0.1
3. Retained earnings					
(1) Legal reserve		—		2,773	
(2) Other retained earnings					
Reserve for dividends		—		2,046	
Bad debt reserve		—		5,800	
Reserve for inventory adjustment		—		5,600	
Reserve for special depreciation		—		33,500	
Reserve for special depreciation for tax purposes		—		163	
Reserve for advanced depreciation for tax purposes		—		4,709	
General reserve		—		311,753	
Earned surplus carried forward		—		10,077	
Total retained earnings		—	—	376,422	73.7
4. Treasury stock		—	—	(19,501)	(3.8)
Total shareholders' equity		—	—	368,364	72.1
II Valuation, translation adjustments and others					
1. Unrealized holding gains on securities		—	—	49,389	9.7
2. Deferred gains or losses on hedging instruments		—	—	8	0.0
Total valuation, translation adjustments and others		—	—	49,398	9.7
Total Net Assets		—	—	417,762	81.8
Total Liabilities and Net Assets		—	—	510,874	100.0

ii. Non-Consolidated Statement of Income

Account item	Year ended March 31, 2006 (From April 1, 2005, to March 31, 2006)		Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)			
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)		
I Net sales		358,592	100.0		344,800	100.0
II Cost of sales						
1. Opening inventory of merchandise, finished goods and semifinished goods	23,906				22,838	
2. Cost of goods manufactured	277,944				267,651	
3. Amount of goods purchased	41,677				34,295	
4. Transfer to other accounts	847				670	
Total	342,681				324,115	
5. Ending inventory of merchandise, finished goods and semifinished goods	22,838				26,343	
6. Valuation loss of raw materials	11	319,854	89.2	10	297,781	86.4
Gross profit on sales		38,737	10.8		47,018	13.6
III Selling, general and administrative expenses		40,423	11.3		42,863	12.4
Operating income (loss)		(1,685)	(0.5)		4,154	1.2
IV Non-operating income						
1. Interest income	319				632	
2. Dividend income	2,164				2,444	
3. Rent income	2,656				2,666	
4. Other	2,064	7,206	2.0	2,524	8,267	2.4
V Non-operating expenses						
1. Maintenance cost of assets for rent	887				786	
2. Loss on disposal of inventories	480				634	
3. Loss on disposal of fixed assets	556				449	
4. Valuation loss of fixed assets	664				1,339	
5. Other	810	3,399	0.9	1,008	4,218	1.2
Ordinary income		2,121	0.6		8,203	2.4

Account item	Year ended March 31, 2006 (From April 1, 2005, to March 31, 2006)			Year ended March 31, 2007 (From April 1, 2006, to March 31, 2007)		
	Amount (Millions of yen)		Percentage (%)	Amount (Millions of yen)		Percentage (%)
VI Extraordinary gains						
1. Gain on sales of investments in securities	1,526			—		
2. Gain on securities contributed to employee's retirement benefit trust	12,826			—		
3. Gain on the transfer of benefit obligations of welfare pension fund to the government	15,522			—		
4. Gain on change in employees' retirement benefit plans	2,499	32,374	9.0	—	—	—
VII Extraordinary losses						
1. Valuation loss of inventories	—			1,225		
2. Impairment loss	20,954			—		
3. Extraordinary depreciation expense for fixed assets	9,692			—		
4. Loss on disposal of asbestos	402			—		
5. Loss on disposal of PCB	167			—		
6. Provision for accrued retirement benefits for directors	576	31,792	8.9	—	1,225	0.4
Income before income taxes		2,704	0.7		6,978	2.0
Income taxes—current	3,436			1,333		
Income taxes—deferred	(3,045)	390	0.1	1,028	2,362	0.7
Net income		2,313	0.6		4,616	1.3
Unappropriated retained earnings brought forward		6,500			—	
Interim dividends		1,041			—	
Unappropriated retained earnings at end of year		7,772			—	

8. Management Executives

Representative Director & President	Hirofumi Miki	
Representative Director & Executive Vice President	Shunji Kaneko	Chairperson, Integrated Risk Countermeasures Committee
Director & Senior Executive Officer	Sotonari Kanda	Head of Toyo Seikan and Group Sales and Marketing (Beverage Containers)
Director & Senior Executive Officer	Ryuichi Ozaki	Head of Toyo Seikan and Group Sales and Marketing (General Containers)
Director & Senior Executive Officer	Kazumi Hirota	Head of Technology & Packaging Development, New Businesses and Chief of Toyo Seikan Group Corporate R&D
Director & Senior Executive Officer	Haruo Yamamoto	Head of Corporate Planning, Corporate Administration and Promotion of Compliance
Director	Atsuo Tanaka	President, Toyo Kohan Co., Ltd.
Director	Shinichi Okuda	President, Tokan Kogyo Co., Ltd.
Director	Kohei Kobayashi	Honorary Advisor, Hankyo Corporation
Director	Mitsuo Arai	Certified Public Accountant & Certified Tax Accountant
Standing Auditor	Akira Fujii	
Standing Auditor	Toshiyasu Masaki	
Auditor	Tsunaya Kawamura	Lawyer
Auditor	Ryusaku Konishi	President, Nihon Zoki Pharmaceutical Co., Ltd.
Auditor	Akira Hirose	Certified Tax Accountant

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