TOPPAN FORMS

Realizing the Potential of Information

Annual Report 2010

As Japan's leading company in the business forms field, Toppan Forms continually responds to market needs by developing and improving products and services from a customer perspective.

While business forms remain at the core of the Toppan Forms Group's operations, the Company has embraced the trend toward outsourcing as a key opportunity. This is reflected in the successful development and growth of its Data Print Services (DPS) business, which leverages the Company's business forms technology by adding value through such services as data processing and dispatch.

Furthermore, Toppan Forms has integrated the know-how it has cultivated in printing and data processing with digital technologies to expand into new business fields that utilize its unique set of competitive strengths.

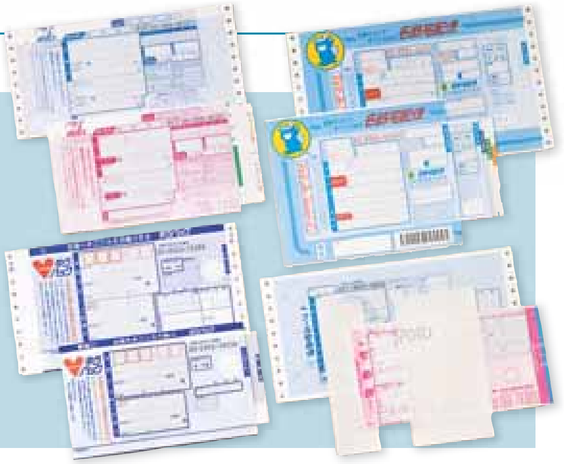
Based on the know-how and results built up through the evolutionary cycle of each business, Toppan Forms strives to maximize the convenience of each medium. By utilizing information management technology as a means of realizing the potential of information, Toppan Forms is able to provide a broad array of products, services and leading-edge solutions.

Contents

Our Business Fields

By providing a broad range of products, services and leading-edge solutions, the Toppan Forms Group has expanded the scope of its operations while simultaneously increasing its competitive advantage.

BUSINESS FORMS FIELD



"Business forms" is a generic term describing the printing or writing of information into a pre-printed format. By continually introducing innovative products as a pioneer in the business forms industry, Toppan Forms has driven the development of the business forms market in Japan and is committed to further bolstering the efficiency of business forms as communication tools.

DATA PRINT SERVICES FIELD

Data Print Services (DPS) are a total outsourcing service whereby Toppan Forms takes delivery of customer information and other data from its clients, processes it in accordance with client specifications, prints it onto billing statements and other notifications using variable-data printing and inserts the forms into envelopes, which are sealed and sent.

NEW BUSINESS FIELD

We are expanding the scope of our operations by leveraging know-how and technology relating to information processing—built up through our business forms and DPS operations. In doing so, we are working toward the convergence of paper and digital media. Through new communication media such as RFID, our goal is to contribute to making people's lives more comfortable.

RFID Showroom

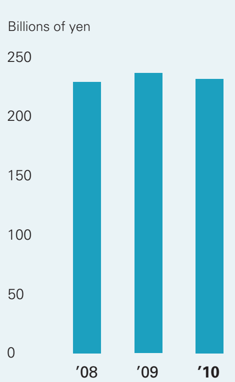
Consolidated Financial Highlights

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

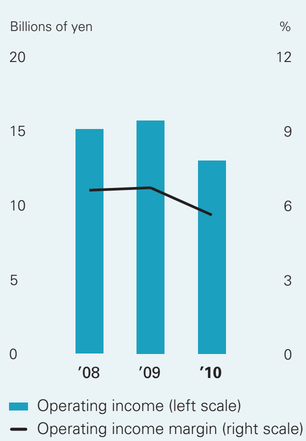
	Millions of yen			Thousands of U.S. dollars*
Years ended March 31	2008	2009	2010	2010
For the year:				
Net sales	¥228,565	¥235,895	¥231,617	$2,489,432
Operating income	15,178	15,687	12,997	139,696
Net income	8,752	8,791	7,512	80,744
At year-end:				
Total assets	¥185,237	¥185,636	¥187,094	$2,010,885
Total shareholders' equity	127,888	133,894	138,631	1,490,014
Per share data (Yen, U.S. dollars):				
Net income:				
Basic	¥77.24	¥79.20	¥67.68	$0.73
Diluted	–	–	–	–
Cash dividends	25.00	25.00	25.00	0.27
Key ratios (%):				
Operating income margin	6.6	6.7	5.6	
ROE	6.8	6.7	5.5	
ROA	4.7	4.7	4.0	

* U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥93.04=U.S.$1, the approximate rate of exchange on March 31, 2010.

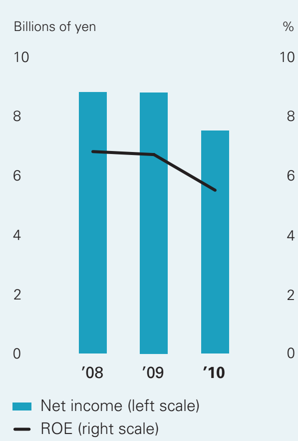
Net Sales



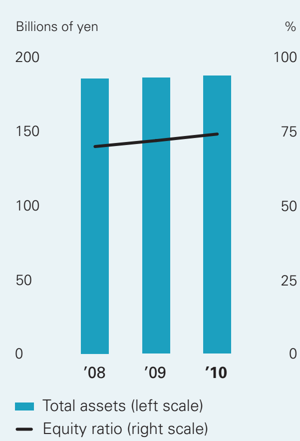
Operating Income and Operating Income Margin



Net Income and ROE



Total Assets and Equity Ratio



A Message to Shareholders and Investors

In the fiscal year under review, ended March 31, 2010, although the Japanese economy continued to be affected by a serious economic slump triggered by the global financial crisis, the second half of the fiscal year saw the emergence of some positive signs. These included the beginnings of a recovery in earnings among Japanese exporters driven by improving conditions in some overseas markets.

In the business forms industry, the operating environment deteriorated as prices continued to decline and the volume of demand fell owing to such factors as ongoing digitization and cost cutting by companies in response to the economic downturn.

The Toppan Forms Group responded by becoming even more customer-focused through offering tailor-made solutions and by developing new markets. In the Business Forms Field, we worked to expand sales of products that respond to needs in the area of resource conservation and also focused on increasing cross-selling of peripheral printed products. In the Data Print Services Field, we broadened the scope of peripheral services provided in the notification business. In the New Business Field, we focused on IC-related businesses while successfully moving to mass production of high-performance IC media products. To further advance the digitization of information media, we worked on the development of printing-based technology for electronic device manufacturing. In addition to such measures undertaken within each business, we responded to changes in the marketplace through a range of measures targeting improved efficiency and rationalization across the business.

Consolidated net sales in fiscal 2010, ended March 31, 2010, amounted to ¥231.6 billion, a decrease of 1.8% compared with the previous fiscal year. Operating income decreased 17.1%, to ¥13.0 billion, and net income declined 14.5%, to ¥7.5 billion. Cash dividends applicable to the fiscal year under review were ¥25.00 per share.

In fiscal 2011, ending March 31, 2011, we expect demand for printing to decline and competition among industry participants to intensify as difficult market conditions persist. Even in this challenging business environment, the Toppan Forms Group is committed to the development and improvement of its products and services and to cultivating new business fields. At the same time, we will realign our sales structure to ensure more precise responses to market changes and pursue innovation in our manufacturing and logistics cost structures. These measures are designed to strengthen our corporate foundation and improve our operating performance.

We look forward to the continued support and understanding of our shareholders and investors as we seek to meet future challenges.

June 2010

Shu Sakurai

Shu Sakurai
President and CEO

We aim to expand our earnings opportunities by drawing on the maximum potential of information.

Q.

Looking back over fiscal 2010, please provide an overview of the operating environment faced by Toppan Forms.

A.

During a rapid transformation in Japan's existing social structure, it is essential to seek out new business opportunities and a path toward growth.

During the fiscal year under review, although the Japanese economy continued to be affected by a severe global recession and stagnant personal consumption, the second half of the fiscal year saw the emergence of some positive signs, including the beginnings of a recovery in earnings among Japanese exporters. In Toppan Forms' business environment, extremely harsh conditions persisted, reflecting such factors as a decline in demand owing to the economic downturn, falling prices driven by customers' requirements for rationalization and intensifying competition among market participants.

The increasing impact of such key demographic factors as Japan's declining birthrate, aging population and diversifying consumer needs is leading to a rapid transformation in the country's existing social structure. We recognize that in such an environment it is absolutely essential to seek out new business opportunities and a path toward growth.

Q.

Please outline the measures you undertook during the fiscal year.

A.

We focused on providing services that respond to the trend toward personalization while targeting improved earnings capabilities across the business.

During the fiscal year, we particularly focused on such areas as providing services that respond to the trend toward personalization while targeting improved efficiency and rationalization across the business.

What I mean by the trend toward personalization is catering to the individual needs of each consumer. It is these consumers that are the customers of Toppan Forms' corporate customers. I believe that in the future, driven by Japan's declining birthrate, aging population and diversifying consumer needs, businesses will face increasing expectations for the provision of services closely tailored to each individual consumer. Based on that belief, Toppan Forms took steps to differentiate itself from its competitors by developing and offering services that make it possible to meet individual consumer needs. Such services are based on universal design principles and seek to add value through superior readability and clarity customized for each individual.

To facilitate improved efficiency and rationalization across the business, we have begun constructing a new factory in Hachioji, in Tokyo's western suburbs. Recent growth in the volume of our operations has led to manufacturing functions being dispersed across several locations. The new Hachioji factory aims to concentrate operations at one site and establish a unified production system that will assist improvements in productivity and also strengthen quality assurance.

Although we anticipate a continuation of harsh operating conditions in the foreseeable future, I believe that it is essential for us to adopt an ongoing approach to reinforcing our management foundations while at the same time responding to the personalization trend and bolstering earnings capabilities.

Q.

How do you evaluate Toppan Forms' operating performance during fiscal 2010?

A.

By restricting the fall to the absolute minimum, the success of structural reforms and cost-cutting measures should be recognized to a certain extent. However, we must acknowledge the seriousness of these results.

In fiscal 2010, as I mentioned earlier, in a very difficult operating environment, despite our utmost efforts, we were unable to maintain our record of consistently increasing sales and income each year since Toppan Forms' stock market listing. I think that this performance should be recognized to a certain extent for the success of structural reforms and cost-cutting measures, which ensured that the fall in results was restricted to the absolute minimum. However, I must acknowledge sincerely that these efforts failed to spark an improvement in the situation for winning customer orders. By accelerating our strategies for developing new products and markets, we are aiming to return to a rising trend for sales and income in fiscal 2011.

Q.

Please provide a summary of your strategies for future growth.

A.

By reinforcing the spheres of business process outsourcing (BPO), information media, industrial materials and overseas business, we are working to enlarge our platform for growth.

I would like to introduce the areas that we see as holding the key to expansion of our growth platform.

First of all, we will aim to develop businesses that are centered on the DPS sphere. To effectively communicate information to recipients—the core objective of notification operations—we are bolstering our overall planning capabilities, including such areas as marketing, design and editing. This will enable us to provide the information each consumer actually requires. Specifically, using the traditional DPS sphere as a springboard, we will deepen and broaden our relationships with customers and offer BPO to aggressively develop untapped service spheres.

Next is the information media sphere focusing on RFID. As digitization advances, by combining printing and digital technologies, it is becoming possible to create new value that breaks down the boundaries of the conventional printing paradigm. In step with advances in electronic media, the Internet and IC technology, we are aggressively utilizing RFID and IC media, which leverage cutting-edge technologies.

The final sphere is industrial materials centering on printed electronics. By using printing-based technology for electronic device manufacturing, it becomes possible to create high-value-added printed media that incorporates such properties as electrical conductivity and luminescence. As well as expanding the market by adding new value to printed media, we plan to increase the scale of our business by marketing such technology as devices for the electronics industry.

In addition, by aggressively applying the advantages and technologies we have cultivated in Japan to overseas markets, we believe we can further lift our base for future growth.

As well as strengthening profitability through earnings structure improvements and reinforcing our management base through organizational reforms, we are working to enlarge Toppan Forms' platform for growth based on these four strategies.

Q.

What strengths does the Company possess that will enable you to successfully implement these strategies?

A.

What is necessary is nothing more or less than the information management technologies cultivated since our establishment that enable the provision of information using optimal methods.

From our base of know-how cultivated in the business forms printing sphere, we pursued information communication methods that we examined from every conceivable angle—choice of media, format and layout, text and images, color and many others. In doing so, we accumulated an unrivaled array of technology and expertise.

Subsequently, we identified the potential evolution of spheres related to business forms and successfully created new growth businesses in such spheres as DPS, RFID and IC technology. In the process of creating these businesses, we made significant strides in advancing data processing technology and database application technology.

Hence, as a result of enhancing technology that facilitates effective communication with information recipients, we made possible communication that maximizes the unique characteristics and advantages of each media. This has led to the building of information management technology, which facilitates smooth communication between information providers and recipients.

At present, to implement the four strategies I outlined earlier, we are focusing on establishing a system that can comprehensively respond to needs related to information distribution and provide each individual consumer with the information they require. Central to these efforts are nothing more or less than the information management technologies we have cultivated since Toppan Forms' establishment. In other words, these accumulated technologies lie at the core of the technology that will drive future growth, and we are confident that these unique strengths will remain unrivaled by our competitors.

Furthermore, in over 40 years since our establishment we have consistently pursued a customer-focused approach. It is fair to say that our competitive advantage comprises not only a corporate stance that enables the creation of unique solutions based on the accurate identification of market needs but also our customer base built up over this period.

Q.

Please outline your ideas on the role Toppan Forms should fulfill within society.

A.

We aim to be a company trusted by society. In addition to focusing on information security, quality assurance and environmental protection, we are promoting enhanced employee awareness and the establishment of Company-wide systems.

For a company to achieve sustainable development, it must fulfill its social responsibilities, which are a prerequisite to sales and profits. Hence, I think it is very important for a company to be trusted by society. Some of the things I focus on in particular as key roles that Toppan Forms must fulfill are information security, quality assurance and responding to environmental issues.

In the area of information security, our greatest mission is to win the trust of client companies by guaranteeing the safety of data handled on their behalf. Toppan Forms strives to raise awareness regarding information protection among employees and management at all levels of the Group, and we restrict access to confidential data through not only physical and technical measures but also through the strengthening of our internal control system, which stipulates strict internal rules and procedures. This includes the implementation of organizational and personnel-based security management through which we are implementing thorough Group-wide measures to prevent information leaks.

We also strongly recognize the importance of maintaining business continuity and the rapid recovery of operations during times of disaster and our responsibilities in this area. Consequently, we are strengthening our business continuity plan (BCP). In fiscal 2010, in the DPS business, we became the first company in Japan in the printing industry to receive certification under the world's first business continuity management standard, British Standard BS25999-2. This standard has been formulated with the aim of minimizing the risk of business disruption. Through these additional initiatives, we are striving to further strengthen our business continuity capabilities and thereby respond to the expectations of our clients.

In environmental issues, we are continuing to reinforce our environmental management, including through the establishment of an environmental management system (EMS) at each business site. In fiscal 2010, we aggressively pursued product development utilizing environment-friendly materials, including mailing products that include carbon offsets. As a company that uses paper media, we are focusing on the development of products that help prevent global warming as we aim to contribute to the protection of the environment.

Q.

Do you have any closing remarks for shareholders and investors?

A.

We will endeavor to realize sound earnings and growth, and sustainably increase corporate value.

It is likely that modes of communication and the social environment will continue to rapidly change in the future, and market needs are expected to evolve correspondingly. Even in a harsh operating environment, we aim to expand our earnings opportunities by drawing on the maximum potential of information. By doing so, we will strive to further bolster our presence in the comprehensive information solution sphere. In addition, by continuing to promote measures that contribute to the development of society and maximize customer value, we will endeavor to realize sound earnings and growth, and sustainably increase corporate value.

I look forward to the ongoing support of our shareholders and investors.

Realizing the Potential of Information

Since its founding, Toppan Forms has accumulated a wealth of know-how and technologies in the printing sphere, and has added to this an array of state-of-the-art technologies in digital media and other fields. Through constantly leading the way in enhancing information management technology, Toppan Forms provides solutions that realize the potential of information.

Established Core Technologies

Information Management Technology

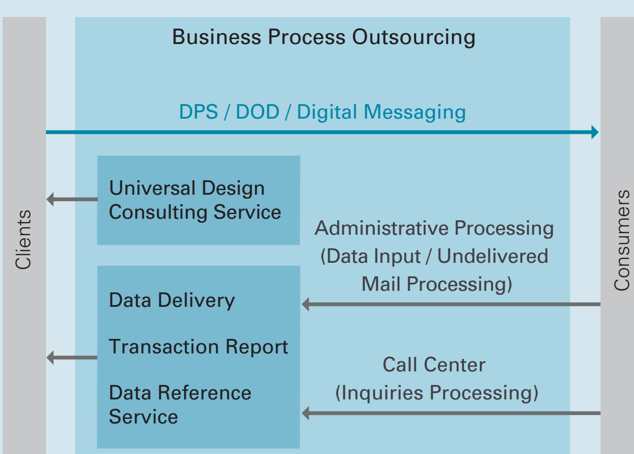
Toppan Forms' core technologies focus on realizing smooth, effective communication between information providers and users. As a pioneer in the business forms field, we have accumulated unique expertise and grown our business while advancing such technologies as data processing and database application. Underpinned by such know-how and technology, we are able to provide formats and layouts that achieve extremely high levels of usability while also offering a wide selection of color and text variations. Based on such strengths as our capabilities in converting information into the optimal medium, we constantly strive to provide information in a form that will effectively reach the target recipient—the core objective of communication activities.

BUSINESS PROCESS OUTSOURCING (BPO)

Pursuing Added Value through BPO

The BPO services provided by Toppan Forms encompass the DPS sphere in which we receive data entrusted from clients—including personal information—that we print as billing statements or in other formats, insert and seal in envelopes, and dispatch. However, we have further extended this bundled service to the level of a comprehensive support solution, encompassing a range of marketing and support services.

BPO Initiatives



Strengths from Leveraging Information Management Technology

Through the provision of support services as part of our outsourcing operations, we have direct interactions with consumers, which greatly increases the potential for identifying consumer needs.

In the marketing sphere, based on needs that we have identified, we are able to add value by enhancing the level of personalization of information provided to consumers. In this way, we facilitate the provision of information in a form that effectively meets the needs of each individual consumer.

In addition, by deepening our relationships with researchers and institutions at the forefront of communications-related research, we are striving to further bolster the efficiency of our communications.

New Business

Data Print Services

Business Forms

New Strategies for Growth

Developing and Expanding Business Spheres

BUSINESS PROCESS OUTSOURCING (BPO)

INFORMATION MEDIA

INDUSTRIAL MATERIALS

Lifting Up Our Base for Growth

OVERSEAS BUSINESS

Toppan Forms' core technologies are in the area of advanced printing technology. While contributing significantly to the evolution and development of the business forms field and bolstering our clients' efforts to raise operational efficiency, we are expanding the scale of our business by bringing to market superior new products that leverage information management technology.

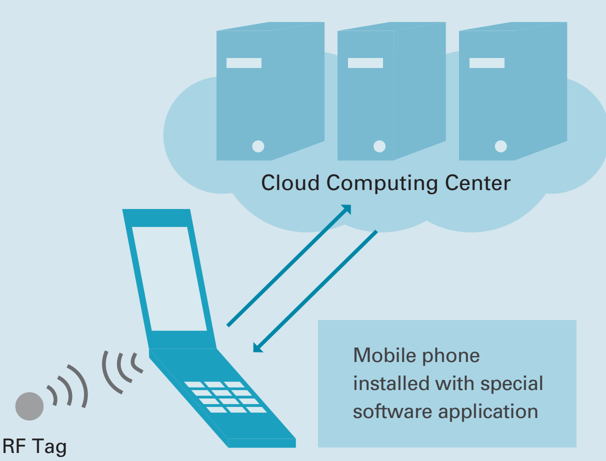
Underpinned by the information management technology we have cultivated up until now, we are implementing a range of new strategies aimed at expanding our platform for growth.

INFORMATION MEDIA

Creating the Next Generation of RFID

RFID (radio frequency identification) technology uses an RF tag—which has an IC chip embedded in it—to transmit and receive data at close range. From the perspective of the quality of information and communication, we are working to create a new means of communication for connecting people with goods.

RFID Mobile Solution Service



Strengths from Leveraging Information Management Technology

Toppan Forms continues to develop original RFID products that maximize the level of adaptation to each product application as well as the user's environment.

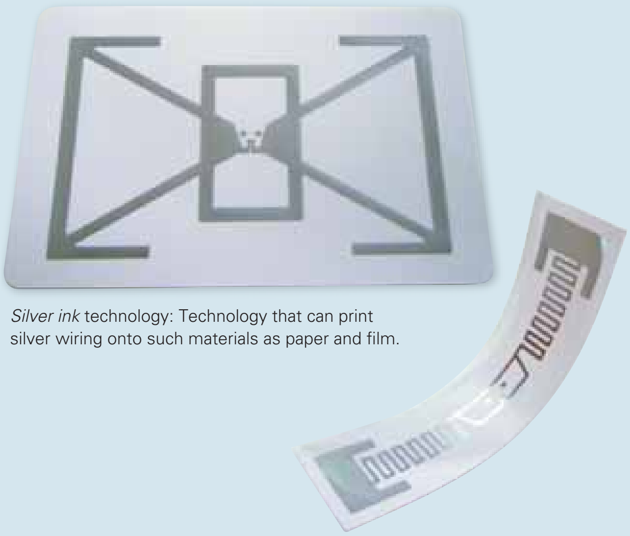
For example, we have launched an RFID mobile solution service whereby users install a special software application onto their mobile phone, which may then be used as an RF tag reader/writer. Because this system utilizes the mobile phone's built-in data transmission functions to communicate to a cloud computing center, there is no need for the user to carry a separate piece of equipment and data can be easily forwarded and tracked in real time.

By providing RFID solutions that realize a high level of added value and convenience for users, Toppan Forms is developing new markets for RFID technology and promoting the spread of RFID in many spheres.

INDUSTRIAL MATERIALS

Applying Printing Technology to Printed Electronics

Printed electronics (PE) applies printing technology to the manufacture of electronic devices. In addition to its significant cost advantages, PE enables a level of miniaturization, thinness and weight saving that overturns the conventional wisdom of electronic device manufacturing. Hence, we are striving to develop products that meet the high expectations of the electronics industry.



Silver ink technology: Technology that can print silver wiring onto such materials as paper and film.

Strengths from Leveraging Information Management Technology

We are not simply applying printing technology to the production of electronic devices but are pursuing the development of next-generation information media that realize superior usability for people with sophisticated communication capabilities. Our development efforts are underpinned by the technical advantages we have built up since our founding, in such areas as printing, coating and processing. By maximizing such advantages, we can add value through a range of novel functionality, including luminescence, sound and communication.

We aim to market a variety of newly developed technologies, including printed electronic circuits (*Silver ink*), photovoltaic film and luminescent film, as industrial materials in the electronics market. Hence, we are striving to accelerate the commercialization of such products in order to offer them as electronic devices.

OVERSEAS BUSINESS

Focus on Building a Strong Presence in Asia

At present, Toppan Forms has overseas business operations in six countries and regions. They are China, Hong Kong, Singapore, Sri Lanka, Thailand and Malaysia.

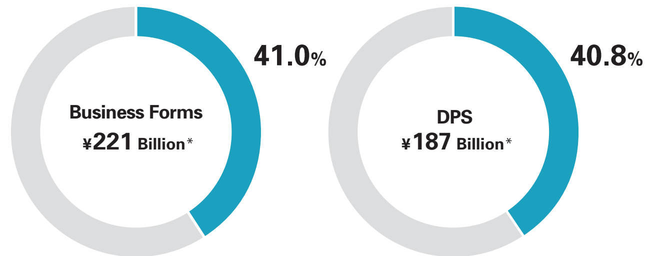
Through a marketing system that emphasizes building strong local relationships, we aim to develop and provide products and services to meet the unique needs of each particular market. Furthermore, we are winning the trust of customers overseas by providing high-quality products and duplicating our robust security system, which are underpinned by the information management technology accumulated over many decades as a leader in the Japanese market.

With key operational hubs located in Hong Kong and Singapore, we plan to bolster our overseas marketing capabilities for high-value-added products and services that we have cultivated in the domestic market. We are particularly focusing on mainland China—which is likely to maintain its high rate of growth—and many of the untapped markets across Southeast Asia. Through such strategies, we aim to realize expansion into additional markets and lift our base for growth.

Toppan Forms at a Glance

The Toppan Forms Group is divided into two major business segments: the Printing Business segment, comprising Business Forms and Data Print Services (DPS), and the Merchandise segment, including office supplies. Each segment continues to evolve by challenging new areas, going beyond the borders of its existing business.

Market Scale and Our Share in Fiscal 2010



* Calculated by Toppan Forms Co., Ltd., from non-consolidated performance data of each business segment relative to the Japanese market

PRINTING BUSINESS SEGMENT

The Printing Business segment consistently leads the industry. The Business Forms Division and the Data Print Services (DPS) Division both have the top market share of their respective domestic markets. As the Toppan Forms Group's core business segment, these divisions provide an array of related products and services.

Business Forms Division

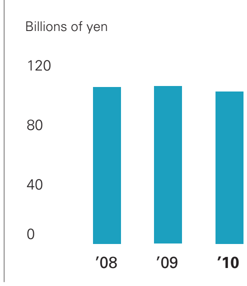
The Business Forms Division is divided into two fields—Business Forms and Digital Media. The latter field includes such electronic documents as e-mail and web-related services as well as IC and RFID products.

Main Products/Services

Business Forms:
- Transport and delivery slips
- Mail-related forms
- *POSTEX* sealed postcard series
- Environment-friendly business forms

Digital Media:
- E-mail-related services
- Web-related services
- IC tags, smart cards and other RFID products

Net Sales



Data Print Services (DPS) Division

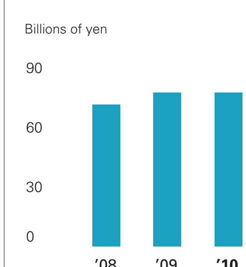
DPS is an outsourcing business comprising the processing of client data, printing, envelope insertion and dispatch. We have expanded the services offered to include marketing planning, call center and customer service operations, and campaign response measurement, as we strive to meet the increasingly diverse and sophisticated outsourcing needs of our clients.

Main Products/Services

Data Print Services (DPS):
- Business mail for notifications
- DM for sales promotions
- DPS for in-house use
- Business Process Outsourcing (BPO)

Digital Print on Demand (DOD):
- Personalized marketing tools
- Personalized educational materials

Net Sales



MERCHANDISE SEGMENT

The Merchandise segment provides a variety of services, from stocking wired offices with office supplies, to the design manufacture and sale of peripherals and related devices as an adjunct to the Business Forms Division.

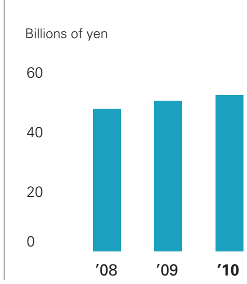
Catalog for *O-tascarry* office supply service

Main Products/Services

Office Supplies:
- IT-related equipment supplies
- Paper products

Equipment and Services:
- Forms processors and system machines
- Dispatch of personnel

Net Sales

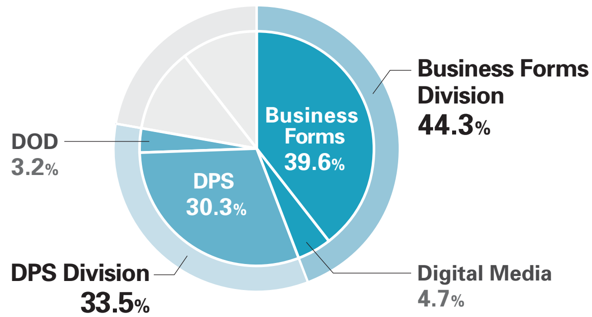


Review of Operations

PRINTING BUSINESS SEGMENT

The Printing Business segment has underpinned corporate growth since Toppan Forms was established in 1955, and accounted for 77.8% of consolidated net sales in fiscal 2010. The Printing Business segment comprises the Business Forms Division, the central pillar of our revenue structure, and the Data Print Services (DPS) Division, the segment's growth driver for the future. In fiscal 2010, sales in the Printing Business segment declined 1.8% compared with the previous fiscal year, to ¥180.2 billion.

Sales by Division



Business Forms Division

The Business Forms Division is classified into two major product categories—Business Forms, which uses paper media, and Digital Media, which centers on e-business products and IC-related products. An overview of each category's products and performance is as follows.

Business Forms

Business forms sales accounted for 39.6% of net sales in the period under review. Business forms are the foundation on which we have developed other business areas, providing us with the technology and the know-how in the operational flow of a wide range of client businesses. Main products include the *POSTEX* sealed postcard series and a variety of distribution-related and other business forms, envelopes, catalogs, pamphlets and cards. Smart cards are classified under Digital Media.

In the Business Forms category, we worked to expand sales of products that respond to needs in the area of resource conservation and implemented other measures that enable us to provide new value in the area of protecting the environment. We also focused on increasing cross-selling of peripheral printed products. However, we faced the impact of a persistently harsh operating environment, as the business forms market contracted owing to the ongoing shift toward digitization and demand was curtailed by a general trend toward cost cutting among companies. As a result, sales in the Business Forms category decreased 3.2% compared with the previous fiscal year, to ¥91.8 billion.

In product development and improvement, we developed a system for printing producer information directly onto film used in the packaging of agricultural products.

Single-sheet *EX-Forms* for pressure-sensitive adhesion can be printed on with high-speed laser or thermal printers.

Packaging film for agricultural products enables the printing of producer information directly onto film used in the packaging of agricultural products and can be delivered for small lot sizes.

Stlayer is a series of smart cards and IC tags that realize an ultra-thin 0.2mm form factor and boast superior flexibility and durability.

This system can be delivered even for small lot sizes. We also developed mailing products that include carbon offsets, which have been certified as meeting the carbon offset standards stipulated by the Japanese Ministry of the Environment. These products exemplify our efforts to develop products to precisely meet market needs through cost reduction and resource conservation.

Digital Media

Toppan Forms sees changes in market structure created by the IT revolution as an important opportunity, identifying the Digital Media category as a primary driver of future business growth. We have moved quickly to expand our business repertoire and establish ourselves as a dominant company in digital media by promoting collaboration across divisions and business segments, while at the same time utilizing strategic external alliances. Sales in the Digital Media category in fiscal 2010 decreased 3.0%, to ¥10.8 billion.

In e-business, as an indicator of the strategic direction we are taking, we are working strenuously to promote our Cross-Media Marketing Solution business that combines the best of electronic and paper media strategies.

In IC-related business, we provide IC-related products, such as smart cards and RFID tags, that are utilized across a wide range of applications, including logistics and inventory control. With the objective of fostering the use of RFID products, we also provide a variety of card-issuing services. Through our opening of a specialist research center, TF RFID Studio, which replicates the specific operating environment for a customer's RFID system, we can conduct field trials and provide other support services for customers' adoption of RFID systems. In fiscal 2010, we developed the *Stlayer* series of smart cards and IC tags, which were manufactured using a new process, enabling us to supply ultra-thin 0.2mm products that boast superior flexibility and durability. These products are manufactured using an environment-friendly process, which realizes a reduction of approximately 25% in CO_2 emissions compared with the previously used process.

Data Print Services (DPS) Division

DPS is a comprehensive outsourcing service. Toppan Forms takes variable data entrusted to us by our customers, compiles and processes it, then prints it on business forms with high-speed printers. As part of the bundled DPS service, we then insert the forms into envelopes, seal the envelopes and mail them. Digital print on demand (DOD) utilizes our digital printer technology in the field of variable graphics data printing. In fiscal 2010, the division's sales rose 0.1%, to ¥77.6 billion, and accounted for 33.5% of consolidated net sales.

Electronic paper labels have a paper-like thickness of just 0.4mm and enable barcodes and other displays to be rewritten using radio-frequency transmission.

Zip-Ad Envelopes are a type of mailing product that provides additional advertising space through the attachment of a dual-layered sheet.

Pockelet Mail enables client companies to provide consumers with free sample products. The sealed brochure construction includes a clear film pocket in which samples may be enclosed.

Data Print Services (DPS)

The market for DPS services was affected by such factors as a decrease in sales promotion direct mail campaigns owing to weak economic conditions and a trend toward simplified notifications as a means of reducing costs. In contrast, the adoption of personalized marketing methods is becoming more prevalent as a means of catering to the individual needs of consumers based on such criteria as preferences and age group. Demand also expanded as we broadened our lineup of peripheral services relating to customers' notification operations. As a result, sales in the DPS category climbed 0.6%, to ¥70.2 billion.

Specifically, we went beyond conventional printing and dispatch by strengthening our Business Process Outsourcing (BPO) business. This is a comprehensive solution covering all stages relating to a customer's notification operations, from pre-production planning to post-distribution operational functions.

To further enhance quality assurance relating to the protection of personal data, we have worked to build an integrated production system. Furthermore, we received certification under a standard for business continuity management systems, formulated a business continuity plan and built up related management systems. These efforts focused on reinforcing our management control systems.

Digital Print on Demand (DOD)

Digital print on demand (DOD) is a system of high-speed programmable color printing of variable digital graphics data. This technology can be used in such applications as the generation of personalized direct mail materials and other services to create highly effective communications tailored to the needs of individual recipients. DOD is an extremely precise marketing tool thanks to its strong affinity with Web technology and the ability to provide it on a cross-media basis. Leveraging such technologies, we are focusing on the "one-to-one" capabilities opened up by DOD by developing marketing tools that fit the needs of our clients and achieve a high level of appeal for end-recipients. In fiscal 2010, owing to such factors as businesses curbing sales promotional expenses in response to the economic downturn, sales in the DOD category decreased 4.6%, to ¥7.5 billion.

The DOD range of full-color variably printed products is widely used for financial advice notes, graphs, advertisements and other purposes.

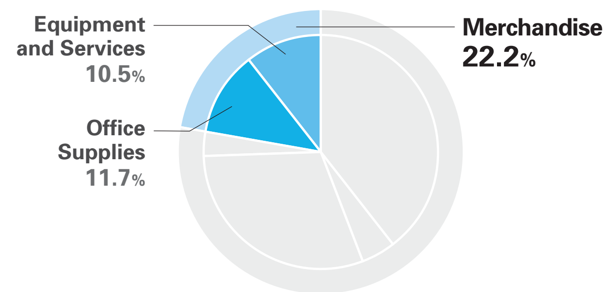
Digital Full-Color POSTEX can be variably printed with text and graphics for highly personalized direct mail campaigns.

Happitouch uses variable printing of pictorialized lettering to create individualized message cards.

MERCHANDISE SEGMENT

This segment comprises Office Supplies and Equipment and Services, which complement our printing business. The Merchandise segment posted net sales of ¥51.4 billion, a decrease of 1.8% compared with the previous fiscal year. This segment accounted for 22.2% of consolidated net sales in fiscal 2010.

Sales by Division



Office Supplies

This business comprises printed business forms and the innovative *O-tascarry* ordering system, a highly competitive, value-added management system for general office supplies, which allows client companies to rationalize overall costs and raise operational efficiency. In fiscal 2010, we focused on providing products and services with an ecological theme. As part of this, we worked aggressively to expand sales of environment-friendly printer supplies and commenced marketing of a static-electricity prevention agent designed to improve the level of comfort within the office environment.

The success of these efforts contributed to a 0.2% decrease in sales in the Office Supplies category, to ¥27.0 billion.

Equipment and Services

Customers of Toppan Forms can rely on a total support system that combines sales of business forms with the design, manufacture and sale of peripheral and related equipment. By allying our resources with the services of other Toppan Group companies, we can offer customers comprehensive solutions encompassing equipment servicing and maintenance.

In our equipment business, we market such peripheral equipment as sealers, which process printed business forms into envelope or postcard form for mailing. In card-related products, we sell ID card color printers and systems for issuing membership cards and rewritable cards.

In our services business, we offer a personnel dispatch program in which specialist staff work on-site with clients to assist with the operation, maintenance and development of their information systems. Alternatively, we can provide clients with one-stop, comprehensive management and operation services for their computer systems.

In fiscal 2010, sales of equipment declined substantially as many companies moved to rein in capital investment. However, sales of services were robust owing to demand in such areas as systems integration. As a result, sales in the Equipment and Services category decreased 3.6%, to ¥24.4 billion.

O-tascarry is an office supply service that enables online ordering of many products, including customized business forms.

PressleDuo sealer with detacher function

Toppan Forms' leading detacher, the *acero208*

Corporate Governance

With the need for effective corporate governance systems a focus of attention, Toppan Forms has placed the highest priority on the establishment of a fair, shareholder-centered management system.

Based on this fundamental policy, we have promoted rapid, fair decision making in an attempt to reinforce the supervisory function of the Board of Directors and promote more efficient management. Outside corporate auditors have been appointed to the Board of Corporate Auditors, which conducts strict auditing of the administrative execution of directors.

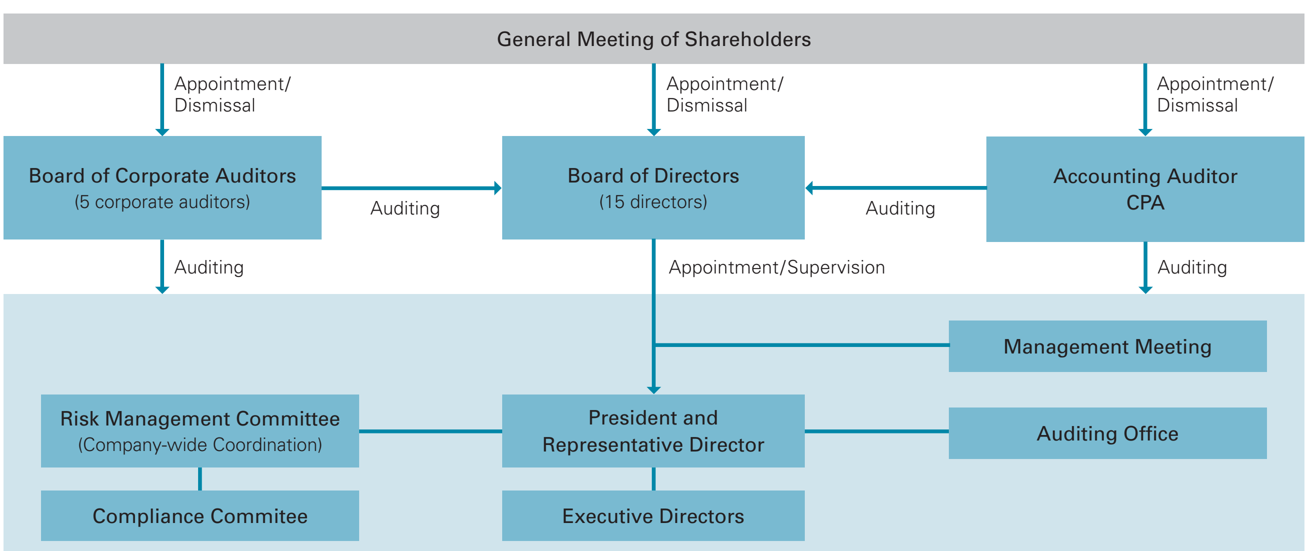
Moreover, to ensure rigorous risk management we are establishing an internal control system, while also strengthening our compliance system. For risk management, we have set up a dedicated division and also created the Risk Management Committee, which supervises this function horizontally across the Company. For compliance, we have formulated the "Toppan Forms Group Company-wide Action Guidelines" and are working to disseminate them throughout the Company. Through these initiatives, we aim to be a company trusted by our customers, shareholders and society at large.

Corporate Governance Structure and Enhancement of Internal Control System

- Toppan Forms uses the corporate auditor system.
- The Company has 15 directors. There are five corporate auditors, four of whom are outside corporate auditors and two of whom, including one outside corporate auditor, are full-time.
- The Board of Directors meets once a month, makes decisions on important issues and supervises administrative execution.
- The Management Meeting is held twice a month, prior to the Board of Directors meeting, and issues to be raised at the Board of Directors meeting are considered and decided upon.
- At the Board of Directors meeting held on May 26, 2006, the "fundamental policy regarding the establishment of an internal control system" was decided. Subsequntly, three rounds of adjustments were made in order to improve the effectiveness of the compliance system. We will work to maintain and continually improve all our management processes in order to ensure that our business practice meets appropriate standards.

Corporate Governance System

An organization chart for administrative execution, corporate auditing and internal control can be seen below:



Consolidated Six-Year Financial Summary

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Years ended March 31	Millions of yen 2005	2006	2007	2008	2009	2010	Thousands of U.S. dollars*1 2010
For the year:							
Net sales	¥199,173	¥212,327	¥219,197	¥228,565	¥235,895	**¥231,617**	**$2,489,432**
Operating income	13,696	15,717	16,088	15,178	15,687	**12,997**	**139,696**
Income before income taxes and minority interests	14,448	16,241	16,747	15,007	15,069	**12,898**	**138,625**
Net income	8,276	9,392	9,684	8,752	8,791	**7,512**	**80,744**
Depreciation and amortization	4,936	4,835	5,013	6,369	8,561	**8,904**	**95,706**
Capital expenditure	3,296	5,851	10,173	9,828	9,619	**10,275**	**110,442**
R&D expenditure	2,106	2,174	2,242	2,556	2,697	**2,258**	**24,269**
At year-end:							
Total assets	¥169,070	¥182,705	¥186,902	¥185,237	¥185,636	**¥187,094**	**$2,010,885**
Total shareholders' equity	113,985	118,432	125,285	127,888	133,894	**138,631**	**1,490,014**
Number of shares outstanding (thousands)	114,084	113,925	113,983	110,997	110,997	**110,997**	
Number of employees	6,074	6,224	6,483	6,641	7,357	**7,529**	
Cash flows:							
Net cash provided by operating activities	¥14,049	¥13,319	¥10,625	¥13,524	¥15,685	**¥14,520**	**$156,046**
Net cash used in investing activities	(4,294)	(5,458)	(8,247)	(11,948)	(10,110)	**(9,783)**	**(105,148)**
Net cash used in financing activities	(2,270)	(4,074)	(2,805)	(6,420)	(3,488)	**(3,768)**	**(40,490)**
Cash and cash equivalents at end of year	31,392	35,206	34,791	29,929	31,888	**32,859**	**353,173**

	Yen 2005	2006	2007	2008	2009	2010	U.S. dollars (Note1) 2010
Per share data*2:							
Net income:							
Basic	¥ 71.44	¥ 81.42	¥ 84.98	¥ 77.24	¥ 79.20	**¥ 67.68**	**$ 0.73**
Diluted	71.44	81.39	84.94	–	–	**–**	**–**
Cash dividends	23.00	24.00	25.00	25.00	25.00	**25.00**	**0.27**
Shareholders' equity	998.05	1,082.39	1,129.46	1,162.99	1,199.04	**1,245.62**	**13.39**

	Percent 2005	2006	2007	2008	2009	2010
Ratios:						
Equity ratio	67.4%	67.6%	68.9%	69.7%	71.7%	**73.9%**
Return on net sales	4.2	4.4	4.4	3.8	3.7	**3.2**
Return on assets	4.9	5.1	5.2	4.7	4.7	**4.0**
Return on shareholders' equity	7.5	7.9	7.7	6.8	6.7	**5.5**

*1 U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥93.04=U.S.$1, as at March 31, 2010.

*2 The computations of net income per share and shareholders' equity per share are based on the weighted-average number of shares of common stock outstanding during each year. Treasury stock held during each year are excluded. Cash dividends per share represent the actual amounts applicable to the earnings of the respective years.

Financial Review

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Market Environment

In fiscal 2010, ended March 31, 2010, the market environment for the business forms industry remained harsh. Prices continued to decline as the volume of demand fell owing to ongoing digitization and moves by companies to curtail expenditures in response to the rapid cooling of the economy. Within these market conditions, the Toppan Forms Group focused on becoming even more customer focused by offering tailor-made solutions and working to develop new markets. At the same time, the Group responded to changes in the marketplace through a range of measures targeting improved efficiency and rationalization across the business.

Income and Expenses

In fiscal 2010, consolidated net sales declined 1.8% compared with the previous fiscal year, to ¥231.6 billion ($2,489 million). Sales in the Printing Business segment decreased 1.8%, to ¥180.2 billion ($1,937 million). Looking at product categories within the Printing Business segment, although we expanded sales of products that respond to needs in the area of resource conservation and worked to increase cross-selling of peripheral printed products, the volume of demand for business forms declined owing to increased digitization and cost cutting by businesses. As a result, sales in the Business Forms Division decreased 1.8%, to ¥102.5 billion ($1,102 million).

Sales in the Data Print Services (DPS) Division recorded a modest 0.1% rise, to ¥77.6 billion ($834 million). Although sales promotion-related direct mail decreased owing to the economic downturn and there was an ongoing trend toward simplified notifications as a means of reducing costs, higher sales by the DPS Division largely reflected its success in broadening the scope of peripheral services provided in the notification field.

In the Merchandise segment, in office supplies, despite efforts to bolster sales of environment-friendly office supply products, the impact of cost cutting by companies led to a slight decrease in sales. In equipment and services, sales fell significantly owing to the impact of many businesses curbing plant and equipment investment. As a result, sales in the Merchandise segment declined 1.8%, to ¥51.4 billion ($553 million).

Cost of sales amounted to ¥182.3 billion ($1,959 million), almost unchanged compared with the previous fiscal year. This result reflected general measures targeting improved efficiency and rationalization across the business. The cost of sales ratio rose 1.4 percentage points, to 78.7%. As a result, gross profit decreased 8.0% compared with the previous fiscal year, to ¥49.3 billion ($530 million).

Selling, general and administrative (SG&A) expenses fell 4.3%, to ¥36.3 billion ($390 million). Effective personnel rationalization measures contributed to a 0.4 percentage point decline in the SG&A ratio, to 15.7%.

Consequently, operating income decreased 17.1%, to ¥13.0 billion ($140 million), and the operating income margin declined 1.1 percentage points, to 5.6%.

Non-operating income decreased ¥0.2 billion compared with the previous fiscal year, to ¥1.4 billion ($15 million), and non-operating expenses fell ¥0.2 billion, to ¥0.2 billion ($2 million). With regard to assets related to new businesses, owing to deterioration in the market environment, the book values of such assets were impaired in line with the estimated recoverable amounts. Consequently, the Company recorded the total impairment amount as an impairment loss of ¥0.6 billion ($6 million). As a result, income before income taxes and minority interests decreased 14.4%, to ¥12.9 billion ($139 million), and net

Net Sales and Cost of Sales Ratio

SG&A Ratio

Operating Income and Operating Income Margin

income declined 14.5%, to ¥7.5 billion ($81 million).

Net income per share amounted to ¥67.68 ($0.73), compared with ¥79.20 recorded in the previous fiscal year. Return on shareholders' equity (ROE) was 5.5% in fiscal 2010, compared with 6.7% in the previous period, and return on assets (ROA) amounted to 4.0%, compared with 4.7% in the previous fiscal year.

Dividend Policy

Toppan Forms places a high priority on returning profits to shareholders. While retaining sufficient reserves to fund growth, we encourage the medium- and long-term holding of Company stock by striving to maintain a consistent level of dividends while also taking into account operating performance and the dividend payout ratio.

In fiscal 2010, the interim and year-end dividends were both ¥12.50 per share, making total cash dividends applicable to the period ¥25.00 per share. Dividends remained at the same level as the previous fiscal year. The consolidated dividend payout ratio was 36.9% in fiscal 2010.

Depreciation and Amortization/Capital Expenditure

Capital expenditure, primarily directed toward the expansion of production facilities, increased ¥0.7 billion, to ¥10.3 billion ($112 million). Depreciation and amortization amounted to ¥8.9 billion ($96 million), compared with ¥8.6 billion in the previous fiscal year.

Financial Position

At fiscal 2010 year-end, total current assets stood at ¥93.9 billion ($1,010 million), a decrease of ¥0.6 billion compared with the previous fiscal year-end. Total current liabilities declined ¥3.4 billion, to ¥44.4 billion ($477 million). As a result, working capital increased ¥2.9 billion, to ¥49.5 billion ($532 million), and the current ratio rose 13.9 percentage points, to 211.6%.

Total shareholders' equity at the end of fiscal 2010 stood at ¥138.7 billion ($1,492 million), an increase of ¥5.0 billion compared with the previous fiscal year-end. This rise was mainly attributable to an increase in retained earnings. Total assets amounted to ¥187.1 billion ($2,011 million) at the end of the period under review, a ¥1.5 billion increase compared with the close of fiscal 2009. Consequently, the equity ratio increased from 71.7% at the end of the previous fiscal year to 73.9%.

Cash Flows

Net cash provided by operating activities during fiscal 2010 totaled ¥14.5 billion ($156 million), compared with ¥15.7 billion in the previous year. Major items within this figure included income before income taxes and minority interests of ¥12.9 billion ($139 million), depreciation and amortization of ¥8.9 billion ($96 million), income taxes paid totaling ¥7.0 billion ($76 million) and decrease in notes and accounts payable–trade of ¥2.3 billion ($25 million).

Net cash used in investing activities amounted to ¥9.8 billion ($105 million), compared with ¥10.1 billion in the previous period. The main items were purchase of property, plant and equipment of ¥8.7 billion ($93 million) and purchase of investment securities of ¥1.4 billion ($15 million).

Net cash used in financing activities totaled ¥3.8 billion ($41 million), compared with ¥3.5 billion in the previous year. The largest items were cash dividends paid amounting to ¥2.8 billion ($30 million) and repayments of long-term loans payable of ¥0.8 billion ($9 million).

Cash and cash equivalents at end of year totaled ¥32.9 billion ($353 million), a ¥1.0 billion increase compared with the previous year-end.

Net Income and
Net Income per Share

Total Assets and ROA

Total Shareholders' Equity
and ROE

Consolidated Balance Sheets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note1)
March 31	2009	2010	2010
Assets:			
Current assets -			
Cash and deposits (Notes 4 and 7)	¥ 29,697	¥ 30,666	$ 329,601
Notes and accounts receivable, trade (Note 16)	43,798	43,113	463,377
Short-term investment securities (Notes 7 and 10)	2,426	2,429	26,109
Merchandise and finished goods	10,074	9,360	100,601
Work in process	1,103	1,132	12,165
Raw materials and supplies	2,379	2,221	23,868
Prepaid expenses	1,233	1,202	12,923
Deferred tax assets (Note 14)	2,222	2,140	22,999
Other current assets	1,738	1,884	20,237
Allowance for doubtful accounts	(200)	(200)	(2,153)
Total current assets	94,470	93,947	1,009,727
Noncurrent assets -			
Property, plant and equipment:			
Buildings and structures (Note 4)	48,999	48,115	517,147
Accumulated depreciation	(23,775)	(24,249)	(260,628)
Buildings and structures, net	25,224	23,866	256,519
Machinery, equipment and vehicles	71,522	72,357	777,699
Accumulated depreciation	(54,467)	(56,924)	(611,825)
Machinery, equipment and vehicles, net	17,055	15,433	165,874
Tools, furniture and fixtures	11,891	11,069	118,973
Accumulated depreciation	(9,810)	(9,337)	(100,355)
Tools, furniture and fixtures, net	2,081	1,732	18,618
Land (Note 4)	21,639	21,643	232,622
Lease assets	23	312	3,354
Accumulated depreciation	(4)	(178)	(1,909)
Lease assets, net	19	134	1,445
Construction in progress	988	4,754	51,095
Total property, plant and equipment	67,006	67,562	726,173
Intangible assets:			
Other	2,646	3,107	33,393
Total intangible assets	2,646	3,107	33,393
Investments and other assets:			
Investment securities (Notes 4 and 10)	12,001	13,623	146,420
Long-term loans receivable	85	150	1,613
Long-term prepaid expenses	483	64	691
Lease and guarantee deposits	2,475	2,358	25,343
Insurance funds	3,322	3,022	32,485
Deferred tax assets (Note 14)	2,515	2,758	29,645
Other assets	770	687	7,374
Allowance for doubtful accounts	(137)	(184)	(1,979)
Total investments and other assets	21,514	22,478	241,592
Total noncurrent assets	91,166	93,147	1,001,158
Total assets	¥185,636	¥187,094	$2,010,885

The accompanying notes are an integral part of these statements.

March 31	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars (Note1) 2010
Liabilities:			
Current liabilities -			
Notes and accounts payable-trade	¥ 28,008	¥ 25,733	$ 276,575
Short-term loans payable (Notes 4 and 19)	456	368	3,953
Current portion of long-term loans payable (Notes 4 and 19)	826	700	7,521
Lease obligations (Note 19)	58	43	457
Income taxes payable (Note 14)	3,415	2,215	23,802
Accrued consumption taxes	875	416	4,474
Accrued expenses	3,658	3,849	41,371
Provision for bonuses	4,088	4,058	43,615
Provision for directors' bonuses	88	69	736
Notes payable-facilities	1,799	2,611	28,060
Other current liabilities	4,514	4,341	46,665
Total current liabilities	47,785	44,403	477,229
Noncurrent liabilities -			
Bonds payable (Notes 4 and 18)	200	200	2,150
Long-term loans payable (Notes 4 and 19)	979	279	2,996
Lease obligations (Note 19)	94	68	726
Deferred tax liabilities (Note 14)	158	132	1,416
Provision for retirement benefits (Note 12)	2,354	2,890	31,061
Provision for directors' retirement benefits	396	330	3,544
Other noncurrent liabilities	46	11	134
Total noncurrent liabilities	4,227	3,910	42,027
Total liabilities	52,012	48,313	519,256
Net Assets:			
Shareholders' equity -			
Capital stock			
Authorized: 400,000,000 shares			
Issued: 115,000,000 shares	11,750	11,750	126,290
Capital surplus	9,270	9,270	99,635
Retained earnings	117,790	122,527	1,316,931
Treasury stock (Note 6)			
(2009: 4,003,162 shares, 2010: 4,003,354 shares)	(4,916)	(4,916)	(52,842)
Total shareholders' equity	133,894	138,631	1,490,014
Valuation and translation adjustments -			
Valuation difference on available-for-sale securities	(155)	200	2,151
Foreign currency translation adjustment	(650)	(571)	(6,139)
Total valuation and translation adjustments	(805)	(371)	(3,988)
Subscription rights to shares -	81	58	622
Minority interests -	454	463	4,981
Total net assets	133,624	138,781	1,491,629
Total liabilities and net assets	¥185,636	¥187,094	$2,010,885

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note1)
Year ended March 31	2009	2010	2010
Net sales (Note 16)	¥235,895	**¥231,617**	**$2,489,432**
Cost of sales	182,267	**182,295**	**1,959,316**
Gross profit	53,628	**49,322**	**530,116**
Selling, general and administrative expenses (Note 5)	37,941	**36,325**	**390,420**
Operating income	15,687	**12,997**	**139,696**
Non-operating income:			
Interest income	143	**95**	**1,024**
Dividends income	362	**253**	**2,722**
Insurance return	151	**180**	**1,938**
Equity in earnings of affiliates	46	**78**	**841**
Technical support fee	336	**314**	**3,374**
Amortization of negative goodwill	92	**–**	**–**
Other	465	**439**	**4,723**
	1,595	**1,359**	**14,622**
Non-operating expenses:			
Interest expenses	(42)	**(41)**	**(441)**
Foreign exchange losses	(197)	**(19)**	**(207)**
Loss on insurance cancellation	(125)	**(22)**	**(241)**
Provision of allowance for doubtful accounts	–	**(48)**	**(519)**
Other	(31)	**(26)**	**(296)**
	(395)	**(156)**	**(1,704)**
Ordinary income	16,887	**14,200**	**152,614**
Extraordinary income:			
Gain on sales of noncurrent assets	1	**318**	**3,413**
Gain on sales of investment securities	1	**1**	**10**
Gain on reversal of subscription rights to shares	–	**23**	**248**
Compensation income	819	**–**	**–**
	821	**342**	**3,671**
Extraordinary loss:			
Loss on sales of noncurrent assets	(0)	**(0)**	**(1)**
Loss on retirement of noncurrent assets	(133)	**(365)**	**(3,920)**
Loss on sales of investment securities	(26)	**–**	**–**
Loss on valuation of investment securities	(1,455)	**(484)**	**(5,197)**
Loss on valuation of inventories	(146)	**–**	**–**
Impairment loss	–	**(558)**	**(5,995)**
Loss on liquidation of business	(868)	**(142)**	**(1,531)**
Other	(11)	**(95)**	**(1,016)**
	(2,639)	**(1,644)**	**(17,660)**
Income before income taxes and minority interests	15,069	**12,898**	**138,625**
Income taxes (Note 14):			
– Current	6,640	**5,800**	**62,336**
– Deferred	(352)	**(431)**	**(4,634)**
	6,288	**5,369**	**57,702**
Minority interests in income (loss)	(10)	**17**	**179**
Net income	¥ 8,791	**¥ 7,512**	**$ 80,744**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note1)
Year ended March 31	2009	2010	2010
Statements of changes in net assets			
Shareholders' equity:			
Capital stock -			
Balance at the end of previous period	¥ 11,750	¥ 11,750	$ 126,290
Changes of items during the period			
Total changes of items during the period	–	–	–
Balance at the end of current period	11,750	11,750	126,290
Capital surplus -			
Legal capital surplus			
Balance at the end of previous period	9,270	9,270	99,635
Changes of items during the period			
Total changes of items during the period	–	–	–
Balance at the end of current period	9,270	9,270	99,635
Retained earnings -			
Balance at the end of previous period	111,784	117,790	1,266,013
Effect of changes in accounting policies applied to foreign subsidiaries	(11)	–	–
Changes of items during the period			
Dividends from surplus	(2,774)	(2,775)	(29,826)
Net income	8,791	7,512	80,744
Total changes of items during the period	6,017	4,737	50,918
Balance at the end of current period	117,790	122,527	1,316,931
Treasury stock -			
Balance at the end of previous period	(4,916)	(4,916)	(52,840)
Changes of items during the period			
Purchase of treasury stock	(0)	(0)	(2)
Total changes of items during the period	(0)	(0)	(2)
Balance at the end of current period	(4,916)	(4,916)	(52,842)
Total shareholders' equity -			
Balance at the end of previous period	127,888	133,894	1,439,098
Effect of changes in accounting policies applied to foreign subsidiaries	(11)	–	–
Changes of items during the period			
Dividends from surplus	(2,774)	(2,775)	(29,826)
Net income	8,791	7,512	80,744
Purchase of treasury stock	(0)	(0)	(2)
Total changes of items during the period	6,017	4,737	50,916
Balance at the end of current period	133,894	138,631	1,490,014
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities -			
Balance at the end of previous period	1,214	(155)	(1,665)
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,369)	355	3,816
Total changes of items during the period	(1,369)	355	3,816
Balance at the end of current period	(155)	200	2,151
Foreign currency translation adjustment:			
Balance at the end of previous period	(14)	(650)	(6,981)
Changes of items during the period			
Net changes of items other than shareholders' equity	(636)	79	842
Total changes of items during the period	(636)	79	842
Balance at the end of current period	(650)	(571)	(6,139)
Total valuation and translation adjustments:			
Balance at the end of previous period	1,200	(805)	(8,646)
Changes of items during the period			
Net changes of items other than shareholders' equity	(2,005)	434	4,658
Total changes of items during the period	(2,005)	434	4,658
Balance at the end of current period	(805)	(371)	(3,988)
Subscription rights to shares:			
Balance at the end of previous period	71	81	871
Changes of items during the period			
Net changes of items other than shareholders' equity	10	(23)	(249)
Total changes of items during the period	10	(23)	(249)
Balance at the end of current period	81	58	622
Minority interests:			
Balance at the end of previous period	104	454	4,875
Changes of items during the period			
Net changes of items other than shareholders' equity	350	9	106
Total changes of items during the period	350	9	106
Balance at the end of current period	454	463	4,981
Total net assets:			
Balance at the end of previous period	129,263	133,624	1,436,198
Effect of changes in accounting policies applied to foreign subsidiaries	(11)	–	–
Changes of items during the period			
Dividends from surplus	(2,774)	(2,775)	(29,826)
Net income	8,791	7,512	80,744
Purchase of treasury stock	(0)	(0)	(2)
Net changes of items during the period	(1,645)	420	4,515
Total changes of items during the period	4,372	5,157	55,431
Balance at the end of current period	¥133,624	¥138,781	$1,491,629

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note1)
Year ended March 31	2009	2010	2010
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥15,069	¥12,898	$138,625
Depreciation and amortization	8,561	8,904	95,706
Increase (Decrease) in allowance for doubtful accounts	132	43	464
Amortization of negative goodwill	(92)	–	–
Interest and dividends income	(505)	(349)	(3,746)
Interest expense	42	41	441
Gain on maturity of insurance contract	(151)	(180)	(1,938)
Equity in (earnings) losses of affiliates	(46)	(78)	(841)
Loss (Gain) on valuation of investment securities	1,455	484	5,197
Loss (Gain) on sales of investment securities	25	(1)	(10)
Loss (Gain) on sales of noncurrent assets	(1)	(317)	(3,412)
Loss on retirement of noncurrent assets	133	365	3,920
Increase (Decrease) in provision for bonuses	87	(32)	(345)
Increase (Decrease) in provision for retirement benefits	(221)	536	5,759
Increase (Decrease) in provision for directors' bonuses	20	(19)	(204)
Decrease (Increase) in notes and account receivable-trade	829	720	7,740
Decrease (Increase) in inventories	1,143	862	9,263
Increase (Decrease) in notes and accounts payable-trade	(5,625)	(2,300)	(24,723)
Increase (Decrease) in accrued consumption taxes	396	(459)	(4,934)
Other, net	(105)	89	969
Subtotal	21,146	21,207	227,932
Interest and dividends received	527	378	4,059
Interest expenses paid	(41)	(40)	(442)
Income taxes paid	(5,947)	(7,025)	(75,503)
Net cash provided by operating activities	15,685	14,520	156,046
Net cash provided by (used in) investing activities:			
Payments into time deposits	(194)	(195)	(2,098)
Proceeds from withdrawal of time deposits	474	176	1,888
Proceeds from sales of short-term investment securities	17	–	–
Purchase of property, plant and equipment	(10,654)	(8,695)	(93,456)
Proceeds from sales of property, plant and equipment	27	478	5,134
Purchase of investment securities	(2,324)	(1,398)	(15,030)
Proceeds from sales and redemption of investment securities	324	6	63
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	584	–	–
Collection of loans receivable	207	4	44
Other payments	(1,390)	(1,467)	(15,759)
Other proceeds	2,819	1,308	14,066
Net cash used in investing activities	(10,110)	(9,783)	(105,148)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	(224)	(100)	(1,075)
Repayments of finance lease obligations	(60)	(62)	(664)
Proceeds from long-term loans payable	150	–	–
Repayments of long-terms loans payable	(477)	(826)	(8,875)
Redemption of bonds	(100)	–	–
Purchase of treasury stock	(0)	(0)	(2)
Proceeds from sales of treasury stock	–	–	–
Cash dividends paid	(2,775)	(2,775)	(29,825)
Cash dividends paid to minority shareholders	(2)	(5)	(49)
Net cash used in financing activities	(3,488)	(3,768)	(40,490)
Effect of exchange rate change on cash and cash equivalents	(128)	2	30
Net increase (decrease) in cash and cash equivalents	1,959	971	10,438
Cash and cash equivalents at beginning of year	29,929	31,888	342,735
Cash and cash equivalents at end of year (Note 7)	¥31,888	¥32,859	$353,173

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been translated from the consolidated financial statements of TOPPAN FORMS CO., LTD. (the "Company") and its subsidiaries filed with the Director of the Kanto Local Finance Bureau in accordance with the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been calculated at the rate of ¥93.04=U.S.$1, the approximate rate of exchange on March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could have been or could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation -

(a) Consolidated subsidiaries:

The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries (23 companies). Significant subsidiaries are as follows;

- Toppan Forms Tokai Co., Ltd.
- Toppan Forms Process Co., Ltd.
- Toppan Forms Logistics and Services Co., Ltd.
- Toppan Forms Kansai Co., Ltd.
- Toppan Forms Nishinihon Co., Ltd.
- Toppan Forms (Sanyo) Co., Ltd.
- Toppan Forms (Hong Kong) Ltd.
- Toppan Forms (S) Pte. Ltd.
- Toppan Forms Operation Co., Ltd.
- Techno Toppan Forms Co., Ltd.
- TOSCO CORPORATION

The Company acquired 69.65% of the issued shares of TOSCO CORPORATION in October 2008. TOSCO CORPORATION and TSA Co., Ltd, a wholly owned subsidiary of TOSCO CORPORATION, are included in the consolidated financial statements for the fiscal year ended March 31, 2009.

As KCF Co., Ltd. merged with Toppan Forms (Sanyo) Co., Ltd. in October 2009, it is excluded from the consolidated financial statements for the fiscal year ended March 31, 2010.

(b) Equity-method associates:

Investments in all associate companies (7 associates) where shareholdings are more than 20% and where the Company has significant influence over operations, finance and management, are accounted for by the equity method. The most significant associate to the result of the Company is Data Products Toppan Forms Ltd.

As Global Card Technology Co., Ltd. was liquidated in May 2008, it is excluded from the equity-method associates for the fiscal year ended March 31, 2009.

As the Company acquired 25% of the issued shares of Deep Communication Engineering Co., Ltd. in January 2010, the investment is also equity accounted in the consolidated financial statements for the fiscal year ended March 31, 2010.

(c) Period end dates:

The period end date of T.F. Company Ltd. and 7 of its subsidiaries is December 31. The consolidated financial statements incorporate the accounts of these companies with adjustments for significant transactions arising during the period from December 31 to March 31.

(2) Valuation methods for major assets -

(a) Securities:

Securities held by the Company and its consolidated subsidiaries are classified into three categories:

Trading securities are stated at fair value, with changes in fair value being included in net income in the period in which they arise.

Held-to-maturity debt securities are stated at cost after accounting for any premium or discount on acquisition, which is amortized over the period to maturity.

Other securities for which market price or quotations are available are stated at fair value. Net unrealized gains and losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost. In addition, subscriptions to investment funds (not affiliate) that are included in other investment securities are accounted for by the equity method based on the recent available financial information.

(b) Derivatives:

All derivatives are stated at fair value, with changes in fair value being included in net income for the period in which they arise, except for derivatives that are designated as "hedging instruments".

(c) Inventories:

Merchandise (supplies), raw materials and supplies are stated at the lower of cost or net realizable value determined by using the first-in, first-out method. Merchandise (machinery), finished goods and work-in-process are stated at the lower of cost or net realizable value determined by using the specific identification method.

(3) Depreciation and amortization of major assets -

(a) Property, plant and equipment (excluding lease assets):

The declining-balance method is principally adopted. The same standard as is stipulated in the Corporate Tax Law is applied to the useful economic lives and the residual values for accounting purposes. However, depreciation of buildings acquired by the Company and its domestic consolidated subsidiaries after April 1, 1998 is computed using the straight-line method in accordance with the Corporate Tax Law of Japan.

The Company shortened the term of depreciation of digital printing press from 10 years to 4 years for the year ended March 31, 2009. This shortening resulted from the re-evaluation of the economic life of a digital printing press, taking the opportunity arising from the amendment to the Corporate Tax Law of Japan in 2008.

As a result, operating income, ordinary income and income before income taxes and minority interests for the fiscal year ended March 31, 2009 decreased by ¥1,055 million compared with what would have been reported under the previous accounting policy.

(b) Intangible assets (excluding lease assets):

Straight-line method is adopted. Software for in-house use is amortized based on the straight-line method over the expected useful economic life of 5 years.

(c) Lease assets:

Straight-line method is adopted over the lease term without residual value. In addition, finance lease transactions that do not transfer ownership prior to April 1, 2008 are accounted for in a manner similar to accounting for an ordinary rental transaction.

(d) Long-term prepaid expenses:

Straight-line method is adopted.

(4) Basis of provision -

(a) Allowance for doubtful accounts:

Allowance for doubtful accounts of the Company and its domestic subsidiaries is computed based on the past bad debt experience ratio for normal receivables, plus the estimated irrecoverable amount of doubtful receivables on an individual account basis.

(b) Provision for bonuses:

Provision for bonuses to employees is provided for in the amount of the expected bonus payments to be made at the end of the fiscal year.

Provision for bonuses to directors and corporate auditors are provided for in the estimated amounts which the Company will pay. The amount to be paid will be approved at the shareholders' meeting

held subsequent to the end of the fiscal year.
(c) Provision for retirement benefits:
The Company and its domestic consolidated subsidiaries record their pension liabilities by deducting the value of the plan assets from the projected benefit obligation, and then adjusting for the actuarial difference.

The unrecognized prior service costs are being amortized on a straight-line basis primarily over fifteen years (the average remaining service period of employees when the unrecognized prior service costs are incurred).

The unrecognized actuarial differences are being amortized on a straight-line basis over fifteen years (the average remaining service period of employees when the differences are incurred) from the following period in which they occur.

The Company and its domestic consolidated subsidiaries record accrued severance indemnities costs for directors and corporate auditors based on internal regulations. The Company only abolished the severance indemnities for directors and corporate auditors upon the closure of its ordinary general meeting of shareholders held on June 29, 2006. According to the abolishment, the accrued severance indemnities for directors and corporate auditors, which was calculated and fixed based on the Company's internal rules and the period from their admission up to June 29, 2006, is included in "Provision for directors' retirement benefits" on the consolidated balance sheet.

(5) Recognition for construction contracts -
The percentage-of-completion method is adopted if the outcome of the construction activity is deemed certain during the course of the activity, otherwise the completed-contract method is adopted.

The percentage of completion at the end of the fiscal year is estimated based on the percentage of the cost incurred to the estimated total cost.

(6) Foreign currency translation -
The translation of assets and liabilities denominated in foreign currency at the end of the fiscal year is made at the period end exchange rate. Exchange gains and losses resulting from foreign currency transactions and translation of assets and liabilities denominated in foreign currencies are included in the consolidated statement of income. All assets, liabilities, income and expense accounts of foreign subsidiaries and affiliates are translated using the current exchange rates at the respective balance sheet dates. Foreign currency translation adjustments resulting from such procedures are recorded in the consolidated balance sheet as a separate component of net assets.

(7) Hedge accounting -
Gains and losses arising from changes in the fair value of derivatives designated as "hedging instruments" are deferred as an asset or liability, and included in net income in the same period during which the gains and losses on the hedged items or transactions are recognized.

Derivatives designated as hedging instruments by the Company are principally forward exchange contracts and interest rate swap contracts. The related hedged items are trade accounts receivable and payable, and long-term debts.

The Company has a policy of utilizing the above hedging instruments in order to reduce the Company's exposure to the risk of foreign currency exchange rate fluctuations and interest rate fluctuations. Thus, the Company's purchase of hedging instruments is limited to, at maximum, the amounts of the hedged items.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related items from the commencement of the hedges.

(8) Consumption tax -
The consumption tax withheld upon sale and consumption tax paid by the Companies on their purchases of goods and services is not included in revenue and cost or expense items, in the accompanying consolidated statement of income.

(9) Valuation method for assets and liabilities of subsidiaries -
Assets and liabilities of subsidiaries are measured at fair value when initially consolidated.

(10) Amortization of goodwill and negative goodwill -
Goodwill and negative goodwill is amortized equally over the relevant periods.

(11) Cash and cash equivalents -
Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, those that are readily convertible to known amounts of cash and, thus, present an insignificant risk of changes in value.

3 ACCOUNTING CHANGES

(1) Accounting standard for measurement of inventories -
Merchandise (supplies), raw materials and supplies are stated at cost determined by the first-in, first-out method and merchandise (machinery), finished goods and work-in-process are stated at cost determined by the specific identification method. "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9, issued on July 5, 2006) has been adopted effective from the fiscal year ended March 31, 2009. Due to the adoption of this new accounting standard, merchandise (supplies), raw materials and supplies are stated at the lower of cost or net realizable value determined by using the first-in, first-out method. Merchandise (machinery), finished goods and work-in-process are stated at the lower of cost or net realizable value determined by using the specific identification method. As a result, operating income, ordinary income for the fiscal year ended March 31, 2009 decreased by ¥35 million and income before income taxes and minority interests are decreased by ¥180 million compared with what would have been reported under the previous accounting policy.

(2) Lease transactions -
In prior years, leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases by the Company and domestic subsidiaries. "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Statement No. 13 revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Statement No. 16 revised on March 30, 2007) have been adopted effective from the fiscal year ended March 31, 2009.

Due to the adoption of this new accounting standard, leases that do not transfer ownership of the assets at the end of the lease term are accounted for in a similar manner with ordinary purchase transactions and finance lease transactions that do not transfer ownership prior to the initial year of application are accounted for in a manner similar to accounting for ordinary rental transaction. As a result, this implementation had no major effect on operating income, ordinary income and income before income taxes and minority interests.

(3) Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements -
"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued on May 17, 2006) has been adopted effective from the fiscal year ended March 31, 2009. Any necessary adjustment required on adoption of this new accounting standard is recorded in the course of the consolidation process. The effect of the adoption amounting to ¥11 million was directly charged to the opening retained earnings. This implementation had no effect on operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2009.

(4) Pension and severance plans -
"Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan Statement No. 19, issued on July 31, 2008) has been adopted effective from the fiscal year ended March 31, 2010. This implementation had no effect on operating income, ordinary income and income before income taxes and minority interests, because the unrecognized actuarial differences are amortised from the following period. As a result of the adoption, pension benefit obligation increases by ¥366 million (US$3,934 thousand) due to the change of discount rate.

(5) Accounting Standard for Construction Contracts and its Implementation Guidance -
"Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No. 15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No. 18 on December 27, 2007) have been adopted effective from the fiscal year ended March 31, 2010. The implementation had no major effect on operation income, ordinary income and income before income taxes and minority interests.

4 NOTES TO CONSOLIDATED BALANCE SHEETS

(1) Investments in unconsolidated subsidiaries and affiliates -

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Investment securities (shares)	¥986	¥1,093	$11,751

(2) Contingent liabilities -
The Company had the following contingent liabilities as of March 31, 2009 and 2010:

	Millions of yen		Thousands of U.S. dollars
Guarantee	2009	2010	2010
Employees housing loan	¥11	¥10	$109

(3) Details of collateral and secured liabilities -
(a) Collateral:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Cash and deposits	¥ 24	¥ 24	$ 258
Buildings and structures	81	77	823
Land	149	149	1,602
Total	¥254	¥250	$2,683

(b) Secured liabilities:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Short-term loans payable	¥ 100	¥ –	$ –
Current portion of long-term loans payable	586	426	4,575
Long-term loans payable	598	173	1,863
Bonds payable	200	200	2,150
Total	¥1,484	¥799	$8,588

Maximum amount of flexible mortgage is ¥468 million and ¥468 million ($4,764 thousand) for the fiscal years ended March 31, 2009 and 2010.

5 NOTES TO CONSOLIDATED STATEMENTS OF INCOME

(1) Selling, general and administrative expenses -
The major components of "Selling, general and administrative expenses" are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2009	2010	2010
Delivery costs	¥ 5,642	¥ 5,617	$ 60,374
Salaries and bonuses	13,035	13,063	140,406
Pension costs	449	713	7,661
Provisions for bonuses to employees	1,230	1,140	12,248
Provisions for bonuses to directors and corporate auditors	119	68	731
Provisions for retirement benefit of directors and corporate auditors	25	25	272
Depreciation	1,284	1,508	16,207
Rent expenses	2,278	2,005	21,553
Research and development expenditure	2,697	2,258	24,269

(2) Research and development expenditure -

Research and development expenditure, which is charged to the statement of income when incurred, and is included in selling, general and administrative expenses, amounted to ¥2,697 million and ¥2,258 million ($24,269 thousand) for the fiscal years ended March 31, 2009 and 2010, respectively.

(3) The breakdown of gain on sales of noncurrent assets -

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2009	2010	2010
Buildings and structures	¥0	¥ –	$ –
Machinery, equipment and vehicles	1	196	2,105
Tools, furniture and fixtures	0	122	1,308
	¥1	¥318	$3,413

(4) The breakdown of loss on sales of noncurrent assets -

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2009	2010	2010
Machinery, equipment and vehicles	¥0	¥0	$1
Tools, furniture and fixtures	0	–	–
Telephone subscription right	0	–	–
	¥0	¥0	$1

(5) The breakdown of loss on retirement of noncurrent assets -

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2009	2010	2010
Buildings and structures	¥ 5	¥ 83	$ 891
Machinery, equipment and vehicles	109	227	2,442
Tools, furniture and fixtures	19	52	559
Software	0	3	28
	¥133	¥365	$3,920

(6) Loss on valuation of inventories -

The inventory balance is stated net of the amounts written off to state the balance at net realizable value as of the year ended March 31, 2009. The write-downs are recorded as a cost of sale of ¥35 million ($356 thousand) for the fiscal years ended March 31, 2009.

(7) Allowance for construction loss -

Allowance for construction loss of ¥8 million ($83 thousand) is included in the cost of sales for the fiscal year ended March 31, 2010.

(8) Impairment loss -

The Company, as a general rule, categorizes operating assets by work site on an individual asset basis and is able to identify idle assets as being part of a particular group. In calculating recoverable amounts, as a general rule, the Company uses the net realizable value for idle assets and the value in use for other assets. As a result, the book values of the following asset groups were reduced to their recoverable amounts, and the write down of ¥558 million (US$5,996 thousand) recorded as impairment loss within extraordinary loss.

Location	Use	Category	Impairment loss (millions of yen)	Impairment loss (thousands of U.S. dollars)
Minato-ku,Tokyo	Manufacturing and sales licenses	Long-term prepaid expenses	517	5,558
Hachioji-shi, Tokyo	Plant	Buildings, etc.	41	438

6 NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

The followings are notes to consolidated statement of changes in net assets as of March 31, 2009.

(1) Shares issued -

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Fiscal year-end (thousand shares)
Common stock	115,000	–	–	115,000

(2) Treasury stock -

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Fiscal year-end (thousand shares)
Common stock	4,003	0	–	4,003

(3) Matters related to dividends -

(a) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 27, 2008	Common stock	1,387	12.5	March 31, 2008	June 30, 2008
Meeting of directors held on October 31, 2008	Common stock	1,387	12.5	September 30, 2008	December 10, 2008

(b) Schedule of dividends:

The following is dividends which the date of record is in the fiscal year ended March 31, 2009, those dividends with effective date in the following consolidated fiscal year.

Resolution	Type of stock	Total amount of dividends (millions of yen)	Fiscal resource of dividends	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on July 26, 2009	Common stock	1,387	Retained earnings	12.5	March 31, 2009	June 29, 2009

The followings are notes to the consolidated statement of changes in net assets as of March 31, 2010.

(4) Shares issued -

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Fiscal year-end (thousand shares)
Common stock	115,000	–	–	115,000

(5) Treasury stock -

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Fiscal year-end (thousand shares)
Common stock	4,003	0	–	4,003

(6) Matters related to dividends -

(a) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 26, 2009	Common stock	1,387	12.5	March 31, 2009	June 29, 2009
Meeting of directors held on October 30, 2009	Common stock	1,387	12.5	September 30, 2009	December 10, 2009
Resolution	Type of stock	Total amount of dividends (thousands of U.S. dollars)	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 26, 2009	Common stock	14,913	0.13	March 31, 2009	June 29, 2009
Meeting of directors held on October 30, 2009	Common stock	14,913	0.13	September 30, 2009	December 10, 2009

(b) Schedule of dividends:

The following is dividends which the date of record is in the fiscal year ended March 31, 2010, those dividends with effective date in the following consolidated fiscal year.

Resolution	Type of stock	Total amount of dividends (millions of yen)	Fiscal resource of dividends	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 29, 2010	Common stock	1,387	Retained earnings	12.5	March 31, 2010	June 30, 2010
Resolution	Type of stock	Total amount of dividends (thousands of U.S. dollars)	Fiscal resource of dividends	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 29, 2010	Common stock	14,912	Retained earnings	0.13	March 31, 2010	June 30, 2010

7 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Cash and cash equivalents -

"Cash and cash equivalents" comprise the following:

	Millions of yen		Thousands of U.S. dollars
March 31	2009	**2010**	**2010**
Cash and time deposits with original maturity of three months or less	¥29,697	**¥30,666**	**$329,601**
Less: Time deposits with original maturities of more than three months	(235)	**(236)**	**(2,537)**
Short-term investment securities	2,426	**2,429**	**26,109**
	¥31,888	**¥32,859**	**$353,173**

8 FINANCE LEASES

(1) Finance lease transaction (lessee) -

Finance leases other than those which transfer ownership of property, plant and equipment to lessees are utilized. Lease assets consist mainly of production assets (Machinery, equipment and vehicles) used in the printing business. Finance lease transactions that do not transfer ownership prior to April 1, 2008 are accounted for in a manner similar to accounting for ordinary rental transactions. The details are as follows;

(a) Acquisition costs of leased assets under finance leases -

	Millions of yen		Thousands of U.S. dollars
March 31	2009	**2010**	**2010**
Machinery, equipment and vehicles	¥ 5,711	**¥ 5,295**	**$ 56,908**
Tools, furniture and fixtures	3,302	**2,046**	**21,995**
Other assets	273	**255**	**2,740**
Accumulated depreciation	(7,194)	**(6,520)**	**(70,082)**
Total	¥ 2,092	**¥ 1,076**	**$ 11,561**

(b) Future lease payments under finance leases -

	Millions of yen		Thousands of U.S. dollars
March 31	2009	**2010**	**2010**
Due within one year	¥1,520	**¥1,012**	**$10,878**
Due after one year	1,909	**822**	**8,836**
	¥3,429	**¥1,834**	**$19,714**

(c) Lease payments and amounts representing depreciation and interest -

	Millions of yen		Thousands of U.S. dollars
March 31	2009	**2010**	**2010**
Lease payments	¥1,887	**¥1,651**	**$17,747**
Amount representing depreciation	¥1,561	**¥1,005**	**$10,803**
Amount representing interest	¥ 114	**¥ 150**	**$ 1,610**

(2) Operating lease transaction (lessee) -

Minimum lease payments under non-cancellable operating lease for the fiscal year ended March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2009	**2010**	**2010**
Due within one year	¥ 505	**¥ 442**	**$ 4,754**
Due after one year	1,350	**921**	**9,898**
Total minimum lease payments	¥1,855	**¥1,363**	**$14,652**

9 FINANCIAL INSTRUMENTS

"Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan Statement No. 10, issued on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Statement No. 19, issued on March 10, 2008) have been adopted effective for the fiscal year ended March 31, 2010.

(1) Matters related to the status of financial instruments -

(a) Policies on the use of financial instruments:

Seeking to ensure the long-term stability of funds required to implement capital investment plans related to its printing and merchandising businesses, the Company raises funds as necessary through such measures as bank borrowings and by issuing corporate bonds. The Company invests temporary surpluses in highly secure financial assets and does not engage in speculative investment. The Company employs derivative transactions only to hedge against the market risks described below, and does not conduct such trades for speculative purposes.

(b) Content of financial instruments and their supposed risks:

Cash and deposits involve the risk that the depository institution will default and become unable to repay the deposits. Short-term investment securities involve the risk of default by an issuing institution or financial brokerage firm, resulting in damage to principal, as well as the risk of a substantial decline in fair value as a result of changes in the market environment. Such claimable assets as accounts receivable, notes receivable, loans receivable, and other collectibles, as well as such financial assets as lease and guarantee deposits, involve the risk of counterparties becoming unable to discharge their settlement duties due to worsening management conditions or insolvency. Borrowings from financial institutions on which the Company has guaranteed obligations or provided a soft letter of management support involve the risk that a breach of contract with the guaranteed party by the Company's consolidated companies could harm the Company's joint guarantees and social credibility. Derivative contracts involve the risk of non-performance due to default and other factors. Derivative contracts also involve the risk of substantial declines in market value owing to changes in the market environment resulting from foreign exchange rate and interest rate fluctuations, as well as the risk of substantial increases in obligations. Financial obligations on notes and accounts payable involve the risk of double payment owing to the transfer of obligations to a business partner, as well as the risk of being unable to avoid the effects of activities by antisocial elements.

Loans payable involve the risk of a downturn in operating performance or a downgrade to the Company's credit rating that conflicts with financial covenants, which could result in the attachment of collateral and the risk of being unable to sustain the existing conditions of financial agreements. Regarding bonds payable issued by the Company, the risk exists that, owing to substantial changes in the market environment, the Company may be compelled to issue corporate bonds with extremely unfavorable conditions. Also, future interest rate increases could cause the Company's obligations on loans payable and bonds payable to increase. Loans payable and other financial obligations also involve the risk that, as the result of a downturn in operating performance or a downgrade to the Company's credit rating, the Company's liquidity could fall to a level that renders it unable to fulfill its payment obligations. A portion of the Company's financial assets, such as cash and deposits, and certain financial obligations are denominated in foreign currencies as a result of the Group's efforts to expand its operations overseas. Consequently, exchange rate fluctuations could cause its asset values to decline or the cost of its obligations to increase. Cash, foreign currency collateral securities and notes receivable, equity securities and assets underlying marketable securities involve the risk that the Company may be unable to file recovery claims as a result of theft, loss or fire.

(c) Risk management system related to financial instruments:

(i) Management of credit risk (the risk that a customer will default on its transactional obligations)

The Company manages its various claimable assets, such as accounts receivable and notes receivable, according to separately formulated receivables management regulations, with the aim of securing its receivables and boosting its capital efficiency. Specific details regarding management are provided in the Company's customer information management regulations.

In accordance with the provision for "credit management" in Article 2 of the Company's customer information management regulations, on a monthly basis the Company determines the total fair value of its loans receivable, other receivables and other guaranteed obligations, confirming the credit status of customer and collection delays to confirm recoverability.

To lower its counterparty risk, the Company conducts derivative transactions only with highly rated financial institutions.

(ii) Management of market risk (the risk of foreign currency exchange and interest rate fluctuations)

The Company invests funds in accordance with separately formulated financial management regulations and financial management regulation implementation schedule to minimize risks related to capital, interest, liquidity and fund settlement.

On a quarterly basis, the Company determines the fair value of its holdings of marketable securities and the financial status of their issuers (corporate business partners) and reviews the status of its holdings on a regular basis.

The Company engages in derivative transactions only for the purpose of hedging risk, and does not conduct such transactions for speculative purposes.

The risk of hedged financial instruments and its management are described separately in the financial management regulation implementation schedule.

The Company seeks to avoid risk on hedged items by managing risks according to these guidelines.

(iii) Management of liquidity risk related to fund procurement (the risk of being unable to make payments on their due dates)

In accordance with its financial management regulations and financial management regulation implementation schedule, the Company formulates asset budget plans in line with its medium-term plans, reports on investments and performance at monthly investment meetings, and manages ongoing cash flow.

The Company conducts medium- to long-term cash planning and raises funds as necessary by issuing corporate bonds or through bank loans to ensure the availability of appropriate levels of cash and raise capital efficiency.

The Company has formulated financial management regulations, supplementary schedules and affiliated company management regulations with regard to the raising of funds through the issuance of corporate bonds and borrowings, and procedures for selecting financial institutions must follow these regulations.

By employing management methods that comply with its financial management regulations and supplementary schedules, the Company is able to determine accurately the total book values of cash and deposits, receivables and payables, and conducts cash planning accordingly to insulate itself from liquidity risk.

(d) Supplementary explanation regarding the fair value of financial instruments:

With regard to the fair value of financial instruments, in addition to basing fair value on market value, the fair value of financial instruments that have no available market value is determined by using a rational method of calculation. However, as variables are inherent in these value calculations, the resulting values may differ if different assumptions are used. Also, in the note entitled "Derivative Financial Instruments," market risk related to derivative financial instruments is not included within their contract amounts.

(2) Matters related to the fair value of financial instruments -

The followings is certain information relating to the aggregated book carrying amount and fair value of financial instruments as of March 31, 2010.

Financial instruments that have no readily available fair values are not included in the information below.

	Millions of yen		
March 31, 2010	Book carrying amount	Fair value	Unrealized gains (losses)
Assets:			
(i) Cash and deposits	¥30,666	¥30,666	¥ –
(ii) Notes and accounts receivable, trade	43,113	43,113	–
(iii) Short-term investment securities and investment securities	13,647	13,137	(510)
(iv) Long-term loans receivable	150	–	–
– Allowance for doubtful accounts(*)	107	–	–
	43	43	–
(v) Lease and guarantee deposits	2,358	2,358	–
Total	¥89,827	¥89,317	¥ (510)
Liabilities:			
(i) Notes and accounts payable-trade	¥25,733	¥25,733	¥ –
(ii) Short-term loans payable	368	368	–
(iii) Current portion of long-term loans payable	700	700	–
(iv) Bonds payable	200	205	(5)
(v) Long-term loans payable	279	285	(6)
Total	¥27,280	¥27,291	¥ (11)

(*) Allowances for doubtful accounts on long-term loans receivable have been omitted.

March 31, 2010	Thousands of U.S. dollars Book carrying amount	Fair value	Unrealized gains (losses)
Assets:			
(i) Cash and deposits	$329,601	$329,601	$ –
(ii) Notes and accounts receivable, trade	463,377	463,377	–
(iii) Short-term investment securities and investment securities	146,675	141,201	(5,474)
(iv) Long-term loans receivable	1,612	–	–
– Allowance for doubtful accounts(*)	1,147	–	–
	465	465	–
(v) Lease and guarantee deposits	25,343	25,343	–
Total	$965,461	$959,987	$(5,474)
Liabilities:			
(i) Notes and accounts payable-trade	$276,575	$276,575	$ –
(ii) Short-term loans payable	3,953	3,953	–
(iii) Current portion of long-term loans payable	7,521	7,521	–
(iv) Bonds payable	2,150	2,209	(59)
(v) Long-term loans payable	2,996	3,062	(66)
Total	$293,195	$293,320	$ (125)

(*) Allowances for doubtful accounts on long-term loans receivable have been omitted.

(a) Matters related to calculating the fair value of financial instruments and marketable securities:

Assets

(i) Cash and deposits and (ii) notes and accounts receivable, trade
As these instruments are settled within a short term and their fair values and book values are similar, their book values are assumed as their fair values.

(iii) Short-term investment securities and investment securities
The fair values of equity securities are determined by their prices on stock exchanges. The fair value of bonds is determined according to prices indicated on bond exchanges or the values indicated by the financial institutions handling these transactions.

(iv) Long-term loans receivable
For long-term loans receivable with floating interest rates, in the short term these interest rates reflect market interest rates, and their fair values are similar to their fair values. Therefore, their book value is assumed as their fair value. Such loans with fixed interest rates are categorized according to loan type, credit status and term, and future cash flows are discounted to their present value by adding to the Japanese government bond yield an appropriate rate as indicated by their credit spread.

(v) Lease and guarantee deposits
The fair value of lease and guarantee deposits is similar to the figure determined by subtracting from their balance sheet book value the corresponding allowance for doubtful accounts, so this figure is taken as their fair value.

Liabilities

(i) Notes and accounts payable-trade, (ii) short-term loans payable and (iii) current portion of long-term loans payable
As these instruments are settled within a short term and their fair values and book values are similar, their book values are assumed as their fair values.

(iv) Bonds payable
For corporate bonds issued by the Company that have market values, their fair value is based on their market value. The fair value of corporate bonds without market values is determined by calculating the present value of the total amount of principal and interest by applying a discount rate determined by applying a credit risk percentage over their period remaining to maturity.

(v) Long-term loans payable
For long-term loans payable, fair value is determined by discounting to their present value the total amount of principal and interest by applying the assumed interest rate on loans of the same type.

(b) Financial instruments for which fair value is not readily determinable:

March 31, 2010	Book carrying amount Millions of yen	Thousands of U.S. dollars
Non-listed equity securities	¥2,405	$25,854

These instruments are not included in (iii) short-term investment securities and investment securities, as they have no market value, and their fair value is not readily determinable.

(c) Redemption schedule for monetary assets and the expected maturity values of marketable securities:

March 31, 2010	Millions of yen Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	¥30,666	¥ –	¥ –	¥ –
Notes and accounts receivable, trade	42,859	253	–	–
Short-term investment securities and investment securities				
-Held-to-maturity debt securities	–	508	650	3,000
-Other securities that have maturity dates	–	79	332	355
Long-term loans receivable	–	150	–	–
Total	¥73,525	¥990	¥982	¥3,355

March 31, 2010	Thousands of U.S. dollars Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	$329,601	$ –	$ –	$ –
Notes and accounts receivable, trade	460,656	2,721	–	–
Short-term investment securities and investment securities				
-Held-to-maturity debt securities	–	5,455	6,986	32,244
-Other securities that have maturity dates	–	849	3,568	3,823
Long-term loans receivable	–	1,613	–	–
Total	$790,257	$10,638	$10,554	$36,067

(d) Schedule for expected maturity values of bonds payable, long-term loans payable, lease obligations and other interest-bearing debt:
Please refer to "18. Schedule of bonds" and "19. Schedule of borrowings."

10 MARKETABLE AND INVESTMENT SECURITIES

The following is certain information relating to the aggregate book carrying amount and market value of securities as of March 31, 2009.
(1) "Trading securities"
Not applicable.
(2) "Held-to-maturity debt securities" whose market price or quotations are available.
Not applicable.
(3) "Other securities" whose market price or quotations are available.

March 31, 2009	Millions of yen Acquisition cost	Market value (= Book carrying amount)	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	¥1,593	¥2,198	¥605
② Others	24	24	0
	1,617	2,222	605
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	2,688	2,172	(516)
② Others	1,131	831	(300)
	3,818	3,002	(816)
Total	¥5,435	¥5,224	¥(211)

(4) "Other securities" sold in the current fiscal year.

March 31, 2009	Millions of yen
Proceeds from sales of "Other securities"	¥323
Gain on sales of "Other securities"	1
Loss on sales of "Other securities"	(26)

(5) Securities whose market price or quotations are not available.

March 31, 2009	Millions of yen Book carrying amount
Held-to-maturity debt securities	
① Government bonds, Municipal bonds, etc.	¥ –
② Non-listed overseas bonds	3,100
③ Others	8
Other securities	
① Share stocks not listed on the market	¥2,682
② Others	2,426
	¥8,216

(6) Redemption schedule for “Other securities” that have maturity dates, and “Held-to-maturity debt securities”.

March 31, 2009	Millions of yen Due 2010	Due 2011~2014	Due 2015~2019	Due after 2020
1. Bonds				
① Government bonds, Municipal bonds, etc.	¥ –	¥ –	¥ –	¥ –
② Corporate bonds	–	–	8	3,100
③ Others	–	–	–	–
2. Others				
① Mutual funds	5	2	423	322
	¥5	¥2	¥431	¥3,422

The following is certain information relating to the aggregate book carrying amount and fair value of securities as of March 31, 2010.

(1) “Trading securities”

Not applicable.

(2) “Held-to-maturity debt securities” whose market price or quotations are available.

March 31, 2010	Millions of yen Book carrying amount	Fair value	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Government bonds, Municipal bonds, etc.	¥ –	¥ –	¥ –
② Corporate bonds	300	304	4
③ Others	–	–	–
	300	304	4
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
① Government bonds, Municipal bonds, etc.	–	–	–
② Corporate bonds	3,858	3,345	(513)
③ Others	–	–	–
	3,858	3,345	(513)
Total	¥4,158	¥3,649	¥(509)

March 31, 2010	Thousands of U.S. dollars Book carrying amount	Fair value	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Government bonds, Municipal bonds, etc.	$ –	$ –	$ –
② Corporate bonds	3,224	3,262	38
③ Others	–	–	–
	3,224	3,262	38
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
① Government bonds, Municipal bonds, etc.	–	–	–
② Corporate bonds	41,461	35,949	(5,512)
③ Others	–	–	–
	41,461	35,949	(5,512)
Total	$44,685	$39,211	$(5,474)

(3) “Other securities” whose market price or quotations are available.

March 31, 2010	Millions of yen Market value (= Book carrying amount)	Acquisition cost	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	¥2,883	¥ 2,458	¥424
② Bond certificate	–	–	–
③ Others	–	–	–
	2,883	2,458	424
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	3,155	5,572	(2,417)
② Bond certificate	–	–	–
③ Others	3,452	3,871	(419)
	6,607	9,443	(2,836)
Total	¥9,490	¥11,901	¥(2,412)

March 31, 2010	Thousands of U.S. dollars Market value (= Book carrying amount)	Acquisition cost	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	$ 30,982	$ 26,420	$ 4,562
② Bond certificate	–	–	–
③ Others	–	–	–
	30,982	26,420	4,562
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	33,909	59,889	(25,979)
② Bond certificate	–	–	–
③ Others	37,099	41,607	(4,508)
	71,008	101,496	(30,487)
Total	$101,990	$127,916	$(25,925)

(4) "Other securities" sold in the current fiscal year.

March 31, 2010	Millions of yen Proceeds from sales of "Other securities"	Gain on sales of "Other securities"	Loss on sales of "Other securities"
① Share stocks	¥1	¥0	¥ –
② Others	5	0	–
Total	¥6	¥0	¥ –

March 31, 2010	Thousands of U.S. dollars Proceeds from sales of "Other securities"	Gain on sales of "Other securities"	Loss on sales of "Other securities"
① Share stocks	$ 6	$5	$ –
② Others	57	4	–
Total	$63	$9	$ –

(5)"Loss on valuation of investment securities"
The Company recognized impairment loss on other securities of ¥474 million (US$5,094 thousand) and others of ¥15 million (US$164 thousand).

11 DERIVATIVE FINANCIAL INSTRUMENTS

The Company and certain consolidated foreign subsidiaries utilize derivative financial instruments selectively, to hedge foreign currency exchange risk and floating interest exchange risk.

As of March 31, 2009 and 2010, there was no contract outstanding for derivatives.

12 PENSION AND SEVERANCE PLANS

The Company and certain domestic consolidated subsidiaries have entered into agreements with insurance companies and trust banking corporations for contributory funded defined benefit pension plans or non-contributory plans to cover employee pensions. Overseas subsidiaries do not have defined benefit pension plans.

The pension liabilities for employees as of March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
(1) Projected benefit obligation	¥(27,533)	¥(29,969)	$(322,114)
(2) Plan assets at fair value	20,295	22,301	239,697
(3) Unfunded benefit obligation (1) + (2)	(7,238)	(7,668)	(82,417)
(4) Unrecognized actuarial gains/(losses)	9,098	8,645	92,915
(5) Unrecognized prior service costs	(4,214)	(3,867)	(41,559)
(6) Provision for retirement benefit (3) + (4) + (5)	¥ (2,354)	¥ (2,890)	$ (31,061)

The Company contributed certain marketable equity securities in 2001 to the employee retirement benefit trust as plan assets, the fair value of which amounted to ¥1,038 million and ¥1,335 million ($14,568 thousand) as of March 31, 2009 and 2010, respectively.

The components of the net periodic pension cost for the fiscal years ended March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
(1) Service costs	¥1,265	¥1,341	$14,418
(2) Interest costs	658	672	7,219
(3) Expected return on plan assets	(832)	(674)	(7,244)
(4) Expense for actuarial losses	383	860	9,238
(5) Amortization of prior service costs	(347)	(348)	(3,737)
(6) Net periodic pension cost (1) + (2) + (3) + (4) + (5)	¥1,127	¥1,851	$19,894

The assumptions used as of March 31, 2009 and 2010 were as follows:

	2009	2010
(1) Discount rate	2.5%	**1.9%**
(2) Expected return on plan assets	3.5%	**2.9%**
(3) Method of attributing the projected benefits to periods of service	Straight-line basis	**Straight-line basis**
(4) Amortization of unrecognized prior service costs	Straight-line over 15 years	**Straight-line over 15 years**
(5) Amortization of unrecognized actuarial gain/loss	Straight-line over 15 years	**Straight-line over 15 years**

13 STOCK OPTIONS

Stock options expense of ¥9 million is included in selling, general and administrative expenses for the fiscal year ended March 31, 2009.

The following are the number of common shares to be granted for stock options as of March 31, 2009.

	The date of ordinary shareholders' meeting	Number of common shares granted (shares)	Exercise periods
Stock options to purchase newly issued shares	June 27, 2002	151,000	From July 1, 2003 to June 30, 2008
	June 27, 2003	157,000	From July 1, 2004 to June 30, 2009
	June 29, 2004	182,000	From July 1, 2005 to June 30, 2010
	June 29, 2005	211,000	From July 1, 2006 to June 30, 2011
	June 28, 2006	212,000	From July 1, 2007 to June 30, 2012
	June 29, 2007	245,000	From July 1, 2008 to June 30, 2013
		1,158,000	

The summary of the number of stock options is as follows.

The date of ordinary shareholders' meeting	27-Jun-02	27-Jun-03	29-Jun-04	29-Jun-05	28-Jun-06	29-Jun-07
Exercise price per share	¥2,131	¥1,255	¥1,575	¥1,308	¥1,734	¥1,527
Number of stock options as of March 31, 2008 (1)	69,000	54,700	125,000	160,000	207,000	245,000
Decrease on the exercise of stock options (2)	–	–	–	–	–	–
Decrease on the lapse of stock options (3)	(69,000)	–	–	(3,000)	(17,000)	–
Number of stock options as of March 31, 2009 (4) = (1) + (2) + (3)	–	54,700	125,000	157,000	190,000	245,000
Exercise periods	From July 1, 2003 to June 30, 2008	From July 1, 2004 to June 30, 2009	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012	From July 1, 2008 to June 30, 2013

Gain on reversal of subscription rights to share of ¥23 million ($248 thousand) is included in extraordinary gain for the fiscal year ended March 31, 2010.

The following are the number of common shares to be granted for stock options as of March 31, 2010.

	The date of ordinary shareholders' meeting	Number of common shares granted (shares)	Exercise price per share (exact yen/U.S. dollars)	Exercise periods
Stock options to purchase newly issued shares	June 27, 2003	157,000	¥1,255 / $13.49	From July 1, 2004 to June 30, 2009
	June 29, 2004	182,000	¥1,575 / $16.93	From July 1, 2005 to June 30, 2010
	June 29, 2005	211,000	¥1,308 / $14.06	From July 1, 2006 to June 30, 2011
	June 28, 2006	212,000	¥1,734 / $18.64	From July 1, 2007 to June 30, 2012
	June 29, 2007	245,000	¥1,527 / $16.41	From July 1, 2008 to June 30, 2013
		1,007,000		

The summary of the number of stock options is as follows.

The date of ordinary shareholders' meeting	27-Jun-03	29-Jun-04	29-Jun-05	28-Jun-06	29-Jun-07
Exercise price per share (exact yen/U.S. dollars)	¥1,255 / $13.49	¥1,575 / $16.93	¥1,308 / $14.06	¥1,734 / $18.64	¥1,527 / $16.41
Number of stock options as of March 31, 2009 (1)	54,700	125,000	157,000	190,000	245,000
Decrease on the exercise of stock options (2)	–	–	–	–	–
Decrease on the lapse of stock options (3)	(54,700)	(39,000)	(38,000)	(45,000)	(62,000)
Number of stock options as of March 31, 2010 (4) = (1) + (2) + (3)	–	86,000	119,000	145,000	183,000
Exercise periods	From July 1, 2004 to June 30, 2009	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012	From July 1, 2008 to June 30, 2013

14 INCOME TAXES

The significant components of deferred tax assets and liabilities for the fiscal years ended March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred tax assets:			
Provision for bonuses	¥1,625	¥1,623	$17,440
Enterprise tax	326	243	2,614
Depreciation	59	60	640
Provision for retirement benefits	1,294	1,503	16,156
Provision for directors' retirement benefits	161	135	1,447
Allowance for doubtful accounts	88	66	706
Unrealized loss on investment securities	564	696	7,481
Unrealized loss on golf club membership	205	207	2,225
Valuation difference on available-for-sale securities	103	–	–
Net operating loss carry forwards of subsidiaries	–	268	2,883
Others	586	611	6,574
Sub total of deferred tax assets	5,011	5,412	58,166
Valuation allowance	(222)	(275)	(2,958)
Deferred tax assets total	4,789	5,137	55,208
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	(51)	(60)	(641)
Valuation difference on available-for-sale securities	–	(169)	(1,815)
Depreciation	(97)	(84)	(902)
Others	(62)	(59)	(638)
Deferred tax liabilities total	(210)	(372)	(3,996)
Deferred tax assets, net (*)	¥4,579	¥4,765	$51,212

(*) Deferred tax assets are stated net in the following accounts of the consolidated balance sheet.

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Current assets - deferred tax assets:	¥2,222	¥2,140	$22,999
Long-term assets - deferred tax assets:	2,515	2,758	29,645
Current liabilities - other current liabilities:	–	(1)	(16)
Long-term liabilities - deferred tax liabilities:	(158)	(132)	(1,416)
Deferred tax assets, net	¥4,579	¥4,765	$51,212

Disclosure of the reconciliation between the statutory tax rate and the effective corporate income tax rate is required if the difference of these two rates is more than 5% of the statutory tax rate. The Company did not disclose such reconciliations as the difference was less than 5% for the fiscal years ended March 31, 2009 and 2010.

15 SEGMENT INFORMATION

(1) Segments by industry -

	Millions of yen				
March 31, 2009	Printing business	Merchandise businesses	Total	Elimination/ Corporate	Consolidated
I. Net sales:					
(1) Outside customers	¥183,519	¥52,376	¥235,895	¥ –	¥235,895
(2) Inter-segment	470	1,522	1,992	(1,992)	–
Total	183,989	53,898	237,887	(1,992)	235,895
Operating expenses	169,358	51,547	220,905	(696)	220,209
Operating income	¥ 14,631	¥ 2,351	¥ 16,982	¥ (1,295)	¥ 15,687
II. Assets, depreciation and capital expenditure:					
Assets	¥135,144	¥17,706	¥152,850	¥32,786	¥185,636
Depreciation	8,387	156	8,543	18	8,561
Capital expenditure	9,592	28	9,620	–	9,620

	Millions of yen				
March 31, 2010	Printing business	Merchandise businesses	Total	Elimination/ Corporate	Consolidated
I. Net sales:					
(1) Outside customers	¥180,194	¥51,423	¥231,617	¥ –	¥231,617
(2) Inter-segment	578	1,451	2,029	(2,029)	–
Total	180,772	52,874	233,646	(2,029)	231,617
Operating expenses	169,110	50,225	219,335	(715)	218,620
Operating income	¥ 11,662	¥ 2,649	¥ 14,311	¥ (1,314)	¥ 12,997
II. Assets, depreciation and capital expenditure:					
Assets	¥133,550	¥16,920	¥150,470	¥ 36,624	¥187,094
Depreciation	8,700	188	8,888	17	8,905
Impairment loss	558	0	558	0	558
Capital expenditure	10,250	25	10,275	0	10,275

	Thousands of U.S. dollars				
March 31, 2010	Printing business	Merchandise businesses	Total	Elimination/ Corporate	Consolidated
I. Net sales:					
(1) Outside customers	$1,936,734	$552,697	$2,489,431	$ –	$2,489,432
(2) Inter-segment	6,207	15,590	21,797	(21,796)	–
Total	1,942,941	568,287	2,511,228	(21,796)	2,489,432
Operating expenses	1,817,601	539,820	2,357,421	(7,685)	2,349,736
Operating income	$ 125,340	$ 28,467	$ 153,807	$ (14,111)	$ 139,696
II. Assets, depreciation and capital expenditure:					
Assets	$1,435,404	$181,854	$1,617,258	$ 393,627	$2,010,885
Depreciation	93,505	2,020	95,525	180	95,705
Impairment loss	5,995	–	5,995	–	5,995
Capital expenditure	110,168	274	110,442	–	110,442

Note:

(a) Segment information by business activity is determined by considering the product line, the product market, and the management control of the business.

(b) The main products of each business segment are as follows:

i) Printing business: Printing of business forms and data printing services.

ii) Merchandise business: Sales of supplies and equipment related to the printing business, business information operating services and other.

(c) Unallocated operating expenses included in "elimination / corporate" are ¥1,295 million and ¥1,313 million ($14,112 thousand) for the fiscal years ended March 31, 2009 and 2010, respectively.

(d) Corporate assets which consist mainly of "short-term deposits" and "long-term investments" are ¥33,055 million and ¥36,757 million ($395,063 thousand) for the fiscal years ended March 31, 2009 and 2010, respectively.

(e) Accounting changes

Accounting standard for measurement of inventories

"Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9, issued on July 5, 2006) has been adopted effective from the fiscal year ended March 31, 2009. As a result, operating expenses on printing business increased for ¥15 million and on merchandise business increased for ¥20 million and operating income decreased same amount, respectively.

Change in the depreciation term of property, plant and equipment
The Company shortened the term of depreciation of digital printing press from 10 years to 4 years from the fiscal year ended March 31, 2009.

This shortening resulted from the revaluation of economic life of digital printing press, taking advantage of the opportunity arising from the amendment of the Corporate Tax Law of Japan in 2008. As a result, operating expenses of the printing business increased by ¥1,055 million and operating income decreased the same amount.

Accounting standard for construction contracts and its implementation guidance
"Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No. 15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No. 18 on December 27, 2007) have been adopted effective from the fiscal year ended March 31, 2010. The implementation had no major effect on operating income, ordinary income, income before income taxes and minority interests.

(2) Segment by geographic areas -
Geographic information on consolidated subsidiaries located in countries or regions outside of Japan is not presented since the sales and assets of the Company and its consolidated subsidiaries located in Japan exceed 90% of consolidated sales in total and consolidated assets in total.

(3) Sales to foreign customers -
Information of sales to foreign customers is not presented since the sales are less than 10% of consolidated sales.

16 RELATED PARTY TRANSACTIONS

"Accounting Standard for Related Party Disclosures" (Accounting Standards Board of Japan Statement No. 11, issued on October 17, 2006) and "Guideline on Accounting Standard for Related Party Disclosures" (Accounting Standards Implementation Guideline No. 13, issued on October 17, 2006) have been adopted effective for the fiscal year ended March 31, 2009.

On adoption of this new accounting standard, directors of the parent company and major subsidiaries are additionally defined as related parties. For the year ended March 31, 2009, no additional disclosure is required for the Company.

There are several related party transactions, including sales to Toppan Printing Co., Ltd., which owns 60.7% of the common stock of the Company. The transactions were made at arm's-length prices that are considered to be equivalent to market prices.

Sales to Toppan Printing Co., Ltd. for the fiscal years ended March 31, 2009 and 2010 amounted to ¥8,580 million and ¥9,900 million ($106,404 thousand), respectively. The balance of accounts receivable from Toppan Printing Co., Ltd. as of March 31, 2009 and 2010 amounted to ¥2,230 million and ¥3,286 million ($35,314 thousand), respectively.

17 EARNINGS PER SHARE INFORMATION

The computation of net income per share is based on the weighted-average number of common shares outstanding during each fiscal year. Treasury stocks held during these fiscal years are excluded.

	Yen		U.S. dollars (Note 1)
March 31	2009	2010	2010
Net assets per share	¥1,199.04	¥1,245.62	$13.39
Net income per share	79.20	67.68	0.73
Diluted net income per share	–	–	–

Basic net income per share

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31	2009	2010	2010
Net income	¥ 8,791	¥ 7,512	$80,743
Net income not available to common shareholders	–	–	–
Net income available to common shareholders	8,791	7,512	80,743
Weighted-average number of shares outstanding (thousand shares)	110,997	110,997	–

18 SCHEDULE OF BONDS

			Beginning balance		Ending balance				
Company	Type of bond	Date of issuance	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars	Interest rate	Collateral	Date of maturity
TOSCO CORPORATION	The 7th unsecured bond	May 26, 2008	200	2,150	200	2,150	1.8	–	May 25, 2011
Total			200	2,150	200	2,150			

19 SCHEDULE OF BORROWINGS

	Millions of yen		Thousands of U.S. dollars		
	2009	2010	2010	Average interest rate (%)	Due date of payment
Short-term loans payable	¥ 455	¥ 368	$ 3,953	1.37	–
Current portion of long-term loans payable	826	700	7,521	1.75	–
Lease obligations	58	43	457	–	–
Long-term loans payable (without current portion)	979	279	2,996	1.83	From 2011 to 2013
Lease obligations (without current portion)	94	68	726	2.39	From 2011 to 2015
Other	–	–	–	–	–
	¥2,412	¥1,458	$15,653		

(1) "Average interest rate" presents the weighted average interest rate against the term-end balance of borrowings.
(2) As interest included in lease payment is allocated on the straight-line method to each fiscal year, average interest rate of lease obligation is omitted.
(3) The projected repayment amount of long-term debt (excluding debt scheduled to be repaid within one year) within five years after the consolidated balance sheet date (i.e. March 31, 2010) is as follows.

	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years
	Millions of yen				Thousands of U.S. dollars			
Long-term loans payable	226	52	–	–	2,432	564	–	–
Lease obligations	30	28	8	1	325	300	91	10

20 QUARTER INFORMATION

	1st quarter (from 2009/4/1 to 2009/6/30)	2nd quarter (from 2009/7/1 to 2009/9/30)	3rd quarter (from 2009/10/1 to 2009/12/31)	4th quarter (from 2010/1/1 to 2010/3/31)
March 31, 2010	Millions of yen			
Net sales	¥57,684	¥56,339	¥57,774	¥59,820
Income before income taxes and minority interests	4,462	2,269	3,049	3,117
Net income	2,602	1,234	1,760	1,916
	Yen			
Basic net income per share	¥23.44	¥11.12	¥15.85	¥17.26

	1st quarter (from 2009/4/1 to 2009/6/30)	2nd quarter (from 2009/7/1 to 2009/9/30)	3rd quarter (from 2009/10/1 to 2009/12/31)	4th quarter (from 2010/1/1 to 2010/3/31)
March 31, 2010	Thousands of U.S. dollars			
Net sales	$619,992	$605,532	$620,964	$642,944
Income before income taxes and minority interests	47,953	24,392	32,775	33,506
Net income	27,969	13,266	18,915	20,593
	U.S. dollars			
Basic net income per share	$0.25	$0.12	$0.17	$0.19

PricewaterhouseCoopers Aarata
Sumitomo Fudosan Shiodome
Hamarikyu Bldg.,
8-21-1 Ginza, Chuo-ku, Tokyo
104-0061, Japan
Telephone : +81 (3) 3546 8450
Facsimile : +81 (3) 3546 8451
www.pwcaarata.or.jp

Report of Independent Auditors

June 29, 2010

To the Board of Directors
of TOPPAN FORMS CO., LTD.

We have audited the accompanying consolidated balance sheet of TOPPAN FORMS CO., LTD. ("the Company") and its subsidiaries as of March 31, 2010, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2010, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of Japanese 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.

PricewaterhouseCoopers Aarata

Principal Subsidiaries and Affiliates

As of March 31, 2010

Name	Country	Main business	Issued capital (Thousands)	Equity held by the Company (%)
Toppan Forms Tokai Co., Ltd.	Japan	Manufacture of business forms	¥ 100,000	100.0
Toppan Forms Operation Co., Ltd.	Japan	Operation and administration of computers	¥ 100,000	100.0
Toppan Forms Process Co., Ltd.	Japan	Processing of business forms and DPS operations	¥ 100,000	100.0
Techno Toppan Forms Co., Ltd.	Japan	Sale, maintenance, and repair of office equipment	¥ 100,000	100.0
Toppan Forms Kansai Co., Ltd.	Japan	Distribution, delivery, and storage services Manufacture of business forms	¥ 50,000	100.0
Toppan Forms Nishinihon Co., Ltd.	Japan	Distribution, delivery, and storage services Manufacture of business forms	¥ 30,000	100.0
Toppan Forms (Sanyo) Co., Ltd.	Japan	Manufacture of business forms	¥ 50,000	100.0
T.F. Company Ltd.	Hong Kong	Holding company	HK$ 40,000	100.0
Toppan Forms (Hong Kong) Ltd.	Hong Kong	Manufacture and sale of business forms Sale of plastic cards, computer supplies, DPS, and office automation machines	HK$ 35,000	100.0*1
Toppan Forms Card Technologies Ltd.	Hong Kong	Manufacture and sale of plastic cards Sale of card-related products	HK$ 2,000	100.0*2
Toppan Forms (S) Pte. Ltd.	Singapore	Manufacture and sale of business forms, DPS, Sale of machines for processing business forms	S$ 1,226	100.0*3

Total number of subsidiaries: 23
Total number of affiliates: 7

*1 Indirectly owned through T.F. Company Ltd.
*2 30.0 percent directly owned by the Company and 70.0 percent indirectly owned through T.F. Company Ltd.
*3 52.3 percent directly owned by the Company and 47.7 percent indirectly owned through T.F. Company Ltd.

Board of Directors

As of June 30, 2010

President and CEO

Shu Sakurai

Vice Presidents

Hirohito Okada
Kenji Nitta

Senior Managing Director

Eiji Katoh

Managing Directors

Kenji Tamada
Shungo Hiromura

Directors

Naoki Adachi
Shuji Sekioka
Takashi Nishishimura
Akira Kameyama
Jiro Kurobane
Kenichi Fukushima
Nobuhiko Koyama
Yuji Miyashita
Hideyuki Ikeuchi

Corporate Auditors

Akihiro Nagata (full-time)
Kenji Osanai (full-time)
Kunio Sakuma
Takeshi Toyama
Noriaki Kinoshita

Investor Information

As of March 31, 2010

Stock Listing

Tokyo Stock Exchange

Capital Stock

Authorized:	400,000,000 shares
Issued:	115,000,000 shares

Stock Code

7862

Stock Transaction Unit

100 shares

Independent Certified Public Accountant

PricewaterhouseCoopers Aarata
(Member Firm of PricewaterhouseCoopers LLP)

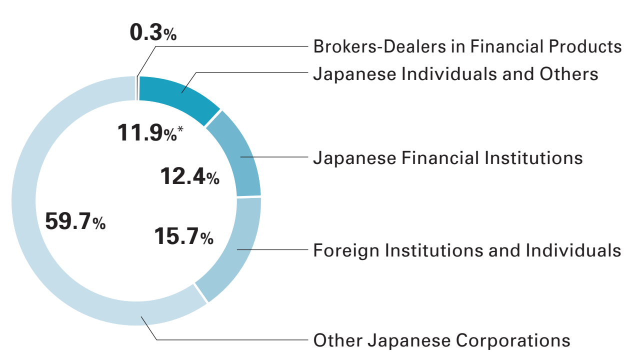
Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

Number of Shareholders

9,761

Shareholdings by Type of Shareholder



* Included in Japanese Individuals and Others is 3.5% being treasury stock.

TOPPAN FORMS CO.,LTD.

1-7-3 Higashi Shimbashi,
Minato-ku, Tokyo 105-8311, Japan
Tel: 03-6253-6000
http://www.toppan-f.co.jp

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