

**TOPPAN FORMS**

**Annual Report 2013**

Year ended March 31, 2013

DRIVING GROWTH BY  
**DELIVERING**  
**SECURITY**



# DRIVING GROWTH BY **DELIVERING** SECURITY

Leveraging Customer Trust and  
Unique Technical Capabilities  
to Accelerate Growth

**Toppan Forms** was founded in 1955 as a printing company specializing in business forms. It has since evolved as an information solutions company by leveraging the technologies and expertise it has accumulated in fields related to business forms and data print services (DPS) to help customers communicate information in the optimal manner. Today, we are developing a multifaceted business centered on information. One aspect of this business is offering our business process outsourcing (BPO) services that combine printed and electronic documents and incorporate fields peripheral to DPS services. At the same time, we are developing products compatible with cutting-edge digital media, such as radio frequency identification (RFID) systems, IC cards, and near field communication (NFC) technologies, and distribution management solutions utilizing our high-performance refrigerants. Going forward, we will continue to develop products and services with a stringent eye for detail with regard to the methods of communicating information to individuals.

## PRINTING BUSINESS

### Diversifying Operations in the Printing Business

In Toppan Forms' core printing business, we are expanding operations into the business process outsourcing (BPO) field in which we will assume responsibility for customer business processes that can be linked with our business forms and data print services (DPS) services. At the same time, we are accelerating initiatives to expand our market share for business forms and DPS services.



## ICT BUSINESS

### Developing ICT Businesses

The Company is actively developing new businesses and services utilizing its refined information communications technology (ICT) platforms, which are the product of its exploits in fields including those related to the Internet, IC cards, and radio frequency identification (RFID). Through these efforts, we are striving to provide Web-based solutions that connect our DPS services to the Internet, RFID solutions that combine media products with various equipment and systems, and a cloud payment platform that utilizes near field communication (NFC) technologies, the new global standard for short-to long-distance wireless communications.



## About this Annual Report

This annual report has been published to serve as a communication tool to help the Company develop stronger trust-based relationships with its shareholders and other investors as well as all of its other stakeholders. The goal of this report is not only to disclose information regarding the Company's operating performance and management initiatives, but also to deepen the reader's understanding of the superior position that the Company has developed in the fields of printing, information management, and communication. Annual Report 2013 focuses on describing the business foundations that Toppan Forms has developed over the years and explaining the growth strategies the Company will implement going forward.

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### MERCHANDISE BUSINESS

#### Expanding the Merchandise Segment

We are expanding the range of services and sales channels that utilize the Company's online sales system. In addition, we are developing distribution management solutions that utilize high-performance refrigerants, and are also pursuing the development of high-value-added products for environment-related fields.

In these ways, Toppan Forms is endeavoring to develop and expand operations in new markets.



### GLOBAL BUSINESS

#### Strengthening Overseas Businesses

Looking to increase our presence in the Chinese market, we are strengthening our sales network in this market, which is centered on operating bases in Hong Kong and Shanghai. These efforts are being advanced through cooperation with ZHEJIANG MATSUOKA PRINTING CO., LTD., a Chinese company with which we recently initiated a business and capital alliance. Meanwhile, leveraging our bases in Singapore and Thailand, we are working to expand operations into ASEAN markets. The Company is also enhancing its support structures for Japanese companies advancing into the Chinese and ASEAN markets.



#### Forward-Looking Statements

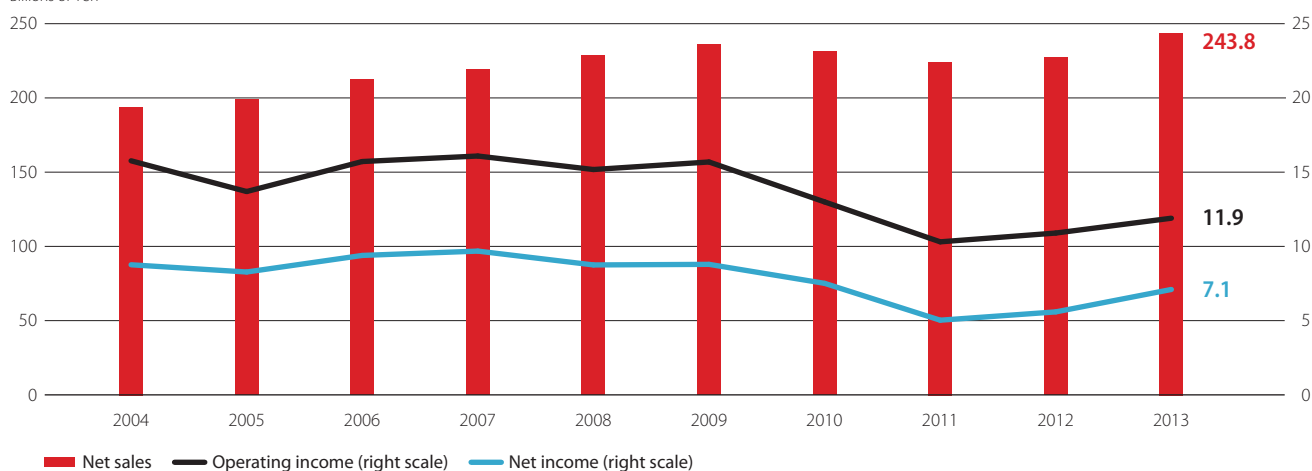
Statements contained in this annual report that are not historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from those anticipated in these statements.

# Consolidated Financial Highlights

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

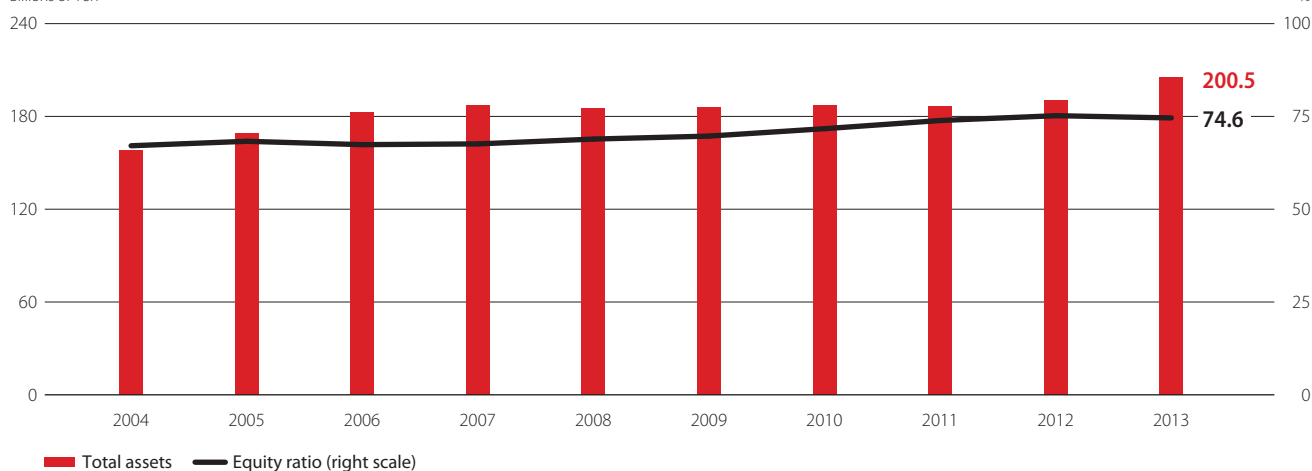
## Financial Performance

Billions of Yen



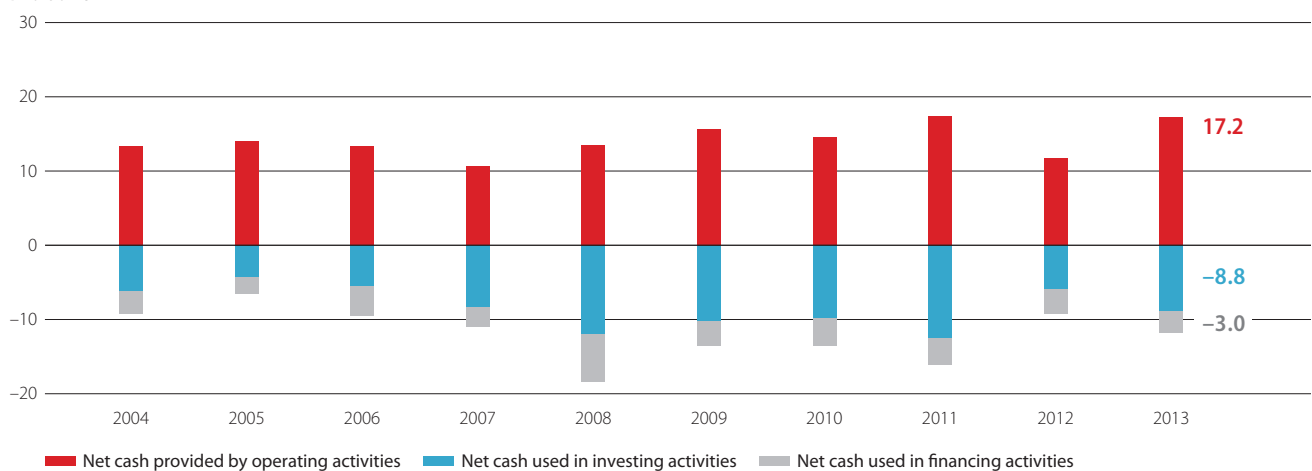
## Financial Position

Billions of Yen



## Cash Flows

Billions of Yen



## A Message from the President

The Group is committed to providing comprehensive information management solutions that address the future needs of society, and will do this based on a customer-first standpoint.



**IN FISCAL 2013**, ended March 31, 2013, the Japanese economy experienced a gradual trend toward recovery due to post-Great East Japan Earthquake reconstruction demand among other factors. In addition, the Japanese yen began depreciating and the price of Japanese stocks started to rise as a result of anticipated benefits of economic stimulus measures implemented by the new government administration headed by Prime Minister Shinzo Abe, which was appointed following the general election held at the end of 2012. These factors brought with them further hope for the future of the economy. However, the economic recession stemming from the sovereign debt crisis in Europe persisted and economic growth decelerated in China and other emerging nations, and the operating environment remained highly opaque as a result.

In the business form industry, where Toppan Forms operates its core business, demand was down due to widespread corporate cost reduction initiatives and the advancement of information and network technologies. This led to intensified cost competition, which drove down selling prices and made for a difficult operating environment.

Under these conditions, the Group continued working to provide one-stop solutions for the issues faced by customers as a comprehensive information management solutions provider. To this end, we expanded the scope of our business process outsourcing (BPO) services, which incorporate fields that are peripheral to our conventional printing business. At the same time, we endeavored to add a new element of depth to our printing business through the provision of differentiated proposals. Furthermore, we pursued the development of new business and services rooted in information communication technologies (ICT), while growing our merchandise business by strengthening

Internet-based sales channels and promoting the sales of new products.

Overseas, the Company established a new operating base in Taiwan, commenced a business and capital alliance with ZHEJIANG MATSUOKA PRINTING and instituted other measures geared toward further developing operations in the Chinese market. We also took steps to expand our operations in Singapore and other ASEAN markets.

To strengthen our operating foundation, we undertook the consolidation of manufacturing bases, which included commencing phase II construction at our Takiyama Factory and the Osaka-Sakurai Factory. In addition, we implemented thorough management measures with regard to logistics and began procuring paper from overseas. In these ways, we pursued improved profitability. As a result of these efforts, net sales in fiscal 2013 increased 7.4% year on year, to ¥243.8 billion; operating income was up 9.0%, to ¥11.9 billion; and net income rose 27.2%, to ¥7.1 billion.

The Group is committed to providing comprehensive information management solutions that address the future needs of society, and will do this based on a customer-first standpoint. In this manner, we aim to make Toppan Forms a company that continues to hold the trust of customers. I hope we can continue to expect your support as we undertake these bold endeavors.

July 2013

A handwritten signature in black ink that reads "Shu Sakurai". The signature is written in a cursive, flowing style.

**Shu Sakurai**  
President and CEO

**QUESTION 1** In fiscal 2013, Toppan Forms once again achieved higher year-on-year sales and income. What factors do you think contributed to this impressive performance?

**ANSWER 1** Looking at the operating environment first, the trend toward widespread corporate cost cuts coupled with the advancement of information and network technologies caused a downward swing in demand, subsequently resulting in intensified cost competition and a harsh operating environment.

Even faced with such conditions, our printing business, and in particular DPS services, performed incredibly well, enabling us to achieve higher sales and income for the second consecutive year.

To be a little more specific, throughout the year we conducted proposals that employ universal design concepts and techniques to improve the ability of business forms to properly communicate information. At the same time, we worked to address demand for business forms slips stemming from corporate system changes. Coupled with a rise in batch orders for printed materials accompanying corporate reorganizations, these efforts helped us realize year-on-year increases in sales and income.

In the Data Print Services (DPS) Division, selling prices were down due to the digitalization trend and intensified competition. Regardless though, performance was significantly better than in the previous fiscal year. This improvement can be attributed to our efforts to capture demand for batch outsourcing of printing duties centered on financial institutions as well as demand in the variable printing market, which we addressed by utilizing digital printers. There was also a rise in outsourcing contracts for BPO services, which incorporate peripheral areas to printing services. I believe that the greatest contributing factor to our strong performance in fiscal 2013 was our efforts in the BPO field.

**QUESTION 2** So you mean to say that performance in the DPS Division, particularly with regard to the BPO field, was a major contributing factor to the Company's impressive performance. What was the background for this? Also, what initiatives were implemented in the printing business as a whole?

**ANSWER 2** In the traditional DPS field, cross-media solutions proposals, which combine paper and digital business notifications, produced significant results. At the same time, we worked to advance operations in the variable printing market by utilizing state-of-the-art high-speed printers, which we introduced a step ahead of the competition.

Further, the trend toward more extensive cuts in corporate expenses has resulted in processes that were previously conducted in-house being outsourced to external organizations. In response to this trend, Toppan Forms began providing BPO services, which incorporate fields peripheral to DPS services, a number of years ago, and we have been progressively expanding the scope of these services. I think this is one of the factors that contributed to our strong performance in fiscal 2013.

### Acquisition of J-SCube

Toppan Forms possesses strengths in the business form printing and process outsourcing fields, centered on its DPS services in which it prints business forms and creates notifications using personal information received from companies. In order to expand the scope of its operations in this area, the Company acquired J-SCube, a company that boasts industry-leading technologies and expertise in the

data input field, including such areas as the digitalization of paper documents and scanning. By combining the information output strengths of the Company with the data input specialties of J-SCube, we have come to possess Japan's largest contract data processing capacity, which now includes both input and output functions.

For more information, please see pages 9 and 11.

A number of companies are providing BPO services, including those in different industries. However, I feel that Toppan Forms has an edge in this area due to the strengths born out of the trust-based relationships we have established with customers, the foundation for which is the stringent security measures and technologies we have developed through the provision of business forms and DPS services.

Since starting this business, we have received a number of orders, and in fulfilling these orders we have encountered a number of issues. By responding to these issues, we have accumulated expertise, which has in turn become the strength of the Company.

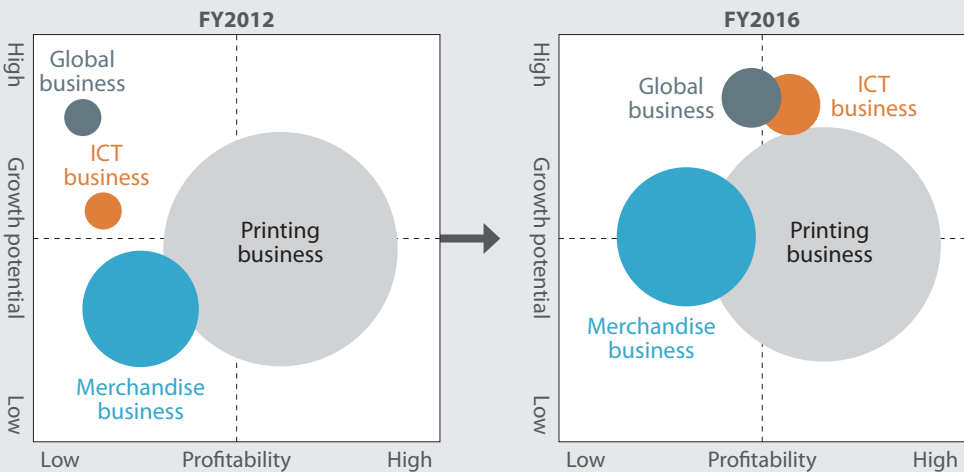
We are also aware of the areas in which we are lacking. To fill in one of these gaps, we acquired J-SCube Inc. in April 2013. As a result, the Company now has a system in place for comprehensively contracting processes spanning from upstream to downstream areas.

**QUESTION 3** How would you explain the growth strategies established in 2012?

**ANSWER 3** Toppan Forms operates based on the basic policy of undertaking dynamic transformations toward becoming a high-value-added company with a distinct presence and a sophisticated corporate culture. In accordance with this policy, we are addressing the priority measures of advancing growth strategies and strengthening our operating foundation. In particular, we have defined four focus areas for advancing growth strategies—the printing business, ICT business, the Merchandise business, and overseas business—and are reinforcing foundations in each of these areas.

**Development of a More Stable Business Portfolio through the Advancement of Growth Strategies**

To advance growth strategies, we are planning investments in four clear business categories based on the individual growth stages of businesses in each category.



**QUESTION 4** In ICT businesses, following the establishment of TF Payment Service Co., Ltd., and the announcement of the new Thincacloud service in fiscal 2012, I believe that fiscal 2013 also saw significant advancements. What advancements were made and what sort of initiatives will be implemented in the future?

**ANSWER 4** Toppan Forms is advancing the development of new businesses and new services by leveraging its ICT platform in areas related to the Internet, IC cards, radio frequency identification (RFID), and near field communications (NFC).

Specifically, we are aggressively pursuing the creation of businesses by linking the Company's DPS services to the Internet to propose cross-media solutions, which effectively combine both paper and digital media, and create IC card and RFID solutions that combine media forms with IT equipment and systems. Further, we are incorporating into these businesses the strengths developed through our printing business to further reinforce these ventures.

At the same time, we are developing businesses that utilize our cloud e-money payment platform, which employs NFC technologies. Efforts in this area include forming partnerships with e-money providers and encouraging shops to utilize this system. We are also introducing point management systems for this platform and conducting Internet marketing geared toward guiding e-money users to affiliated stores.

Concerning our efforts to form partnerships with e-money providers, we successfully concluded an agreement with Rakuten Edy, Inc., to provide Rakuten Edy e-Money payment services through our cloud e-money payment platform. Rakuten Edy will be the second of Japan's four major e-money brands to allow for payment through this system.

As for affiliated stores, we entered into a basic agreement with Yodobashi Camera Co., Ltd., a company that operates electronics stores primarily in major cities, with regard to the usage of the Group's cloud e-money payment platform. Further, the platform is currently being used for such services as the *Seven Net Shopping* website operated by major distributor Seven & i Holdings Co., Ltd.

## Yodobashi Camera Adopts the Thincacloud Cloud E-Money Payment Platform

Yodobashi Camera has decided to adopt Toppan Forms' Thincacloud cloud e-money payment platform as a form of integrated infrastructure for managing its point and e-money services through NFC technologies.

As a basic feature, Thincacloud has two payment methods. One is on-site payment conducted at the store, and the other is offsite payment conducted through the Internet. Additionally, Yodobashi Camera plans to offer its "Gold Point" points service through the Thincacloud platform. To support this endeavor, Toppan Forms will provide a comprehensive solution through which all purchase steps, ranging from point accumula-

tion to payment, are handled through the cloud platform. In this manner, we are providing a new dimension of quality through our cloud services, which now enables Yodobashi Camera to collect and analyze marketing data to be employed in conducting various customer services.





**QUESTION 5** What initiatives are being implemented in the Merchandise segment?

**ANSWER 5** In the Merchandise segment, we are developing temperature management solutions that combine our high-performance refrigerants with RFID-based traceability systems. These solutions will primarily be marketed toward the medical, pharmaceutical, Internet-based food sales, and air transport industries. We are also expanding our lineup of high-value-added products for environment-related fields.

Further, as we have acquired J-SCube, we are now able to work together with this company to implement cross-selling initiatives related to our products and J-SCube's scanners, which are another area of strength alongside its BPO services.

**QUESTION 6** What measures are you implementing in overseas businesses and how are these progressing?

**ANSWER 6** To strengthen our printing business in the Chinese market, we commenced a business and capital alliance in March 2013 with ZHEJIANG MATSUOKA PRINTING CO., LTD., a Chinese company that is developing business forms and DPS operations in Shanghai and Beijing. It is expected that cooperation between this company and Group companies in both the manufacturing and sales sides of operations will enable us to develop operations in growth markets centered on Shanghai and other nearby regions.

In addition, we are strengthening coordination between Group companies addressing markets in Hong Kong and Singapore so that we may promote sales through cross-selling initiatives targeting existing customers. At the same time, we will further advance our operations in these markets by accelerating efforts focused on next-generation products and services that utilize IT and NFC technologies.

In ASEAN markets, we are reinforcing our printing and ICT operations that are conducted out of bases in Thailand, Malaysia, and Singapore, as we aim to expand operations and possible advance into previously unexplored markets in the surrounding countries.

## Investment in Printing Company in Shanghai, China

Toppan Forms has entered into a business and capital alliance with ZHEJIANG MATSUOKA PRINTING that calls for collaboration with regard to procurement, manufacturing, sales, and the provision of technical support. This company develops its business centered on the business forms and DPS services and boasts sales that are among the highest of similar companies in the Shanghai area. The development of distribution networks in the Shanghai area has resulted in surging demand for distribution labels. To address this demand, Toppan Forms will share technologies with ZHEJIANG MATSUOKA PRINTING as it works to supply locally manufactured, state-of-the-art delivery labels to distribution companies in this area. In addition to providing ZHEJIANG MATSUOKA PRINTING with the unique

technologies that Toppan Forms has developed in Japan, the Company will also leverage ZHEJIANG MATSUOKA PRINTING's sales channels and know-how to establish repeat customers. At the same time, it will utilize ZHEJIANG MATSUOKA PRINTING as an overseas manufacturing base for filling large-scale orders captured in the Japanese market. In these manners, we will bolster the competitiveness of the Group's operations in both the Japanese and Chinese market.



**QUESTION 7** What sort of initiatives are you implementing to strengthen operating foundations? Will improving profitability be your central focus?

**ANSWER 7** To improve profitability, we will consolidate manufacturing bases, thoroughly manage logistics costs, procure paper from overseas, and establish optimal production systems. Specifically, we aim to realize an aggregate total of cost reductions of approximately ¥10.0 billion over the period leading up to March 31, 2016.

**QUESTION 8** In closing, do you have anything you would like to say to Toppan Forms' shareholders?

**ANSWER 8** As I have explained, Toppan Forms is advancing growth strategies and strengthening its operating foundation to transform into a high-value-added company.

Realizing this transformation at an early date and continuing to grow will not only contribute to corporate value, but will also benefit shareholders. To accomplish this goal, we need to invest in R&D activities to differentiate our business and in the rationalization of operations. For these reasons, we must adopt a policy of allocating profits toward securing sound internal revenues to fund these investments.

However, I also would like to ask our shareholders to continue to support our business reform into the medium- to long-term; consequently, I intend to continue offering stable shareholder returns. For fiscal 2013, we issued dividend payments totaling ¥25 per share.

In 2015, Toppan Forms will celebrate the 50th anniversary since its founding. In light of this monumental event and in anticipation of our continued growth over the next 50 years, we are undertaking dynamic transformations toward becoming a high-value-added company with a distinct presence and a sophisticated corporate culture.

Toppan Forms is advancing growth strategies and strengthening its operating foundation to transform into a high-value-added company.



# DRIVING GROWTH BY **DELIVERING** SECURITY

Toppan Forms' business processing outsourcing (BPO) services entail assuming responsibility for customers' business processes that are peripheral to its Data Print Services (DPS) operations. These include constructing printed materials and notifications containing personal information, mailing these materials, addressing responses, and correcting input errors. The range of needs to be addressed by our BPO services is growing ever more diverse. In light of this, Toppan Forms acquired all shares of J-SCube Inc., a company with specialized expertise in the data input field, to enable us to better respond to this increasingly broad range of customer needs.

In this special feature, we will introduce the strengths of Toppan Forms and J-SCube and the synergies that will be generated between these two companies through a discussion between representatives from each company.

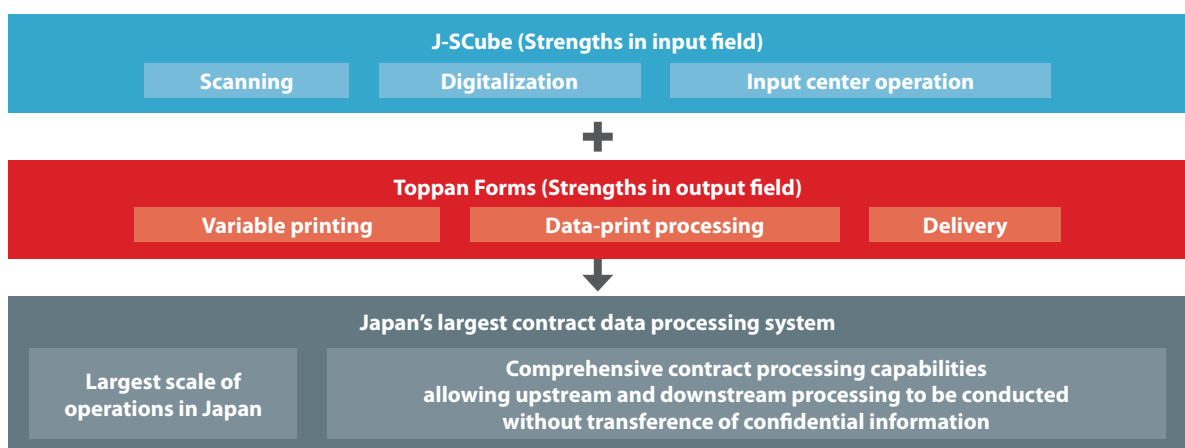


**Kiyoshi Kurihara** (left)  
Managing Director  
General Manager, BPO Management Division  
Toppan Forms Co., Ltd.

**Takashi Iwasaki** (right)  
President and Representative Director  
J-SCube Inc.

## Benefits of J-SCube Acquisition

By leveraging a cooperative system that calls upon the strengths of both Toppan Forms and J-SCube, we will establish the largest contract data processing system in the industry, including both input and output functions, and in doing so further strengthen our share of the market.





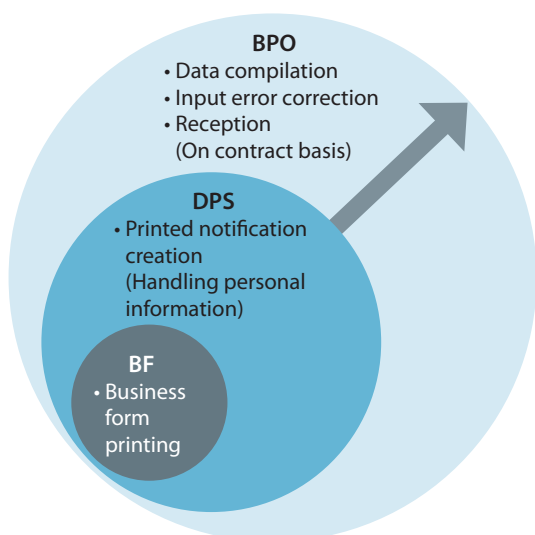
### Characteristics of Both Companies' BPO Services

**Kurihara:** Toppan Forms' operations began with the production of business forms. We later evolved these operations into our DPS services, which entail creating printed materials using customers' data. Today, we are actively conducting proposals utilizing our BPO services, which are based on our DPS services but can be considered a peripheral field. As our BPO services came to be through this process, they are oriented toward areas related to output, such as printing and the delivery of notifications.

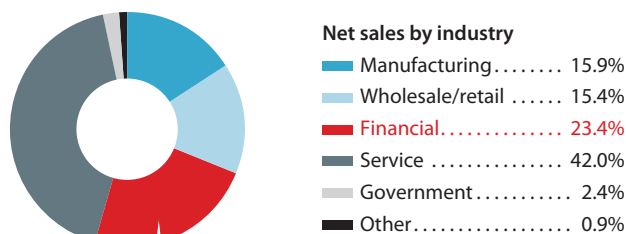
**Iwasaki:** J-SCube has developed its business by combining what we call the "3Ss"—solutions (data input services), staff (temporary employee dispatch services), and services (BPO services)—to help customers reduce costs and improve operational efficiency. Moreover, we have a business philosophy based on the concept of "P to D," or paper to digital and physical to digital. We therefore feel that our mission is to serve customers by converting the information contained in paper and other physical mediums into electronic data, and then providing data management solutions. The development of a business based on this concept naturally resulted in our BPO services specializing in data input. At the moment, almost half of our total sales comes from these BPO services.

**Kurihara:** It only seems natural that Toppan Forms' quest to respond to customers' needs brought it to the BPO field. In this field, we leverage the solid bonds of trust we have established with customers through the provision of business forms and DPS services, and add extra value to these products and services by transforming them into BPO services. The demand for BPO services is growing in a wide variety of industries. In particular, there has been a notable increase in the number of orders from the financial industry. By responding to the needs of these various industries, we aim to capture a dominating share of the BPO market.

Toppan Forms' Every Expanding Business



Diverse Customer Base and Dominating Share in the Financial Industry



**Dealings with all leading companies in the financial industry**

- City banks ..... All 6 city banks in Japan
- Life insurance companies ..... Top 10 companies
- Damage insurance companies ..... Top 10 companies
- Securities companies ..... Top 10 companies
- Credit companies ..... Top 10 companies

## Synergies Generated Between Toppan Forms and J-SCube

**Kurihara:** The greatest synergy that will be created through this partnership comes from the comprehensive service lineup we will establish by fusing Toppan Form's industry-leading output field production systems with J-SCube's expertise in the input field. This will allow us to establish an image among customers that equates the Toppan Forms Group with low-cost, high-quality BPO services.

**Iwasaki:** I absolutely agree. For example, sharing our data input expertise with Toppan Forms will enable Toppan Forms to design business forms in consideration of the process of inputting data. The ability to extract information from forms written by customers is greatly impacted by their structure and design, as is the likelihood that users may fail to fill in certain fields. Information that cannot be extracted by a scanner must be input one item at a time by hand, which is incredibly inefficient. This is one of the reasons why the design of forms is so important.

**Kurihara:** Furthermore, the customer bases of Toppan Forms and J-SCube are different, and each company has its own established customers. Through our new union, we will be able to offer our existing customers new services that we could not provide previously. J-SCube will be able to do the same. I expect that this will help us both expand our businesses.

Specifically, J-SCube has a strong track record of orders amongst municipal governments located throughout Japan. We plan to leverage this to take advantage of the demand for BPO services, such as DPS services and response-data input, that will be created by the nationwide launch in Japan of the "My Number" national identification system (a system under which every resident of Japan will be assigned a number to be used for collectively managing tax history, health insurance enrollment, and other matters) in January 2016. We will begin proposing services geared toward capturing this demand long before the system is actually launched.

**Iwasaki:** J-SCube also has a long history in providing temporary employee dispatch services, and we have accumulated significant expertise in this field. I believe this will be a great help in assisting Toppan Forms in securing personnel for its call centers and BPO centers going forward.

## Future Business Expansion

**Iwasaki:** The Toppan Forms Group has declared its goal of expanding the sales of its BPO services to ¥35.0 billion by fiscal 2019, ending March 31, 2019. We have five years to accomplish this, and we will work toward this goal as a new and united Toppan Forms Group. This is not an impossible goal to achieve. In fact, looking at current demand trends, it is possible that we may accomplish this goal ahead of schedule.

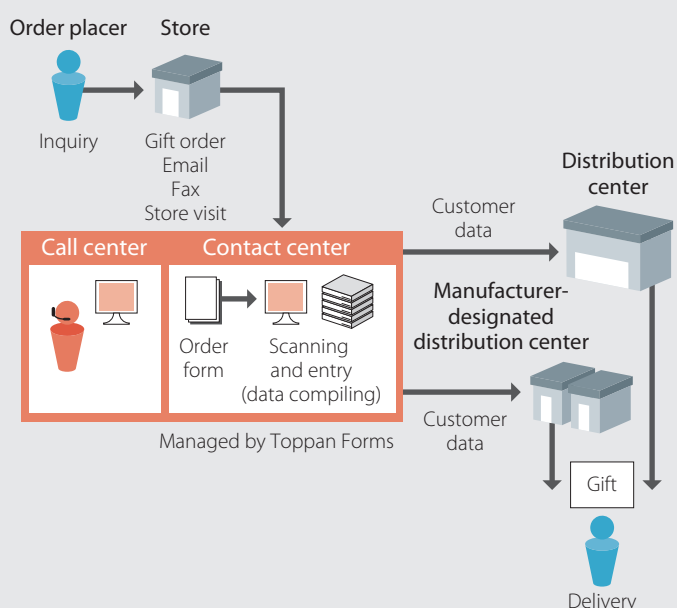
**Kurihara:** In October 2013, we should finish construction of a new metropolitan BPO center in Hino City in Tokyo. In utilizing this center, we will pursue greater coordination with J-SCube so that the center may get off to a strong start.

## Case Study: What are BPO Services?

### Introduction of BPO Services at Gift Centers

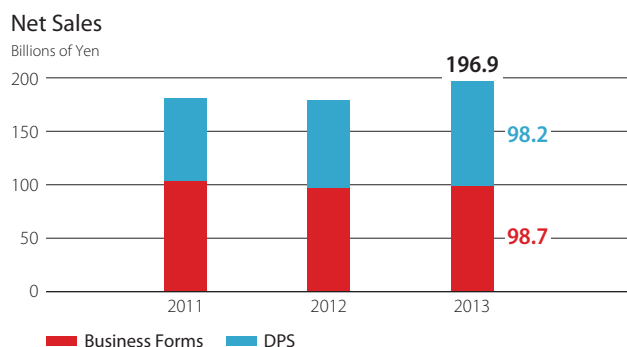
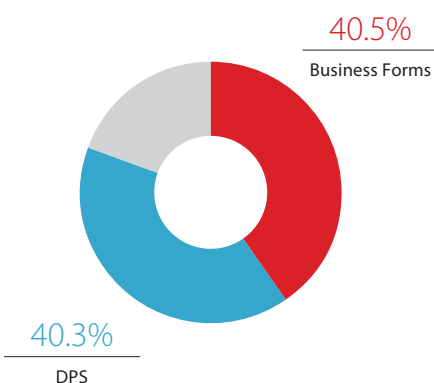
Toppan Forms has been contracted by a large-scale retailer to manage order data from 1,200 stores located throughout Japan at its contact center.

At this center, we receive orders for gifts via email or fax, log these orders in data form, and transmit this data to distribution centers. For items shipped directly from manufacturers that do not pass through our distribution centers, customer data are automatically sent to the manufacturer-designated distribution center. Providing distribution centers with delivery slips and related printing services is truly a task best suited to Toppan Forms. We also operate related call centers, where we respond to store and customer inquiries, and address order-related issues.



## Printing Business Segment

The Printing Business segment contains the Company's core business, which forms the technological base that has supported the Company's development up until the present. It consists of Toppan Forms' industry leading Business Forms Division and Data Print Services (DPS) Division, both of which hold the top share in their respective market, and represents the Company's main revenue base. In fiscal 2013, sales in the Printing Business segment rose 10.1% year on year, to ¥196.9 billion, and accounted for 80.8% of consolidated net sales.



### Products/Services

#### Business Forms Division

The Business Forms Division is divided into two major product categories—Business Forms, which uses paper business forms, and digital business forms, which centers on electronic documents, such as e-mail and Web-related services, and IC- and RFID-related products.



#### Main Products/Services

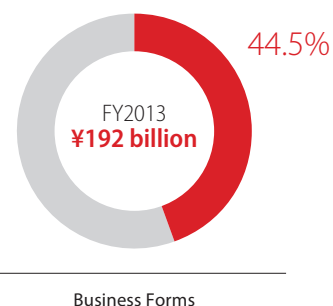
##### Business Forms

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

##### Digital Media

- Digital messaging services
- Web-related services
- IC tags, smart cards, and other RFID products

#### Market Scale/Toppan Forms' Share



Business Forms

#### Data Print Services (DPS) Division

The DPS Division is an outsourcing business comprising the processing and printing of customer data, as well as envelope insertion and dispatching. From this base, we are continually expanding the range of services offered by this division.



#### Main Products/Services

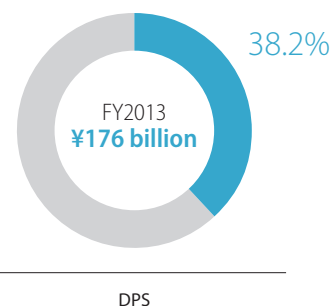
##### Data Print Services (DPS)

- Business mail for notifications
- Direct mail for sales promotions
- Business process outsourcing (BPO)

##### Digital Print on Demand (DOD)

- Personalized marketing tools
- Personalized educational materials

#### Market Scale/Toppan Forms' Share



DPS

\* Exclusion of BPO service

## Initiatives in Fiscal 2013

### Business Forms Division

In paper business forms, we are working to strengthen our ability to propose solutions for improving the efficiency and effectiveness of customer communication efforts and business processes. Through these efforts we hope to invigorate the market and create new demand.

In the fiscal year under review, we placed particular emphasis on proposals that employed universal design concepts and techniques to improve the ability of business forms to properly communicate information. In regard to digital media, we advanced operations in a diverse range of fields. These included the provision of cross-media solutions, which effectively combine both paper and digital media and link the Internet to DPS services, an area in which Toppan Forms is particularly strong. In addition, we provided IC card and RFID solutions that combine media forms with IT equipment and systems. Our operations in each of these areas is steeped in the strengths refined through our printing business. Business ventures involving the Company's cloud e-money payment platform, which utilizes near field communication (NFC) technologies, are being advanced by forming partnerships with e-money providers and encouraging shops to utilize this system. In our overseas businesses, we commenced a business and capital alliance with ZHEJIANG MATSUOKA PRINTING CO., LTD., a Chinese company that is developing business forms and DPS operations in Shanghai and Beijing, with the aim of strengthening our printing business in the Chinese market.



UHF IC tags for hand cart management



Small battery-free electronic paper labels

### Data Print Services Division

In the DPS Division, we strive to enhance our systems for accepting business process outsourcing (BPO) orders. Toppan Forms' BPO services entail the Company taking responsibility for various customer business processes related to DPS services, including upstream processes such as planning, design, and developing marketing proposals, as well as downstream processes such as undeliverable mail processing, scanning, call center operation, and database management.

In the fiscal year under review, we worked to explore new markets by developing applications for our line of custom-printed materials that utilize our digital printing technologies and variable data management expertise. Also during this year, we saw a rise in demand for DPS and BPO services, with particularly strong demand coming from financial institutions. In order to respond to this demand, we began taking steps to consolidate related manufacturing bases, which included commencing phase II construction at our Takiyama Factory in Tokyo and the Osaka-Sakurai Factory.



Carbon offset certified label copy paper

## Toppan Forms and Gunma University Hospital Receives Auto ID System Grand Prize

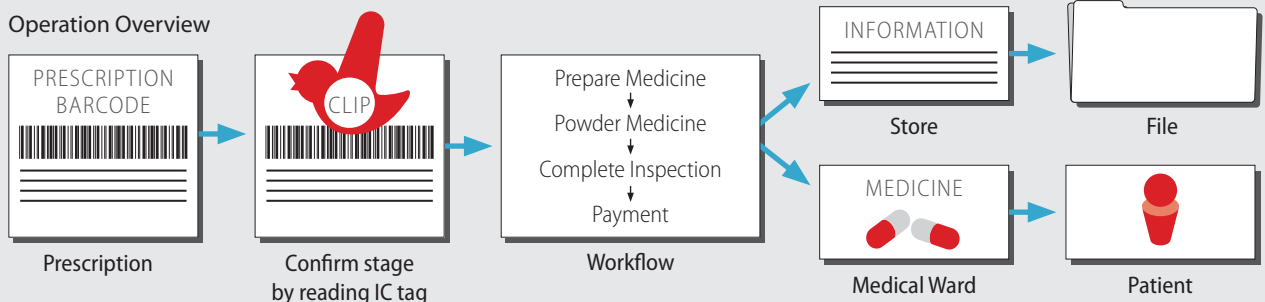
### RFID Used for Tracking Prescription Processes

The "Pharmaceutical Process Management System" provided to the Hospital Pharmaceutical Department of Gunma University by Toppan Forms received the 14th Auto-Identification System Award presented by the Japan Automatic Identification Systems Association (JAISA). Previously, the department had no method of tracking the status of drug preparation in the medical ward aside from contacting the pharmaceutical department directly via telephone,

which resulted in frequent delays in drug preparation.

The new system makes it easy to monitor the number of prescriptions at each stage of preparation and track preparation progress. The department is highly satisfied with the system, stating that it has resulted in a decline in telephone inquiries and prescription-related mistakes, and made preparation progress easier to track, thereby benefiting both patients and medical staff.

#### Operation Overview

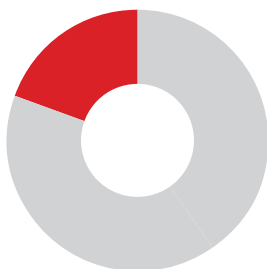


## Merchandise Segment

In the Merchandise segment, we conduct the *O-tascarry* business, where we sell office automation (OA) and PC-related products as well as office supplies and paper products, and manage an online sales system through which these can be purchased. In this segment, we also develop, manufacture, and sell form processors, which can process forms in various formats according to customer needs, and other office equipment to help rationalize the business processes of customers. In the fiscal year ended March 31, 2013, sales in the Merchandise segment declined 2.7% year on year, to ¥46.9 billion, and accounted for 19.2% of consolidated net sales.

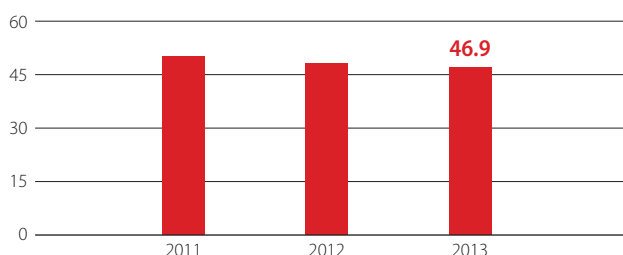
19.2%

Merchandise



### Net Sales

Billions of Yen



## Products/Services

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

### Main Products/Services

#### Office Supplies

- IT-related equipment supplies
- Paper products

#### Equipment and Services

- Form processors
- System machines



PRESSLE LEADA sealer with detachable function

## Initiatives in Fiscal 2013

In the Merchandise segment, we focused on improving our marketing and procurement capabilities, while also bolstering our lineup of office supplies. At the same time, we worked to address latent demand by strengthening the comprehensive order system offered through the Company's *O-tascarry* online sales system and starting up a new e-commerce site targeting small to medium-sized companies.

In the fiscal year under review, we encouraged customers to order all their office supplies through the above-mentioned *O-tascarry* system and promoted sales of office supplies, disaster response items, sales promotion novelty items, and printer-compatible transportation and delivery slips. However, sales were down due to lower selling prices and longer replacement cycles for the office equipment. Going forward, we will work to address latent market needs by developing mailing equipment that is differentiated from that of competitors in terms of both price and functionality. At the same time, we will advance business ventures targeting mail-order stores, Internet grocery stores, and other businesses in the growing distribution industry. Further, we are developing a next-generation temperature management service that combines the Company's high-performance refrigerants with temperature monitoring systems. The service will primarily be marketed toward the medical, pharmaceutical, Internet-based food sales, and air transport industries. We are also expanding our lineup of high-value-added products for environment-related fields.



# Corporate Governance

Toppan Forms places the establishment and maintenance of strong corporate governance systems, the systems through which all aspects of business operations are monitored and managed, among its top management priorities, as these systems are essential in improving both corporate value and shareholder value.

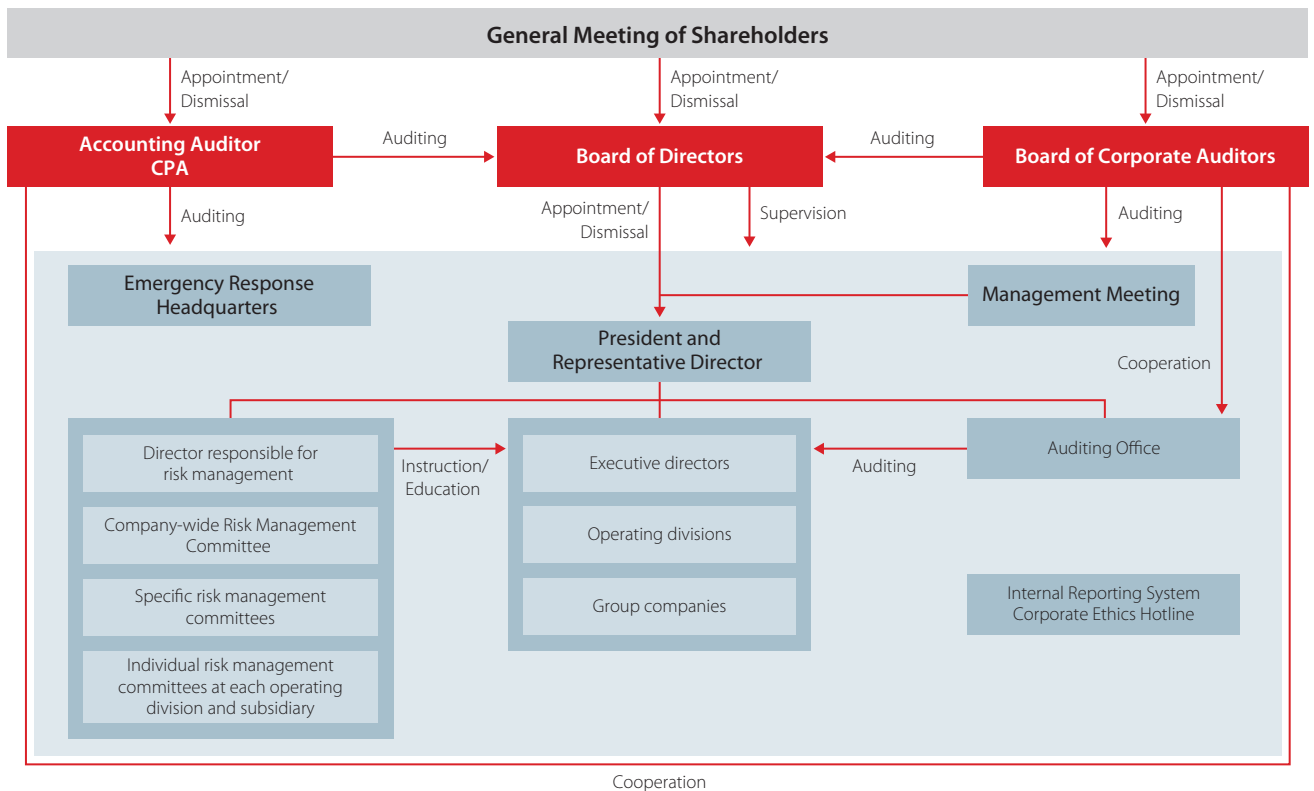
## Corporate Governance Systems

The Company has established the Board of Corporate Auditors. While the Company has no outside directors, 4 of the 5 corporate auditors on the Board of Corporate Auditors are outside corporate auditors. Of these outside corporate auditors, 1 is full time. Guided by the in-house corporate auditor and this full-time outside corporate auditor, the corporate auditors conduct thorough auditing activities, including attending meetings of the Board of Directors as well as other important meetings, auditing principal business sites and subsidiaries, and closely monitoring the administrative execution of directors. This system allows for the same degree of managerial monitoring as would be possible were outside directors present.

The Board of Directors consists of 15 directors, and it makes important decisions relating to the Group's operations and also supervises administrative execution.

To ensure that directors can conduct their duties in an efficient manner, meetings of the Board of Directors are held on a monthly basis and on an extraordinary basis as necessary. Further, meetings of the Management Meeting, which deliberates on important management issues, and the Executive Committee, which discusses and shares information regarding business strategies, are held periodically. Through this system, the Company works to ensure that management decisions are made in an expedient manner and business operations are conducted efficiently.

## Corporate Governance System



## Compliance

In order to better incorporate compliance and corporate ethics into our business operations, the Company has developed the "Toppan Forms Group Action Guidelines," and it is working to disseminate knowledge and implementation of these guidelines throughout the Company.

With the goal of cultivating a compliance-based mindset in daily business operations, the Legal Department is spearheading many compliance-related training and education programs. Further, compliance promotion representatives and compliance promotion leaders have been posted at each business site to help support employees in practicing good compliance. We are also educating overseas Group companies with regard to the Toppan Forms Group Action Guidelines in order to further the dissemination of these guidelines.

## Risk Management

The Company has developed a comprehensive risk management system. Risk management is primarily handled by five specific risk management committees that work under the Company-wide Risk Management Committee, which is chaired by the director responsible for risk management, to manage major risks throughout the Group. These committees are the Company-wide Information Security Committee, the BCM Promotion Committee, the Quality Committee, the Environmental Committee, and the Compliance Committee. Additionally, individual risk management committees have been established for each operating division and subsidiary. These organizations work together in conducting risk management activities.

Further, the Company has developed business continuity management systems (BCMSs) in order to ensure that it can quickly resume and continue operations in the event that a major disaster occurs. In 2009, we developed a business continuity plan (BCP). This system was highly evaluated and won an award for superior implementation in the BCAO Awards 2009 sponsored by the Business Continuity Advancement Organization (BCAO). Later, in 2013, we became certified under ISO 22301:2012, an international standard for BCMSs. As of June 30, 2013, only 25 companies in Japan had acquired this certification, and Toppan Forms was the first company in Japan's printing industry to acquire this certification. The Company has currently acquired this certification for 19 of its operating sites, which include office buildings and factories located throughout Japan.

## Information Security

The Data Print Services (DPS) business is one of the Company's core businesses. In this business, we are entrusted with sensitive information, including personal information, by our customers. We therefore realize that proper information management is not only necessary in order to maintain the trust of our customers, but also an important element of our responsibility toward society.

The Company has established the "Basic Principles for Information Security" and the "Personal Information Protection Policy." Moreover, we have developed the "Information Security Guideline" with the aim of reconciling the differing levels of information security awareness between different Group companies and operating divisions, and we are subsequently developing a uniform information security level throughout the Group. Through these efforts, we are developing information security systems that are best suited to Toppan Forms, the industry's leading company. We are also actively acquiring certifications from external organizations. Currently, three Group companies have received ISO 27001 certification, while 12 Group companies have received PrivacyMark certification.

### Board of Directors and Corporate Auditors

As of June 27, 2013

#### President and CEO

Shu Sakurai

#### Vice President

Eiji Katoh

#### Senior Managing Director

Toshiro Masuda

#### Managing Directors

Shungo Hiromura

Shigetaka Mori

Akira Kameyama

Kenichi Fukushima

#### Directors

Naoki Adachi

Hideyuki Ikeuchi

Toshiaki Kaneko

Mitsuyuki Hamada

Kouichi Sakata

Hiroshi Ito

Satoshi Uchida

Keitaro Fukushima

#### Auditor

Kyouichi Hori (*fulltime*)

#### Outside Auditors

Kiyoshi Otsuka (*fulltime*)

Noriaki Kinoshita

Kunio Sakuma

Yukio Maeda

# Consolidated Six-Year Financial Summary

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Years ended March 31	Millions of yen					Thousands of U.S. dollars*1	
	2008	2009	2010	2011	2012	2013	2013
<b>For the year:</b>							
Net sales	¥228,565	¥235,895	¥231,617	¥224,305	¥227,049	<b>¥243,799</b>	<b>\$2,592,227</b>
Operating income	15,178	15,687	12,997	10,308	10,908	<b>11,887</b>	<b>126,384</b>
Income before income taxes and minority interests	15,007	15,069	12,898	9,482	10,511	<b>11,676</b>	<b>124,159</b>
Net income	8,752	8,791	7,512	5,030	5,590	<b>7,109</b>	<b>75,590</b>
Depreciation and amortization	6,369	8,561	8,904	8,512	8,566	<b>7,470</b>	<b>79,425</b>
Capital expenditure	9,828	9,619	10,275	11,261	5,596	<b>12,998</b>	<b>138,199</b>
R&D expenditure	2,556	2,697	2,258	2,413	2,269	<b>2,075</b>	<b>22,058</b>
<b>At year-end:</b>							
Total assets	¥185,237	¥185,636	¥187,094	¥186,576	¥190,550	<b>¥200,510</b>	<b>\$2,131,981</b>
Total shareholders' equity	127,888	133,894	138,631	140,886	143,701	<b>150,264</b>	<b>1,597,710</b>
Number of shares outstanding (thousands)	110,997	110,997	110,997	110,997	110,997	<b>110,997</b>	
Number of employees	6,641	7,357	7,529	7,598	7,715	<b>7,827</b>	
<b>Cash flows:</b>							
Net cash provided by operating activities	¥13,524	¥15,685	¥14,520	¥17,427	¥11,670	<b>¥17,183</b>	<b>\$182,704</b>
Net cash used in investing activities	(11,948)	(10,110)	(9,783)	(12,504)	(5,898)	<b>(8,822)</b>	<b>(93,807)</b>
Net cash used in financing activities	(6,420)	(3,488)	(3,768)	(3,575)	(3,242)	<b>(2,950)</b>	<b>(31,373)</b>
Cash and cash equivalents at end of year	29,929	31,888	32,859	34,120	36,610	<b>42,205</b>	<b>448,747</b>

	Yen					U.S. dollars*1	
	2008	2009	2010	2011	2012	2013	2013
<b>Per share data*2:</b>							
Net income:							
Basic	¥ 77.24	¥ 79.20	¥ 67.68	¥ 45.32	¥ 50.37	<b>¥ 64.05</b>	<b>\$ 0.68</b>
Diluted	–	–	–	–	–	–	–
Cash dividends	25.00	25.00	25.00	25.00	25.00	<b>25.00</b>	<b>0.27</b>
Shareholders' equity	1,162.99	1,199.04	1,245.62	1,263.23	1,289.67	<b>1,348.07</b>	<b>14.33</b>

	Percent					2013	2013
	2008	2009	2010	2011	2012		
<b>Ratios:</b>							
Equity ratio	69.7%	71.7%	73.9%	75.2%	75.1%	<b>74.6%</b>	
Return on net sales	3.8	3.7	3.2	2.2	2.5	<b>2.9</b>	
Return on assets	4.7	4.7	4.0	2.7	2.9	<b>3.5</b>	
Return on shareholders' equity	6.8	6.7	5.5	3.6	3.9	<b>4.9</b>	

\*1 U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥94.05 = U.S.\$1, as at March 31, 2013.

\*2 The computations of net income per share and shareholders' equity per share are based on the weighted-average number of common stock outstanding during each year. Treasury stocks 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

## Operating Environment

In fiscal 2013, ended March 31, 2013, demand was down in the business form market due to widespread corporate cost reduction initiatives and the advancement of information and network technologies. This led to intensified cost competition, which drove down selling prices and made for a difficult operating environment.

Under these conditions, the Group continued working to provide one-stop solutions for the issues faced by customers as a comprehensive information management solutions company. In overseas operations, the Company established a new operating base in Taiwan and commenced a business and capital alliance with ZHEJIANG MATSUOKA PRINTING CO., LTD., with the aim of further developing operations in the Chinese market.

Furthermore, the Company implemented initiatives to strengthen its operating foundation including commencing phase II construction at its Takiyama Factory and the Osaka-Sakurai Factory and taking other steps to consolidate manufacturing bases.

## Income and Expenses

In fiscal 2013, consolidated net sales increased 7.4% year on year, to ¥243.8 billion (\$2,592 million).

Looking at segment sales, the Printing Business segment saw a 10.1% year-on-year increase in sales, to ¥196.9 billion (\$2,093 million). In this segment, sales in the Business Forms Division were up 1.7%, to ¥98.7 billion (\$1,050 million). This was largely due to our efforts to conduct proposals that employ universal design concepts and techniques to improve the ability of business forms to properly communicate information and to address demand for various transportation and delivery slips, which was a product of corporate system changes. Sales increases were also seen stemming from batch orders for printed materials accompanying corporate reorganizations. These factors offset the impacts of lower

selling prices that resulted from thorough cost cutting by companies and the reduced demand following increased digitalization.

In the Data Print Services (DPS) Division, sales rose 20.1%, to ¥98.2 billion (\$1,044 million). This increase can be partially attributed to our efforts to capture demand for batch outsourcing of printing duties centered on financial institutions. Other contributing factors included our addressing demand in the variable printing market by utilizing digital printers and increased outsourcing contracts for Business Process Outsourcing (BPO) services and other services that are peripheral to printing services. The benefits of these factors outweighed the impacts of lower selling prices stemming from reduced demand for notifications following the spread of digitalization, simpler orders from customers, and intensified competition.

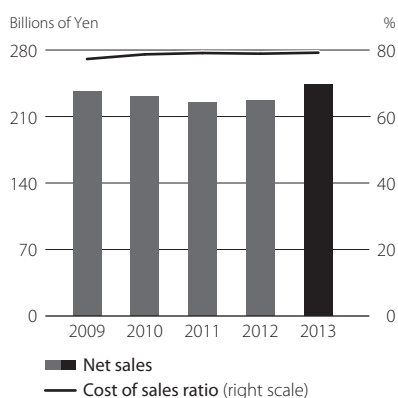
In the Merchandise segment, sales were down 2.7%, to ¥46.9 billion (\$499 million). Throughout the year, we encouraged customers to place batch orders for office supplies through the Company's *O-tascarry* online sales system and promoted sales of paper, toner cartridge refills, and other office supplies, as well as disaster response items and sales promotion novelty items. However, reduced selling prices resulted in an overall decline in sales.

Likewise, sales of equipment and services were down due to reduced outsourcing demand for mailing operations and longer replacement cycles for the office equipment, the impacts of which offset the benefits of efforts to expand sales of new printers that are compatible with delivery slips, data input devices, and card issuing machines for financial institutions.

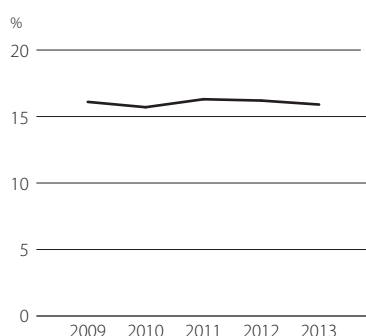
Cost of sales rose 7.7% year on year, to ¥193.0 billion (\$2,053 million), following higher sales, and the cost of sales ratio increased 0.3 percentage point, to 79.2%. As a result, gross profit increased 6.2%, to ¥50.8 billion (\$540 million).

Selling, general and administrative (SG&A) expenses rose 5.3%, to ¥38.9 billion (\$413 million). The SG&A expenses ratio was down 0.3 percentage point, to 15.9%. The factors mentioned above

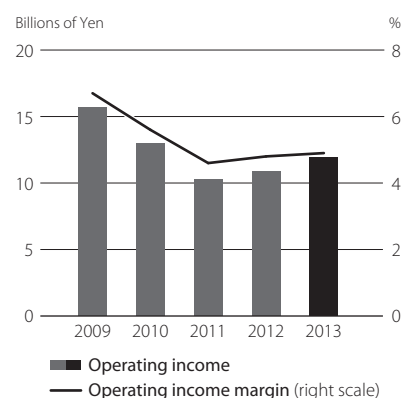
### Net Sales and Cost of Sales Ratio



### SG&A Expenses Ratio



### Operating Income and Operating Income Margin



resulted in a 9.0% year-on-year increase in operating income, to ¥11.9 billion (\$126 million). Subsequently, the operating income margin rose 0.1 percentage point, to 4.9%.

Other income and expenses in fiscal 2013 was a negative ¥0.2 billion (\$2 million), compared with a negative ¥0.4 billion in fiscal 2012. As a result, income before income taxes and minority interests for fiscal 2013 grew 11.1%, to ¥11.7 billion (\$124 million), and net income was up 27.2%, to ¥7.1 billion (\$76 million).

Net income per share was ¥64.05 (\$0.68), which was higher than the ¥50.37 recorded in the previous fiscal year. Return on shareholders' equity (ROE) rose from 3.9% in the previous fiscal year to 4.9%, and return on assets (ROA) rose from 2.9% to 3.5%.

### Dividend Policy

Toppan Forms encourages 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 2013, the amount for year-end dividends was ¥25.00 per share (\$0.27), while the consolidated dividend payout ratio was 39.0%.

### Depreciation and Amortization / Capital Expenditure

Capital expenditure, primarily directed toward production facilities, increased ¥7.4 billion year on year, to ¥13.0 billion (\$138 million). Depreciation and amortization was ¥7.5 billion (\$79 million), down ¥1.1 billion year on year.

### Financial Position

At fiscal 2013 year-end, total current assets stood at ¥102.4 billion (\$1,089 million), an increase of ¥3.0 billion compared with the previous fiscal year-end. Total current liabilities rose ¥3.8 billion, to ¥47.0 billion (\$500 million). As a result, working capital decreased ¥0.8 billion, to ¥55.4 billion (\$589 million), while the current ratio declined 12.1 percentage points, to 217.8%.

Total net assets at the end of fiscal 2013 stood at ¥150.3 billion (\$1,598 million), an increase of ¥6.6 billion compared with the previous fiscal year-end. This rise was mainly attributable to an increase in retained earnings. Total assets amounted to ¥200.5 billion (\$2,132 million) at the end of the fiscal year, a ¥10.0 billion increase compared with the close of fiscal 2012. Consequently, the equity ratio decreased from 75.1% at the end of the previous fiscal year to 74.6%.

### Cash Flows

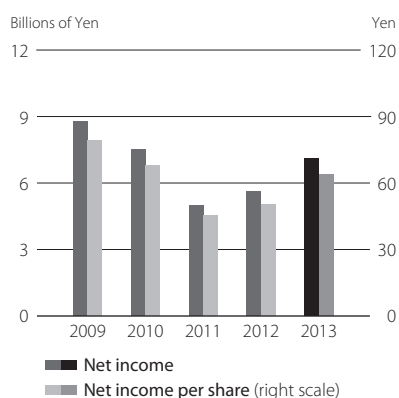
Net cash provided by operating activities during fiscal 2013 totaled ¥17.2 billion (\$183 million), compared with ¥11.7 billion in the previous year. Major inflows included income before income taxes and minority interests of ¥11.7 billion (\$124 million), depreciation and amortization of ¥7.5 billion (\$79 million), and decrease in notes and accounts receivable-trade of ¥5.0 billion (\$54 million). Major outflows included decrease in notes and accounts payable-trade of ¥1.9 billion (\$20 million) and income taxes paid of ¥4.7 billion (\$50 million).

Net cash used in investing activities amounted to ¥8.8 billion (\$94 million), compared with ¥5.9 billion in the previous year. Major inflows included proceeds from sales and redemption of investment securities of ¥2.6 billion (\$27 million). Major outflows included purchase of property, plant and equipment of ¥6.8 billion (\$72 million) and purchase of investment securities of ¥3.4 billion (\$36 million).

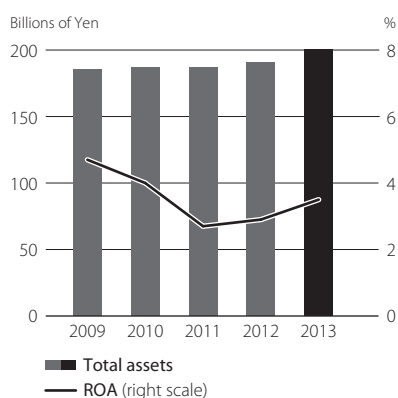
Net cash used in financing activities totaled ¥3.0 billion (\$31 million), compared with ¥3.2 billion in the previous year. Major outflows included cash dividends paid of ¥2.8 billion (\$30 million).

Cash and cash equivalents at the end of the fiscal year totaled ¥42.2 billion (\$449 million), a ¥5.6 billion increase compared with the previous fiscal year-end.

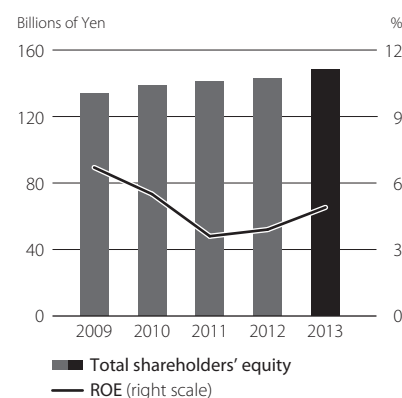
### Net Income and Net Income Per Share



### Total Assets and ROA



### Total Shareholders' Equity and ROE



# Consolidated Balance Sheets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
<b>Assets:</b>			
Current assets -			
Cash and deposits (Note 10)	¥ 34,201	¥ 39,820	\$ 423,391
Notes and accounts receivable, trade (Note 6)	47,120	42,348	450,270
Short-term investment securities (Notes 12 and 13)	2,433	3,638	38,683
Merchandise and finished goods	8,071	8,058	85,679
Work in process	959	974	10,361
Raw materials and supplies	1,959	2,136	22,707
Prepaid expenses	1,330	1,175	12,493
Deferred tax assets (Note 17)	2,064	2,322	24,691
Other current assets	1,560	2,199	23,394
Allowance for doubtful accounts	(248)	(240)	(2,548)
Total current assets	99,449	102,430	1,089,121
Noncurrent assets -			
Property, plant and equipment:			
Buildings and structures (Note 6)	56,486	58,649	623,590
Accumulated depreciation	(27,201)	(27,186)	(289,058)
Buildings and structures, net	29,285	31,463	334,532
Machinery, equipment and vehicles	70,957	71,939	764,907
Accumulated depreciation	(59,572)	(61,362)	(652,440)
Machinery, equipment and vehicles, net	11,385	10,577	112,467
Tools, furniture and fixtures	10,243	11,559	122,907
Accumulated depreciation	(8,466)	(8,943)	(95,087)
Tools, furniture and fixtures, net	1,777	2,616	27,820
Land (Note 6)	22,627	22,630	240,621
Lease assets	288	317	3,370
Accumulated depreciation	(240)	(292)	(3,108)
Lease assets, net	48	25	262
Construction in progress	750	3,906	41,535
Total property, plant and equipment	65,872	71,217	757,237
Intangible assets:			
Other	3,486	3,958	42,089
Total intangible assets	3,486	3,958	42,089
Investments and other assets:			
Investment securities (Notes 6 and 13)	13,540	17,125	182,085
Long-term loans receivable	195	209	2,222
Long-term prepaid expenses	286	272	2,889
Lease and guarantee deposits	2,032	1,722	18,309
Insurance funds	2,863	2,141	22,763
Deferred tax assets (Note 17)	2,414	1,242	13,207
Other assets	765	617	6,560
Allowance for doubtful accounts	(352)	(423)	(4,501)
Total investments and other assets	21,743	22,905	243,534
Total noncurrent assets	91,101	98,080	1,042,860
Total assets	¥190,550	¥200,510	\$2,131,981

The accompanying notes are an integral part of these statements.

March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
<b>Liabilities:</b>			
Current liabilities -			
Notes and accounts payable-trade (Note 6)	¥ 27,440	¥ 25,743	\$ 273,717
Short-term loans payable (Notes 6 and 25)	299	283	3,010
Current portion of long-term loans payable (Notes 6 and 25)	51	-	-
Lease obligations (Note 25)	37	22	232
Accrued expenses	4,035	3,930	41,787
Income taxes payable (Note 17)	2,044	2,006	21,327
Accrued consumption taxes	941	483	5,140
Provision for bonuses	4,106	4,365	46,416
Provision for directors' bonuses	42	57	610
Asset retirement obligations (Note 19)	138	208	2,215
Notes payable-facilities (Note 6)	975	4,786	50,892
Other current liabilities	3,145	5,146	54,719
Total current liabilities	43,253	47,029	500,065
Noncurrent liabilities -			
Lease obligations (Note 25)	44	29	310
Deferred tax liabilities (Note 17)	125	115	1,222
Provision for retirement benefits (Note 15)	2,660	2,505	26,636
Provision for directors' retirement benefits	157	157	1,665
Asset retirement obligations (Note 19)	595	411	4,373
Total noncurrent liabilities	3,581	3,217	34,206
Total liabilities	46,834	50,246	534,271
<b>Net assets:</b>			
Shareholders' equity -			
Capital stock			
Authorized: 400,000,000 shares			
Issued: 115,000,000 shares	11,750	11,750	124,934
Capital surplus	9,270	9,270	98,565
Retained earnings	127,597	131,932	1,402,787
Treasury stock (Note 9) (2012: 4,003,354 shares, 2013: 4,003,441 shares)	(4,916)	(4,917)	(52,275)
Total shareholders' equity	143,701	148,035	1,574,011
Accumulated other comprehensive income -			
Valuation difference on available-for-sale securities	285	1,971	20,957
Foreign currency translation adjustment	(838)	(375)	(3,986)
Total accumulated other comprehensive income	(553)	1,596	16,971
Subscription rights to shares -	34	13	140
Minority interests -	534	620	6,588
Total net assets	143,716	150,264	1,597,710
Total liabilities and net assets	¥190,550	¥200,510	\$2,131,981

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Income

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Year ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
<b>Net sales</b> (Note 20)	¥227,049	<b>¥243,799</b>	<b>\$2,592,227</b>
<b>Cost of sales</b> (Note 7)	179,246	<b>193,047</b>	<b>2,052,604</b>
Gross profit	47,803	<b>50,752</b>	<b>539,623</b>
<b>Selling, general and administrative expenses</b> (Note 7)	36,895	<b>38,865</b>	<b>413,239</b>
Operating income	10,908	<b>11,887</b>	<b>126,384</b>
<b>Non-operating income:</b>			
Interest income	109	<b>150</b>	<b>1,592</b>
Dividends income	191	<b>230</b>	<b>2,444</b>
Equity in earnings of affiliates	15	-	-
Foreign exchange gains	-	<b>22</b>	<b>230</b>
House rent income	83	<b>85</b>	<b>909</b>
Insurance return	5	<b>111</b>	<b>1,178</b>
Other	385	<b>250</b>	<b>2,658</b>
	788	<b>848</b>	<b>9,011</b>
<b>Non-operating expenses:</b>			
Interest expenses	11	<b>8</b>	<b>89</b>
Equity in losses of affiliates	-	<b>111</b>	<b>1,185</b>
Foreign exchange losses	92	-	-
Loss on insurance cancellation	45	<b>118</b>	<b>1,256</b>
Rent expenses	48	<b>68</b>	<b>727</b>
Provision of allowance for doubtful accounts	99	<b>14</b>	<b>151</b>
Investment research costs	84	-	-
Other	124	<b>122</b>	<b>1,273</b>
	503	<b>441</b>	<b>4,681</b>
Ordinary income	11,193	<b>12,294</b>	<b>130,714</b>
<b>Extraordinary income:</b>			
Gain on sales of noncurrent assets (Note 7)	70	<b>0</b>	<b>1</b>
Gain on sales of investment securities	104	<b>197</b>	<b>2,096</b>
Gain on reversal of subscription rights to shares	13	<b>21</b>	<b>219</b>
Gain on liquidation of investment securities	24	-	-
Other	6	<b>3</b>	<b>29</b>
	217	<b>221</b>	<b>2,345</b>
<b>Extraordinary loss:</b>			
Loss on sales of noncurrent assets (Note 7)	26	<b>42</b>	<b>448</b>
Impairment loss (Note 7)	148	<b>73</b>	<b>776</b>
Loss on retirement of noncurrent assets (Note 7)	424	<b>293</b>	<b>3,117</b>
Loss on valuation of investment securities	63	<b>103</b>	<b>1,098</b>
Transfer cost for integration of the factory	93	<b>106</b>	<b>1,124</b>
Loss on disposal of noncurrent assets (Note 7)	116	<b>152</b>	<b>1,611</b>
Other	29	<b>70</b>	<b>726</b>
	899	<b>839</b>	<b>8,900</b>
Income before income taxes and minority interests	10,511	<b>11,676</b>	<b>124,159</b>
<b>Income taxes</b> (Note 17):			
- Current	4,588	<b>4,505</b>	<b>47,902</b>
- Deferred	262	<b>(31)</b>	<b>(325)</b>
	4,850	<b>4,474</b>	<b>47,577</b>
<b>Income before minority interests</b>	5,661	<b>7,202</b>	<b>76,582</b>
<b>Minority interests in income</b>	71	<b>93</b>	<b>992</b>
<b>Net income</b>	¥ 5,590	<b>¥ 7,109</b>	<b>\$ 75,590</b>

The accompanying notes are an integral part of these statements.



# Consolidated Statements of Comprehensive Income

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Year ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
Income before minority interests	¥5,661	<b>¥7,202</b>	<b>\$76,582</b>
Other comprehensive income			
Valuation difference on available-for-sale securities	221	<b>1,691</b>	<b>17,984</b>
Foreign currency translation adjustment	(124)	<b>433</b>	<b>4,606</b>
Share of other comprehensive income of associates accounted for using equity method	22	<b>30</b>	<b>314</b>
Total other comprehensive income (Note 8)	119	<b>2,154</b>	<b>22,904</b>
Comprehensive income	5,780	<b>9,356</b>	<b>99,486</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	5,710	<b>9,258</b>	<b>98,433</b>
Comprehensive income attributable to minority interests	70	<b>98</b>	<b>1,053</b>

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Changes in Net Assets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Year ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
Statements of changes in net assets			
Shareholders' equity:			
Capital stock -			
Balance at the end of previous period	¥ 11,750	¥ 11,750	\$ 124,934
Changes of items during the period	-	-	-
Total changes of items during the period	-	-	-
Balance at the end of current period	11,750	11,750	124,934
Capital surplus -			
Legal capital surplus			
Balance at the end of previous period	9,270	9,270	98,565
Changes of items during the period	-	-	-
Total changes of items during the period	-	-	-
Balance at the end of current period	9,270	9,270	98,565
Retained earnings -			
Balance at the end of previous period	124,782	127,597	1,356,702
Changes of items during the period			
Dividends from surplus	(2,775)	(2,775)	(29,505)
Net income	5,590	7,109	75,590
Total changes of items during the period	2,815	4,334	46,085
Balance at the end of current period	127,597	131,932	1,402,787
Treasury stock -			
Balance at the end of previous period	(4,916)	(4,916)	(52,275)
Changes of items during the period			
Purchase of treasury stock	-	(0)	(0)
Total changes of items during the period	-	(0)	(0)
Balance at the end of current period	(4,916)	(4,917)	(52,275)
Total shareholders' equity -			
Balance at the end of previous period	140,886	143,701	1,527,926
Changes of items during the period			
Dividends from surplus	(2,775)	(2,775)	(29,505)
Net income	5,590	7,109	75,590
Purchase of treasury stock	-	(0)	(0)
Total changes of items during the period	2,815	4,334	46,085
Balance at the end of current period	143,701	148,035	1,574,011
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities -			
Balance at the end of previous period	63	285	3,032
Changes of items during the period			
Net changes of items other than shareholders' equity	222	1,686	17,925
Total changes of items during the period	222	1,686	17,925
Balance at the end of current period	285	1,971	20,957
Foreign currency translation adjustment:			
Balance at the end of previous period	(735)	(838)	(8,906)
Changes of items during the period			
Net changes of items other than shareholders' equity	(103)	463	4,920
Total changes of items during the period	(103)	463	4,920
Balance at the end of current period	(838)	(375)	(3,986)
Total accumulated other comprehensive income:			
Balance at the end of previous period	(672)	(553)	(5,874)
Changes of items during the period			
Net changes of items other than shareholders' equity	119	2,149	22,845
Total changes of items during the period	119	2,149	22,845
Balance at the end of current period	(553)	1,596	16,971
Subscription rights to shares:			
Balance at the end of previous period	47	34	359
Changes of items during the period			
Net changes of items other than shareholders' equity	(13)	(21)	(219)
Total changes of items during the period	(13)	(21)	(219)
Balance at the end of current period	34	13	140
Minority interests:			
Balance at the end of previous period	472	534	5,677
Changes of items during the period			
Net changes of items other than shareholders' equity	62	86	911
Total changes of items during the period	62	86	911
Balance at the end of current period	534	620	6,588
Total net assets:			
Balance at the end of previous period	140,733	143,716	1,528,088
Changes of items during the period			
Dividends from surplus	(2,775)	(2,775)	(29,505)
Net income	5,590	7,109	75,590
Purchase of treasury stock	-	(0)	(0)
Net changes of items during the period	168	2,214	23,537
Total changes of items during the period	2,983	6,548	69,622
Balance at the end of current period	¥143,716	¥150,264	\$1,597,710

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Cash Flows

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Year ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
<b>Net cash provided by (used in) operating activities:</b>			
Income before income taxes and minority interests	¥10,511	¥11,676	\$124,159
Depreciation and amortization	8,566	7,470	79,425
Impairment loss	148	73	776
Loss on retirement of noncurrent assets	424	293	3,117
Loss (Gain) on sales of noncurrent assets	(43)	42	447
Loss (Gain) on valuation of investment securities	63	103	1,098
Loss (Gain) on sales of investment securities	(102)	(193)	(2,049)
Increase (Decrease) in allowance for doubtful accounts	52	41	433
Increase (Decrease) in provision for retirement benefits	(143)	(155)	(1,651)
Increase (Decrease) in provision for directors' bonuses	(14)	15	162
Increase (Decrease) in provision for bonuses	76	249	2,643
Interest and dividends income	(300)	(380)	(4,036)
Interest expense	11	8	89
Gain on maturity of insurance contract	(5)	(111)	(1,178)
Equity in (earnings) losses of affiliates	(15)	111	1,185
Decrease (Increase) in notes and accounts receivable-trade	(6,899)	5,035	53,540
Decrease (Increase) in inventories	299	(80)	(856)
Increase (Decrease) in notes and accounts payable-trade	1,423	(1,900)	(20,203)
Increase (Decrease) in accrued consumption taxes	863	(744)	(7,912)
Other, net	137	(62)	(684)
Subtotal	15,052	21,491	228,505
Interest and dividends received	304	376	4,001
Interest expenses paid	(11)	(7)	(72)
Income taxes paid	(3,675)	(4,677)	(49,730)
Net cash provided by operating activities	11,670	17,183	182,704
<b>Net cash provided by (used in) investing activities:</b>			
Purchase of short-term investment securities	-	(800)	(8,506)
Payments into time deposits	(35)	(50)	(532)
Proceeds from withdrawal of time deposits	19	24	255
Purchase of property, plant and equipment	(5,920)	(6,797)	(72,273)
Proceeds from sales of property, plant and equipment	521	41	436
Purchase of investment securities	(744)	(3,396)	(36,114)
Proceeds from sales and redemption of investment securities	602	2,545	27,062
Purchase of stocks of subsidiaries and affiliates	-	(456)	(4,847)
Other payments	(1,439)	(1,567)	(16,665)
Other proceeds	1,098	1,634	17,377
Net cash used in investing activities	(5,898)	(8,822)	(93,807)
<b>Net cash provided by (used in) financing activities:</b>			
Net increase (decrease) in short-term loans payable	(40)	(71)	(753)
Repayments of finance lease obligations	(39)	(40)	(424)
Repayments of long-terms loans payable	(181)	(51)	(547)
Redemption of bonds	(200)	-	-
Cash dividends paid	(2,775)	(2,775)	(29,505)
Cash dividends paid to minority shareholders	(7)	(13)	(143)
Other, net	-	(0)	(1)
Net cash used in financing activities	(3,242)	(2,950)	(31,373)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(40)	184	1,959
<b>Net increase (decrease) in cash and cash equivalents</b>	2,490	5,595	59,483
<b>Cash and cash equivalents at beginning of year</b>	34,120	36,610	389,264
<b>Cash and cash equivalents at end of year (Note 10)</b>	¥36,610	¥42,205	\$448,747

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 ¥94.05 = U.S.\$1, the approximate rate of exchange on March 31, 2013. 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.

In addition, certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

## 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 (21 companies for the fiscal year ended March 31, 2013, and 22 companies for the fiscal year ended March 31, 2012). Significant subsidiaries are as follows:

- Toppan Forms Central Products Co., Ltd.
- Toppan Forms Tokai Co., Ltd.
- Toppan Forms Logistics and Services Co., Ltd.
- Toppan Forms Kansai Co., Ltd.
- Toppan Forms Nishinohon Co., Ltd.
- Toppan Forms (Sanyo) Co., Ltd.
- TOSCO CORPORATION
- Toppan Forms (Hong Kong) Ltd.
- Toppan Forms (S) Pte. Ltd.
- Toppan Forms Operation Co., Ltd.
- Techno Toppan Forms Co., Ltd.
- Toppan Forms Payment Service Co., Ltd.

ZIXSYS Co., Ltd. was liquidated during the fiscal year and therefore is not included in the consolidated financial statements for the fiscal year ended March 31, 2013.

#### (b) Equity-method associates:

Investments in all associates (7 associates for the fiscal year ended March 31, 2013, and 6 associates for the fiscal year ended March 31, 2012), where shareholdings are more than 20% and where the Company has significant influence over operations, finance and management, are accounted for using the equity method. The associate with the most significant impact on the results of the Company is Data Products Toppan Forms Ltd.

Following the purchase of shares in ZHEJIANG MATSUOKA PRINTING CO., LTD., the entity is included in equity-method accounted associates for the fiscal year ended March 31, 2013.

#### (c) Period-end dates:

The period-end date of T.F. Company Ltd. and 8 of its subsidiaries is December 31. The consolidated financial statements incorporate the accounts of these companies with adjustments for significant transactions with the Company and consolidated subsidiaries 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 two categories:

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 most recently 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.

#### (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. The main amortization period is 5 years.

### (4) Basis of provision -

#### (a) Allowance for doubtful accounts:

Allowance for doubtful accounts of the Company and its domestic consolidated 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 period following that in which they occurred.

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 asset, liability, 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) Amortization of goodwill -**

Goodwill is amortized equally over the relevant periods.

#### **(9) 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.

#### **(10) Consumption tax -**

The consumption tax withheld upon sale and consumption tax paid by the Company and its consolidated subsidiaries on their purchases of goods and services is not included in revenue and cost or expense items, in the accompanying consolidated statement of income.

### **3 Accounting Changes**

#### **(1) Accounting changes when it is difficult to distinguish between a change in an accounting policy and a change in an accounting estimate -**

In accordance with the amendment of the Corporate Tax Law of Japan in 2011, the Company and its domestic consolidated subsidiaries changed the depreciation method of property and equipment acquired on or after April 1, 2012

to the method based on the amended Corporate Tax Law of Japan. As a result, operating income and income before income taxes and minority interests for the fiscal year ended March 31, 2013 increased by ¥150 million (US\$1,597 thousand) compared with what would have been reported under the previous accounting policy.

### **4 Accounting Standards Issued But Not Yet Effective**

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012)

#### **(1) Overview**

From the perspective of improving financial reporting and in consideration of international reporting trends, the standard prescribes revisions to the processes of accounting for unrecognized actuarial gains/(losses) and unrecognized prior service costs, as well as the processes of calculating and displaying

projected benefit obligation and service costs.

#### **(2) Date of adoption**

The Company will adopt the accounting standard effective March 31, 2014. However, the change in the calculation method for projected benefit obligation and service costs will be applied effective April 1, 2014.

#### **(3) Impact of the adoption of the accounting standard**

The financial impact is currently being evaluated.

### **5 Change in Presentation Methods**

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Consolidated Statements of Income

In non-operating income, "technical support fee" was displayed separately in the fiscal year ended March 31, 2012. However, in the fiscal year ended March 31, 2013, "technical support fee" has been included under "other" because it accounted for less than one-tenth of other expenses. Figures for the fiscal year ended March 31, 2012, have been restated to reflect this change in method of presentation. As a result, the value of "technical support fee" of ¥6 million recorded under non-operating income in the consolidated statements of income for the fiscal year ended March 31, 2012, has been included under "other."

In non-operating expenses, "rent expenses" was included in "other" in the fiscal year ended March 31, 2012. However, in the fiscal year ended March 31, 2013, "rent expenses" has been presented separately because it accounted for more than one-tenth of other expenses. Figures for the fiscal year ended March 31, 2012, have been restated to reflect this change in method of presentation.

As a result, the value of "other" of ¥172 million recorded under non-operating expenses in the consolidated statements of income for the fiscal year ended March 31, 2012, has been restated as "rent expenses" of ¥48 million and "other" of ¥124 million.

## 6 Notes to Consolidated Balance Sheets

### (1) Investments in affiliates -

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Investment securities (shares)	¥947	¥1,399	\$14,881

### (2) Contingent liabilities -

The Company had the following contingent liabilities as of March 31, 2012 and 2013:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Guarantee			
Employees housing loan	¥6	¥4	\$47

### (3) Details of collateral and secured liabilities -

(a) Collateral:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Buildings and structures	¥ 64	¥-	\$-
Land	149	-	-
Total	¥213	¥-	\$-

(b) Secured liabilities:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Current portion of long-term loans payable	¥22	¥-	\$-
Total	¥22	¥-	\$-

Maximum amount of flexible mortgage is ¥274 million for the fiscal year ended March 31, 2012.

### (4) Maturing notes on the end of year -

For the year ended March 31, 2013, the closing date of the fiscal period was a bank holiday. The Company and its subsidiaries in Japan accounted for notes maturing on the final day based on the actual contractual clearance date. Amounts of such notes maturing at the end of the fiscal year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Notes receivable-trade	¥278	¥262	\$2,782
Notes payable-trade	14	92	976
Notes payable-facilities	3	13	141
Total	¥295	¥367	\$3,899

## 7 Notes to Consolidated Statements of Income

### (1) Selling, general and administrative expenses -

The major components of "Selling, general and administrative expenses" are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Delivery costs	¥ 6,118	¥ 6,447	\$ 68,552
Salaries and bonuses	13,008	13,225	140,621
Pension costs	760	766	8,149
Provisions for bonuses to employees	1,254	1,606	17,071
Provisions for bonuses to directors and corporate auditors	29	57	610
Provisions for retirement benefit of directors and corporate auditors	16	31	326
Depreciation	1,635	1,780	18,930
Rent expenses	1,735	1,573	16,721
Research and development expenditure	2,269	2,075	22,058

### (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 ¥2,269 million and ¥2,075 million (US\$22,058 thousand) for the fiscal years ended March 31, 2012 and 2013, respectively.

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Land	¥65	¥-	\$-
Machinery, equipment and vehicles	3	0	1
Tools, furniture and fixtures	2	-	-
	¥70	¥0	\$1

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Land	¥ 9	¥ -	\$ -
Buildings and structures	17	-	-
Machinery, equipment and vehicles	0	42	440
Tools, furniture and fixtures	0	0	5
Software	-	0	3
	¥26	¥42	\$448

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Buildings and structures	¥132	¥137	\$1,454
Machinery, equipment and vehicles	252	125	1,332
Tools, furniture and fixtures	35	15	161
Software	5	11	121
Construction in progress	-	4	43
Others	-	1	6
	¥424	¥293	\$3,117

**(6) Loss on disposal of noncurrent assets -**

Loss on disposal of noncurrent assets was mainly Osaka factory demolition work expenses of ¥112 million and Hino First factory demolition work expenses of ¥149 million (US\$1,587 thousand) for the fiscal years ended March 31, 2012 and 2013, respectively.

**(7) Allowance for construction loss -**

Reversal of allowance for construction of ¥18 million and reversal of allowance for construction of ¥0 million (US\$1 thousand) are included in the cost of sales for the fiscal years ended March 31, 2012 and 2013, respectively.

**(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.

The book value of the following asset group was reduced to nil, and the write down of ¥148 million recorded as impairment loss within extraordinary loss for the fiscal year ended March 31, 2012. The breakdown is buildings and structures ¥145 million, machinery, equipment and vehicles ¥2 million, and tools, furniture and fixtures ¥1 million.

Use	Category	Location
Unutilized assets	Buildings and structures	Hino First factory
	Machinery, equipment and vehicles	Hino-shi, Tokyo
	Tools, furniture and fixtures	

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.

In the fiscal year ended March 31, 2013, it was judged that certain noncurrent assets associated with the Shiomi Center would not be used after the relocation of said plant, and would therefore be disposed of. Accordingly, the book value of these assets was reduced to reminder price, and the write down of ¥31 million (US\$325 thousand) was recorded as impairment loss within extraordinary loss for the fiscal year ended March 31, 2013. In addition, following the cessation of telephone subscription rights, it was judged that the full book value of these assets would not be recoverable through future cash flows. For this reason, impairment loss of ¥42 million (US\$451 thousand) was recognized. The breakdown of impairment loss is buildings and structures ¥16 million (US\$167 thousand), machinery and equipment and vehicles ¥2 million (US\$18 thousand), tools, furniture and fixtures ¥8 million (US\$90 thousand), software ¥5 million (US\$50 thousand), and telephone subscription rights ¥42 million (US\$451 thousand).

Use	Category	Location
Factory	Buildings and structures	Shiomi Center
	Machinery and equipment and vehicles	Koto-ku, Tokyo
	Tools, furniture and fixtures, software	
Unutilized assets	Telephone subscription rights	Head office, etc. Minato-ku, Tokyo

## 8 Notes to Statements of Comprehensive Income

"Other comprehensive income" comprises the following:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Valuation difference on available-for-sale securities			
Gains arising during the year	¥356	¥2,571	\$27,331
Reclassification adjustments to profit or loss	(41)	44	475
Amount before income tax effect	315	2,615	27,806
Income tax effect	(94)	(924)	(9,822)
Valuation difference on available-for-sale securities	221	1,691	17,984
Foreign currency translation adjustment			
Gains arising during the year	(124)	433	4,606
Share of other comprehensive income of associates accounted for using equity method			
Gains arising during the year	42	30	314
Reclassification adjustments to profit or loss	(20)	-	-
Share of other comprehensive income of associates accounted for using equity method	22	30	314
Total other comprehensive income	¥119	¥2,154	\$22,904

## 9 Notes to Consolidated Statements of Changes in Net Assets

The following are notes to the consolidated statement of changes in net assets as of March 31, 2012.

### (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	-	-	4,003

### (3) Subscription rights to shares and own subscription rights to shares -

Classification	Description of subscription rights to shares	Type of shares to be issued by the exercise of subscription rights to shares	Number of shares issued by the exercise of subscription rights to shares (Thousand shares)			Fiscal year-end	Balance as of fiscal year-end (Millions of yen)
			Previous fiscal year-end	Increase	Decrease		
The Company	Subscription rights to shares as stock options	-	-	-	-	-	34

### (4) 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 29, 2011	Common stock	1,387	12.5	March 31, 2011	June 30, 2011
Meeting of directors held on October 28, 2011	Common stock	1,387	12.5	September 30, 2011	December 9, 2011

(b) Schedule of dividends:

The following shows those dividends with date of record in the fiscal year ended March 31, 2012, for which the effective date is 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 28, 2012	Common stock	1,387	Retained earnings	12.5	March 31, 2012	June 29, 2012

The following are notes to the consolidated statement of changes in net assets as of March 31, 2013.

### (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) Subscription rights to shares and own subscription rights to shares -**

Classification	Description of subscription rights to shares	Type of shares to be issued by the exercise of subscription rights to shares	Number of shares issued by the exercise of subscription rights to shares (Thousand shares)			Balance as of fiscal year-end	
			Previous fiscal year-end	Increase	Decrease	Fiscal year-end Millions of yen	Thousands of U.S. dollars
The Company	Subscription rights to shares as stock options	-	-	-	-	13	140

**(4) 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 28, 2012	Common stock	1,387	12.5	March 31, 2012	June 29, 2012
Meeting of directors held on October 26, 2012	Common stock	1,387	12.5	September 30, 2012	December 10, 2012

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 28, 2012	Common stock	14,752	0.13	March 31, 2012	June 29, 2012
Meeting of directors held on October 26, 2012	Common stock	14,752	0.13	September 30, 2012	December 10, 2012

(b) Schedule of dividends:

The following shows those dividends with date of record in the fiscal year ended March 31, 2013, for which the effective date is 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 27, 2013	Common stock	1,387	Retained earnings	12.5	March 31, 2013	June 28, 2013

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 27, 2013	Common stock	14,752	Retained earnings	0.13	March 31, 2013	June 28, 2013

**10 Notes to Consolidated Statements of Cash Flows**

"Cash and cash equivalents" comprise the following:

March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Cash and time deposits with original maturity of three months or less	¥34,201	¥39,820	\$423,391
Less: Time deposits with original maturities of more than three months	(24)	(50)	(532)
Short-term investment securities	2,433	2,435	25,888
	¥36,610	¥42,205	\$448,747

**11 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 -

March 31, 2012	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Property, plant and equipment			
Machinery, equipment and vehicles	¥2,684	¥2,557	¥127
Tools, furniture and fixtures	146	140	6
	2,830	2,697	133
Intangible assets			
Others	73	64	9
Total	¥2,903	¥2,761	¥142

March 31, 2013	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Property, plant and equipment			
Machinery, equipment and vehicles	¥1,256	¥1,240	¥16
Tools, furniture and fixtures	72	72	0
	1,328	1,312	16
Intangible assets			
Others	20	20	0
Total	¥1,348	¥1,332	¥16

March 31, 2013	Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net book value
Property, plant and equipment			
Machinery, equipment and vehicles	\$13,355	\$13,187	\$168
Tools, furniture and fixtures	764	764	0
	14,119	13,951	168
Intangible assets			
Others	213	211	2
Total	¥14,332	\$14,162	\$170

(b) Future lease payments under finance leases -

March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Due within one year	¥385	¥56	\$592
Due after one year	56	-	-
	¥441	¥56	\$592

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

March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Lease payments	¥801	¥392	\$4,166
Amount representing depreciation	335	124	1,316
Amount representing interest	23	6	69

(d) Calculation method depreciation and interest -

(i) Depreciation of property, plant and equipment -

Accumulated depreciation is computed by the declining-balance method at rates based on the period of those finance leases with no residual value.

(ii) Depreciation of intangible assets -

Accumulated depreciation is computed by the straight-line method based on the period of those finance leases with no residual value.

(iii) Calculation of interest expense -

Interest expense is calculated as the difference between total lease payments and the acquisition cost of leased property, and is allocated to relevant accounting periods based on the interest method.

**(2) Operating lease transaction (lessee) -**

Minimum lease payments under non-cancellable operating leases for the fiscal years ended March 31, 2012 and 2013 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Due within one year	¥ 256	¥ 285	\$ 3,028
Due after one year	1,219	1,140	12,117
Total minimum lease payments	¥1,475	¥1,425	\$15,145

## 12 Financial Instruments

### (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 and 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 "Note 14. 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 following information relates to the aggregated book carrying amounts and fair values as of March 31, 2012 and 2013. Financial instruments that have no readily available fair values are not included in the information below.

March 31, 2012	Millions of yen		
	Book carrying amount	Fair value	Unrealized gains (losses)
<b>Assets:</b>			
(i) Cash and deposits	¥34,201	¥34,201	¥ -
(ii) Notes and accounts receivable–trade Allowance for doubtful accounts (*)	47,120 (123)		
	46,997	46,997	-
(iii) Short-term investment securities and investment securities	14,471	14,009	(462)
<b>Total</b>	<b>¥95,669</b>	<b>¥95,207</b>	<b>¥(462)</b>
<b>Liabilities:</b>			
(i) Notes and accounts payable–trade	¥27,440	¥27,440	¥ -
(ii) Income taxes payable	2,044	2,044	-
(iii) Notes payable–facilities	975	975	-
<b>Total</b>	<b>¥30,459</b>	<b>¥30,459</b>	<b>¥ -</b>

(\*) Allowances for doubtful accounts on notes and accounts receivable–trade have been omitted.

March 31, 2013	Millions of yen		
	Book carrying amount	Fair value	Unrealized gains (losses)
<b>Assets:</b>			
(i) Cash and deposits	<b>¥ 39,820</b>	<b>¥ 39,820</b>	<b>¥ -</b>
(ii) Notes and accounts receivable–trade Allowance for doubtful accounts (*)	<b>42,348</b> <b>(238)</b>		
	<b>42,110</b>	<b>42,110</b>	<b>-</b>
(iii) Short-term investment securities and investment securities	<b>18,786</b>	<b>18,555</b>	<b>(231)</b>
<b>Total</b>	<b>¥100,716</b>	<b>¥100,485</b>	<b>¥(231)</b>
<b>Liabilities:</b>			
(i) Notes and accounts payable–trade	<b>¥ 25,743</b>	<b>¥ 25,743</b>	<b>¥ -</b>
(ii) Income taxes payable	<b>2,006</b>	<b>2,006</b>	<b>-</b>
(iii) Notes payable–facilities	<b>4,786</b>	<b>4,786</b>	<b>-</b>
<b>Total</b>	<b>¥ 32,535</b>	<b>¥ 32,535</b>	<b>¥ -</b>

March 31, 2013	Thousands of U.S. dollars		
	Book carrying amount	Fair value	Unrealized gains (losses)
<b>Assets:</b>			
(i) Cash and deposits	<b>\$ 423,391</b>	<b>\$ 423,391</b>	<b>\$ -</b>
(ii) Notes and accounts receivable–trade Allowance for doubtful accounts (*)	<b>450,270</b> <b>(2,535)</b>		
	<b>447,735</b>	<b>447,735</b>	<b>-</b>
(iii) Short-term investment securities and investment securities	<b>199,745</b>	<b>197,292</b>	<b>(2,453)</b>
<b>Total</b>	<b>\$1,070,871</b>	<b>\$1,068,418</b>	<b>\$(2,453)</b>
<b>Liabilities:</b>			
(i) Notes and accounts payable–trade	<b>\$ 273,717</b>	<b>\$ 273,717</b>	<b>\$ -</b>
(ii) Income taxes payable	<b>21,327</b>	<b>21,327</b>	<b>-</b>
(iii) Notes payable–facilities	<b>50,892</b>	<b>50,892</b>	<b>-</b>
<b>Total</b>	<b>\$ 345,936</b>	<b>\$ 345,936</b>	<b>\$ -</b>

(\*) Allowances for doubtful accounts on notes and accounts receivable–trade 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.

Liabilities

(i) Notes and accounts payable–trade, (ii) income taxes payable and (iii) Notes payable–facilities

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.

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

March 31	Book carrying amount		
	Millions of yen	Thousands of U.S. dollars	
2012	2013	2013	
Non-listed equity securities	¥1,502	¥1,977	\$21,024

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, 2012	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	¥34,201	¥ –	¥ –	¥ –
Notes and accounts receivable–trade	47,042	78	–	–
Short-term investment securities and investment securities				
-Held-to-maturity debt securities (Corporate bonds)	350	1,005	1,550	2,000
-Other securities that have maturity dates (Others)	–	181	241	300
Total	¥81,593	¥1,264	¥1,791	¥2,300

March 31, 2013	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	¥39,820	¥ –	¥ –	¥ –
Notes and accounts receivable–trade	42,348	–	–	–
Short-term investment securities and investment securities				
-Held-to-maturity debt securities				
(i) Corporate bonds	400	2,310	1,000	2,000
(ii) Others	800	–	–	–
-Other securities that have maturity dates (Others)	–	89	526	–
Total	¥83,368	¥2,399	¥1,526	¥2,000

March 31, 2013	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	\$423,391	\$ –	\$ –	\$ –
Notes and accounts receivable–trade	450,270	–	–	–
Short-term investment securities and investment securities				
-Held-to-maturity debt securities				
(i) Corporate bonds	4,257	24,540	10,638	21,270
(ii) Others	8,506	–	–	–
-Other securities that have maturity dates (Others)	–	947	5,590	–
Total	\$886,424	\$25,487	\$16,228	\$21,270

(d) Redemption schedule for short-term loans payable, long-term loans payable and lease obligations:

Millions of yen						
March 31, 2012	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term loans payable	¥299	¥ –	¥ –	¥–	¥–	¥–
Long-term loans payable	51	–	–	–	–	–
Lease obligations	37	20	13	8	3	–
Total	¥387	¥20	¥13	¥8	¥3	¥–

Millions of yen						
March 31, 2013	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term loans payable	<b>¥283</b>	<b>¥ –</b>	<b>¥ –</b>	<b>¥–</b>	<b>¥–</b>	<b>¥–</b>
Long-term loans payable	–	–	–	–	–	–
Lease obligations	<b>22</b>	<b>15</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>–</b>
Total	<b>¥305</b>	<b>¥15</b>	<b>¥10</b>	<b>¥4</b>	<b>¥0</b>	<b>¥–</b>

Thousands of U.S. dollars						
March 31, 2013	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term loans payable	<b>\$3,010</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$–</b>	<b>\$–</b>
Long-term loans payable	–	–	–	–	–	–
Lease obligations	<b>232</b>	<b>157</b>	<b>102</b>	<b>47</b>	<b>4</b>	<b>–</b>
Total	<b>\$3,242</b>	<b>\$157</b>	<b>\$102</b>	<b>\$47</b>	<b>\$4</b>	<b>\$–</b>

### 13 Marketable and Investment Securities

The following are certain information relating to the aggregate book carrying amount and fair value of securities as of March 31, 2012 and 2013.

(1) "Held-to-maturity debt securities" whose market price or quotations are available -

Millions of yen			
March 31, 2012	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			
(i) Government bonds, municipal bonds, etc.	¥ –	¥ –	¥ –
(ii) Corporate bonds	600	603	3
(iii) Others	–	–	–
	600	603	3
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Government bonds, municipal bonds, etc.	–	–	–
(ii) Corporate bonds	4,305	3,840	(465)
(iii) Others	–	–	–
	4,305	3,840	(465)
Total	¥4,905	¥4,443	¥(462)

Millions of yen			
March 31, 2013	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			
(i) Government bonds, municipal bonds, etc.	¥ –	¥ –	¥ –
(ii) Corporate bonds	<b>2,699</b>	<b>2,735</b>	<b>36</b>
(iii) Others	<b>500</b>	<b>500</b>	<b>0</b>
	<b>3,199</b>	<b>3,235</b>	<b>36</b>
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Government bonds, municipal bonds, etc.	–	–	–
(ii) Corporate bonds	<b>3,011</b>	<b>2,743</b>	<b>(268)</b>
(iii) Others	<b>300</b>	<b>300</b>	<b>–</b>
	<b>3,311</b>	<b>3,043</b>	<b>(268)</b>
Total	<b>¥6,510</b>	<b>¥6,278</b>	<b>¥(232)</b>

Thousands of U.S. dollars			
March 31, 2013	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			
(i) Government bonds, municipal bonds, etc.	\$ -	\$ -	\$ -
(ii) Corporate bonds	28,693	29,084	391
(iii) Others	5,316	5,321	5
	<b>34,009</b>	<b>34,405</b>	<b>396</b>
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Government bonds, municipal bonds, etc.	-	-	-
(ii) Corporate bonds	32,012	29,164	(2,848)
(iii) Others	3,190	3,190	-
	<b>35,202</b>	<b>32,354</b>	<b>(2,848)</b>
Total	<b>\$69,211</b>	<b>\$66,759</b>	<b>\$(2,452)</b>

**(2) "Other securities" whose market price or quotations are available -**

Millions of yen			
March 31, 2012	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			
(i) Share stocks	¥2,617	¥ 2,182	¥ 435
(ii) Bond certificate	-	-	-
(iii) Others	9	8	1
	2,626	2,190	436
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Share stocks	3,296	5,681	(2,385)
(ii) Bond certificate	-	-	-
(iii) Others	3,644	3,887	(243)
	6,940	9,568	(2,628)
Total	¥9,566	¥11,758	¥(2,192)

Millions of yen			
March 31, 2013	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			
(i) Share stocks	¥ 6,897	¥3,805	¥ 3,092
(ii) Bond certificate	-	-	-
(iii) Others	1,688	1,657	31
	<b>8,585</b>	<b>5,462</b>	<b>3,123</b>
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Share stocks	942	1,010	(68)
(ii) Bond certificate	-	-	-
(iii) Others	2,749	2,778	(29)
	<b>3,691</b>	<b>3,788</b>	<b>(97)</b>
Total	¥12,276	¥9,250	¥(3,026)

Thousands of U.S. dollars			
March 31, 2013	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			
(i) Share stocks	\$ 73,339	\$40,452	\$32,887
(ii) Bond certificate	-	-	-
(iii) Others	17,946	17,621	325
	<b>91,285</b>	<b>58,073</b>	<b>33,212</b>
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Share stocks	10,021	10,744	(723)
(ii) Bond certificate	-	-	-
(iii) Others	29,228	29,539	(311)
	<b>39,249</b>	<b>40,283</b>	<b>(1,034)</b>
Total	\$130,534	\$98,356	\$32,178

Investments held in unlisted stocks with acquisition book value of ¥554 million and ¥577 million (US\$6,143 thousand) as at March 31, 2012 and 2013, respectively, are not included in the above disclosures of fair value since no quoted market prices are available meaning that ascertaining fair values is considered to be extremely difficult.

### (3) "Other securities" sold in the current fiscal year -

March 31, 2012	Millions of yen		
	Proceeds from sales of "Other securities"	Gain on sales of "Other securities"	Loss on sales of "Other securities"
(i) Share stocks	¥297	¥ 81	¥(1)
(ii) Bond certificate	-	-	-
(iii) Others	174	21	-
Total	¥471	¥102	¥(1)

March 31, 2013	Millions of yen		
	Proceeds from sales of "Other securities"	Gain on sales of "Other securities"	Loss on sales of "Other securities"
(i) Share stocks	¥285	¥167	¥1
(ii) Bond certificate	-	-	-
(iii) Others	262	30	4
Total	¥547	¥197	¥5

March 31, 2013	Thousands of U.S. dollars		
	Proceeds from sales of "Other securities"	Gain on sales of "Other securities"	Loss on sales of "Other securities"
(i) Share stocks	\$3,025	\$1,776	\$10
(ii) Bond certificate	-	-	-
(iii) Others	2,782	320	37
Total	\$5,807	\$2,096	\$47

### (4) "Loss on valuation of investment securities" -

The Company recognized impairment loss on other securities of ¥63 million for the fiscal year ended March 31, 2012 and of ¥103 million (US\$1,098 thousand) for the fiscal year ended March 31, 2013.

## 14 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, 2012 and 2013, there was no contract outstanding for derivatives.

## 15 Pension and Severance Plans

### (1) Outline of 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.

### (2) Pension liabilities for employees -

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
(1) Projected benefit obligation	¥(30,329)	¥(30,448)	\$(323,748)
(2) Plan assets at fair value	22,722	25,360	269,649
(3) Unfunded benefit obligation (1) + (2)	(7,607)	(5,088)	(54,099)
(4) Unrecognized actuarial gains/(losses)	8,118	5,406	57,485
(5) Unrecognized prior service costs	(3,171)	(2,823)	(30,022)
(6) Provision for retirement benefit (3) + (4) + (5)	¥ (2,660)	¥ (2,505)	\$ (26,636)

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 ¥1,372 million and ¥1,809 million (US\$19,237 thousand) as of March 31, 2012 and 2013, respectively.



**(3) Components of the net periodic pension cost –**

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
(1) Service costs	¥1,577	¥1,596	\$16,973
(2) Interest costs	565	575	6,112
(3) Expected return on plan assets	(606)	(620)	(6,596)
(4) Expense for actuarial losses	872	879	9,341
(5) Amortization of prior service costs	(348)	(348)	(3,697)
(6) Net periodic pension cost (1) + (2) + (3) + (4) + (5)	¥2,060	¥2,082	\$22,133

**(4) The basis of calculation of retirement benefit obligations -**

(a) Method of attributing the projected benefits to periods of service: Straight-line basis is adopted.

(b) Discount rate:

	2012	2013
Discount rate	1.9%	1.9%

(c) Expected return on plan assets:

	2012	2013
Expected return on plan assets	2.9%	2.9%

(d) Amortization of unrecognized prior service costs: Straight-line over 15 years is adopted.

(e) Amortization of unrecognized actuarial gain/loss: Straight-line over 15 years is adopted.

**16 Stock Options****(1) Extraordinary gain by right unused -**

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Gain on reversal of subscription rights to shares	¥13	¥21	\$219

**(2) The number of common shares to be granted for stock options -**

	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 28, 2006	212,000	¥1,734/\$18.44	From July 1, 2007 to June 30, 2012
	June 29, 2007	245,000	¥1,527/\$16.24	From July 1, 2008 to June 30, 2013
		457,000		

**(3) The summary of the number of stock options -**

The date of ordinary shareholders' meeting	June 28, 2006	June 29, 2007
Exercise price per share (exact yen/U.S. dollars)	¥1,734/\$18.44	¥1,527/\$16.24
Number of stock options as of March 31, 2012 (1)	84,000	108,000
Decrease on the exercise of stock options (2)	–	–
Decrease on the lapse of stock options (3)	(84,000)	(25,000)
Number of stock options as of March 31, 2013 (4) = (1) + (2) + (3)	–	83,000
Exercise periods	From July 1, 2007 to June 30, 2012	From July 1, 2008 to June 30, 2013

## 17 Income Taxes

### (1) The significant components of deferred tax assets and liabilities -

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
<b>Deferred tax assets:</b>			
Provision for bonuses	¥1,533	¥ 1,645	\$ 17,491
Enterprise tax	220	237	2,520
Depreciation	56	51	547
Provision for retirement benefits	1,246	1,200	12,756
Provision for directors' retirement benefits	58	58	620
Allowance for doubtful accounts	132	147	1,559
Unrealized loss on investment securities	516	435	4,629
Unrealized loss on golf club membership	173	172	1,833
Asset retirement obligations	184	172	1,832
Net operating loss carry forwards of subsidiaries	260	298	3,167
Impairment loss	167	248	2,642
Others	618	446	4,733
Subtotal of deferred tax assets	5,163	5,109	54,329
Valuation allowance	(530)	(447)	(4,752)
Deferred tax assets total	4,633	4,662	49,577
<b>Deferred tax liabilities:</b>			
Undistributed earnings of foreign subsidiaries	(21)	(17)	(181)
Valuation difference on available-for-sale securities	(150)	(1,073)	(11,412)
Depreciation	(66)	(87)	(927)
Others	(43)	(36)	(381)
Deferred tax liabilities total	(280)	(1,213)	(12,901)
Deferred tax assets, net (*)	¥4,353	¥ 3,449	\$ 36,676

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

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Current assets — deferred tax assets:	¥2,064	¥2,322	\$24,691
Long-term assets — deferred tax assets:	2,414	1,242	13,207
Long-term liabilities — deferred tax liabilities:	(125)	(115)	(1,222)
Deferred tax assets, net	¥4,353	¥3,449	\$36,676

### (2) The reconciliation between the statutory tax and the Company's effective tax rate -

	2012	2013
Statutory tax rate	40.70%	—%
Non-deductible expenses	2.08	—
Non-taxable dividend income	(0.31)	—
Per capita portion of resident tax	0.86	—
Tax credit for research and development	(1.37)	—
Change in valuation allowance	(0.71)	—
Future declining of the enterprise tax rate	4.43	—
Other	0.46	—
Effective tax rate	46.14%	—

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 year ended March 31, 2013.

## 18 Business Combination

Not applicable.

## 19 Asset Retirement Obligations

### (1) Overview of asset retirement obligations

Asset retirement obligations of the Company are mainly statutory obligations with regard to the removal of property, plant and equipment in connection with real estate leasing agreements to restore them to their original condition.

### (2) Method of calculating asset retirement obligations

Asset retirement obligations are calculated using the estimated useful life of assets and related yield on Japanese government bonds.

### (3) Change in total asset retirement obligations during the consolidated fiscal year under review

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Balance at beginning of year	¥ 738	¥ 733	\$ 7,797
Increase due to purchases of property, plant and equipment	8	42	451
Changes due to fulfillment of asset retirement obligations	(108)	(289)	(3,072)
Increase due to changes in estimates	86	126	1,327
Increases in other items	9	7	85
Balance at year-end	¥ 733	¥ 619	\$ 6,588

## 20 Segment Information

### (1) Outline of reporting segments -

The Company's reporting segments are composed of those individual business units for which separate financial information is available, and which are used by members of the Board of Directors for making decisions regarding the allocation of management resources, and to allow the periodic examination and evaluation of operating performance.

The Company's planning department based at its headquarters prepares the overall plan by product and service.

The Company has separated its reporting segments on the basis of product and service into two reporting segments: printing business and merchandise business.

The printing business consists of the printing of business forms and data printing services. The merchandise business is the sale of supplies and equipment related to the printing business, business information operating services and other.

### (2) Methods of calculating sales, income or losses, assets, liabilities and other items by reporting segment -

Accounting policies and procedures followed by reporting segments are in principal the same as those indicated in "Note 2. Summary of Significant Accounting Policies". Income or losses of reporting segments are based on operating income.

### (3) Information related to amounts of sales, income or losses, assets, liabilities and other items for individual reporting segments -

Segment information for the year ended March 31, 2012 is as follows:

March 31, 2012	Millions of yen				
	Printing business	Merchandise business	Total	Adjustment (*1)	Consolidated (*2)
Net sales:					
Outside customers	¥178,838	¥48,211	¥227,049	¥ -	¥227,049
Inter-segment	690	1,211	1,901	(1,901)	-
Total	179,528	49,422	228,950	(1,901)	227,049
Segment profits	10,677	1,805	12,482	(1,574)	10,908
Segment assets	¥136,985	¥16,158	¥153,143	¥37,407	¥190,550
Others:					
Depreciation	¥ 8,344	¥ 197	¥ 8,541	¥ 25	¥ 8,566
Impairment loss	148	-	148	-	148
Increase of "Property, plant and equipment" and "Intangible assets"	5,585	11	5,596	-	5,596

\*1 Adjustment to segment profits of negative ¥1,574 million includes corporate level expenses that are not allocated to individual reporting segments. Such expenses comprise mainly non-segment specific general and administrative expenses. Adjustment to segment assets includes corporate level assets of ¥37,407 million, which consist principally of surplus investment funds (term deposits and demand deposits) and long-term investment funds (such as marketable securities) which are non-segment specific.

\*2 Segment profit is reconciled to the operating income included in the consolidated statements of income.

Segment information for the year ended March 31, 2013 is as follows:

March 31, 2013	Millions of yen				
	Printing business	Merchandise business	Total	Adjustment (*1)	Consolidated (*2)
Net sales:					
Outside customers	¥196,884	¥46,915	¥243,799	¥ -	¥243,799
Inter-segment	800	919	1,719	(1,719)	-
Total	197,684	47,834	245,518	(1,719)	243,799
Segment profits or losses	14,554	(682)	13,872	(1,985)	11,887
Segment assets	¥152,449	¥15,979	¥168,428	¥32,082	¥200,510
Others:					
Depreciation	¥ 7,222	¥ 196	¥ 7,418	¥ 52	¥ 7,470
Impairment loss	38	-	38	35	73
Increase of "Property, plant and equipment" and "Intangible assets"	12,990	8	12,998	-	12,998

March 31, 2013	Thousands of U.S. dollars				
	Printing business	Merchandise business	Total	Adjustment (*1)	Consolidated (*2)
Net sales:					
Outside customers	\$2,093,396	\$498,831	\$2,592,227	\$ -	\$2,592,227
Inter-segment	8,507	9,773	18,280	(18,280)	-
Total	2,101,903	508,604	2,610,507	(18,280)	2,592,227
Segment profits or losses	154,744	(7,247)	147,497	(21,113)	126,384
Segment assets	\$1,620,933	\$169,901	\$1,790,834	\$341,147	\$2,131,981
Others:					
Depreciation	\$ 76,791	\$ 2,080	\$ 78,871	\$ 554	\$ 79,425
Impairment loss	405	-	405	371	776
Increase of "Property, plant and equipment" and "Intangible assets"	138,119	80	138,199	-	138,199

\*1 Adjustment to segment profits of negative ¥1,986 million (US\$21,113 thousand) includes corporate level expenses that are not allocated to individual reporting segments. Such expenses comprise mainly non-segment specific general and administrative expenses. Adjustment to segment assets includes corporate level assets of ¥32,082 million (US\$341,147 thousand), which consist principally of surplus investment funds (term deposits and demand deposits) and long-term investment funds (such as marketable securities) which are non-segment specific.

Adjustment to Impairment loss of ¥35 million (US\$370 thousand) is comprised of corporate level expenses.

\*2 Segment profit is reconciled to the operating income included in the consolidated statements of income.

#### (4) Related information -

##### (a) Products and service:

Information of each product and service is presented in (3) above.

##### (b) Geographic region:

###### (i) Sales

Sales information is not presented geographically since sales to customers located in Japan exceeds 90% of the net sales recorded in the consolidated statements of income.

###### (ii) Property, plant and equipment

Property, plant and equipment information is not presented geographically since property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment recorded in the consolidated balance sheets.

##### (c) Main customers:

March 31, 2013	Millions of yen	
	Customer	Related segment
Tokyo Electric Power Co., Inc	¥30,020	Printing and Merchandise business
March 31, 2013	Thousands of U.S. dollars	
	Customer	Related segment
Tokyo Electric Power Co., Inc	\$319,192	Printing and Merchandise business

#### (5) Impairment loss on assets by reportable segment -

Information of impairment loss on assets by reportable segment for the years ended March 31, 2012 and 2013 is presented in (3) above.

**(6) Amortization of goodwill and unamortized balance by reportable segment -**  
Not applicable.

**(7) Gain on negative goodwill by reportable segment -**  
Not applicable.

## 21 Related Party Transactions

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, 2012 and 2013 amounted to ¥10,236 million and ¥10,210 million (\$108,556 thou-

sand), respectively. The balance of accounts receivable from Toppan Printing Co., Ltd. as of March 31, 2012 and 2013 amounted to ¥3,013 million and ¥2,230 million (\$23,713 thousand), respectively.

There is no related party transaction by consolidated subsidiaries of the Company.

## 22 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.

March 31	Yen		U.S. dollars
	2012	2013	2013
Net assets per share	¥1,289.67	¥1,348.07	\$14.33
Net income per share	50.37	64.05	0.68

As the Company had no diluted securities as at March 31, 2012 and 2013, the Company does not disclose amounts of diluted net income per share for the years ended March 31, 2012 and 2013.

### Basic net income per share

March 31	Millions of yen		Thousands of U.S. dollars	
	2012	2013	2012	2013
Net income	¥ 5,590	¥ 7,109	\$75.590	
Net income not available to common shareholders	–	–	–	–
Net income available to common shareholders	5,590	7,109	75,590	
Weighted-average number of shares outstanding (thousand shares)	110,997	110,997	–	–

## 23 Subsequent events

Acquisition of a company through stock purchase

In accordance with the agreement regarding transference of stock concluded between the Company and Mitsui & Co., Ltd., on March 15, 2013, the Company purchased 100% of the shares issued by J-SCube Inc. from Mitsui & Co. on April 1, 2013.

### (1) Purpose of stock purchase

J-SCube possesses industry-leading technologies and expertise in the data input field, including such areas as digitalization of paper documents, scanning, and data entry. Meanwhile, the Company is particularly strong in the field of information output (printing). It was therefore expected that the acquisition of J-SCube, with its strengths in data input, will enable the Company to further raise the value of its business process outsourcing business, and thereby improve corporate value. Stock in this company was acquired based on this rationale.

### (2) Company selling stock

Mitsui & Co., Ltd.

### (3) Acquired company

J-SCube Inc.

### (4) Business operations of acquired company

Document outsourcing services, equipment solutions, and staff services

### (5) Capital

¥1,000 million (US\$10,633 thousand)

### (6) Acquisition cost of the stock of acquired company and breakdown of acquisition cost

¥3,900 million (US\$41,467 thousand) (includes advisory costs)

### (7) Number of shares to be purchased and holding before and after purchase

Number of shares to be purchased: 4,559,206 shares

Holding before purchase: 0 shares (0% ownership)

Holding after purchase: 4,559,206 shares (100% ownership)

## 24 Schedule of Bonds

Not applicable.

## 25 Schedule of Borrowings

	Millions of yen		Thousands of U.S. dollars		Average interest rate (%)	Due date of payment
	2012	2013	2013	2013		
Short-term loans payable	¥299	¥283	\$3,010		1.24	–
Current portion of long-term loans payable	51	–	–		–	–
Lease obligations	37	22	232		–	–
Long-term loans payable (without current portion)	–	–	–		–	–
Lease obligations (without current portion)	44	29	310		–	From 2014 to 2017
Other	–	–	–		–	–
	¥431	¥334	\$3,552			

(1) "Average interest rate" represents the weighted-average interest rate of term-end borrowings.

(2) As interest included in lease payments is allocated on the straight-line method to each fiscal year, the average interest rate of lease obligations are 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, 2013) are 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			
Lease obligations	¥15	¥10	¥4	¥0	\$157	\$102	\$47	\$4



## Independent Auditor's Report

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 consolidated subsidiaries as of March 31, 2013 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the (Consolidated) Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the (consolidated) financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2013, and its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 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

June 27, 2013

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*PricewaterhouseCoopers Aarata*  
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# Corporate Information

As of March 31, 2013

## Company Name

TOPPAN FORMS CO.,LTD.

## Corporate Website

www.toppan-f.co.jp/english/

## Head Office

1-7-3 Higashi Shimbashi,  
Minato-ku, Tokyo 105-8311, Japan

## Contact

Public Relations Department  
Tel: 81-3-6253-5730  
Fax: 81-3-6253-5708

## Founded

May 1955

## Number of Employees

7,827 (Consolidated)

1,841 (Non-Consolidated)

# Principal Subsidiaries and Affiliates

As of March 31, 2013

Name	Country	Main business	Issued capital (Thousands)	Equity held by the Company (%)
Toppan Forms Central Products Co., Ltd.	Japan	Manufacture of business forms	¥100,000	100.0
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
Techno Toppan Forms Co., Ltd.	Japan	Sale, maintenance, and repair of office equipment	¥100,000	100.0
Toppan Forms Logistics and Services Co., Ltd.	Japan	Delivery and keeping consignment of products	¥ 50,000	100.0
Toppan Forms Kansai Co., Ltd.	Japan	Distribution, delivery, and storage services Manufacture of business forms	¥ 50,000	100.0
Toppan Forms Nishinohon 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
TOSCO CORPORATION	Japan	Capital alliance and business tie up	¥100,000	69.7
TF Payment Service Co., Ltd.	Japan	Information handling service and Settlement-of-accounts processing business by using internet	¥100,000	100.0
Toppan Forms (Hong Kong) Ltd.	Hong Kong	Manufacture of business forms Sale of plastic cards, computer supplies, DPS, and office automation machines	HK\$ 94,000	100.0 <sup>*1</sup>
Toppan Forms (S) Pte. Ltd.	Singapore	Manufacture and sale of business forms, DPS, sale of machines for processing business forms	\$ 1,226	100.0 <sup>*2</sup>

Total number of subsidiaries: 21

Total number of affiliates: 7

\*1 Indirectly owned through T.F. Company Ltd.

\*2 52.3% directly owned by the Company and 47.7% indirectly owned through T.F. Company Ltd.



# Investor Information

As of March 31, 2013

## Stock Listing

Tokyo Stock Exchange

## Stock Code

7862

## Capital Stock

Authorized: 400,000,000 shares

Issued: 115,000,000 shares

## 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

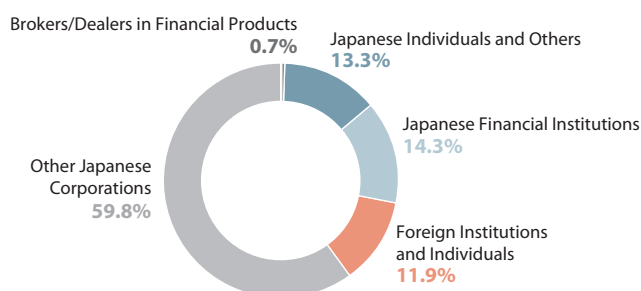
9,604

## Major Shareholders

Name	Number of shares held (Thousands)	Percentage of share ownership (%)
TOPPAN PRINTING CO., LTD.	67,419	60.7
Japan Trustee Services Bank, Ltd.	8,366	7.5
The Master Trust Bank of Japan, Ltd.	2,906	2.6
Toppan Forms Employees Shareholding Association	2,478	2.2
Trust & Custody Services Bank, Ltd.	2,061	1.9
Bank of New York GCM Client Accounts JPRD AC ISG (FE-AC)	868	0.8
Juniper	832	0.8
The Dai-ichi Life Insurance Company, Ltd.	807	0.7
Nomura Asset Management U.K. Limited Sub Account Evergreen Nominees Ltd.	733	0.7
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	684	0.6

Note: Figures in the table above do not include the 4,003 thousand shares of treasury stock held by the Company on March 31, 2013. These shares were also excluded when calculating percentage of share ownership.

## Shareholdings by Type of Shareholder



## Stock Price Range and Trading Volume



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