



THE SOLUTION COMPANY

ANNUAL REPORT 2007

TOPPAN FORMS

Toppan Forms Co., Ltd., was established in 1955, with the objective of creating a business forms industry in Japan. Since then, our high-quality products and services based on innovative technologies have confirmed our position as a market leader. Toppan Forms is also a powerful player in the field of Data Print Services (DPS), and has evolved these services into a new outsourcing market. Building on our technologies and know-how, and fully aware of the fast-approaching ubiquitous society, we will continue to develop new information management services.

At Toppan Forms, our business philosophy is to listen carefully to our customers and ascertain the needs of an ever-changing market. We then tailor optimal solutions that fit those needs and respond flexibly to new business demands.

Deepening our customer-centric perspective, and acting as a strategic solutions partner, our mission is to continuously provide added-value products and services.

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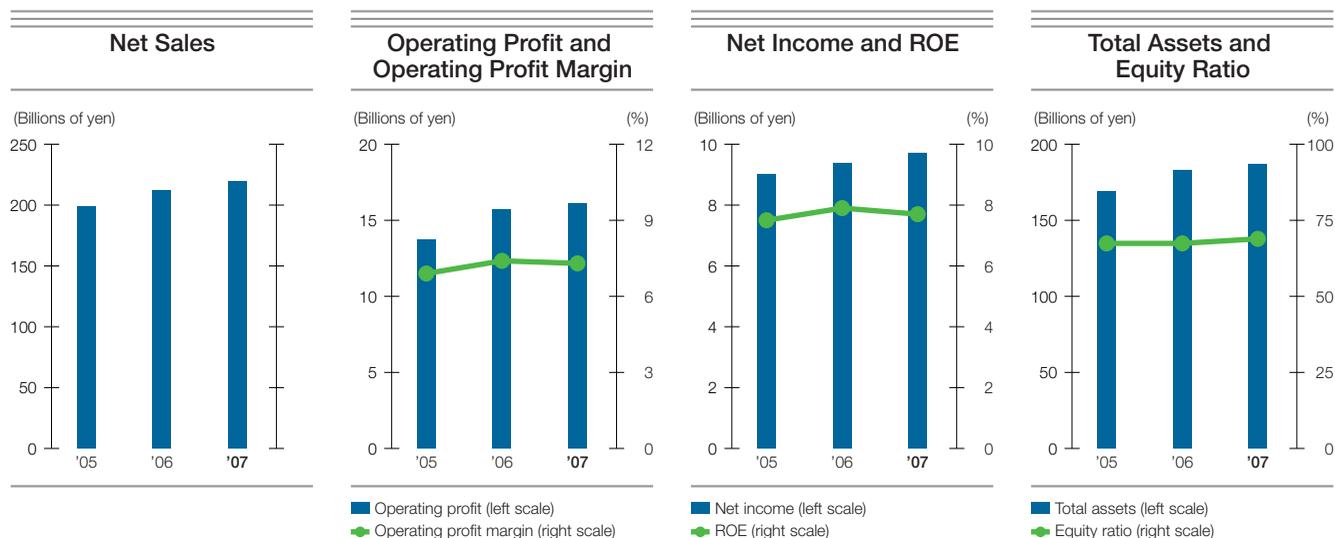
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CONSOLIDATED FINANCIAL HIGHLIGHTS

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Years ended March 31	Millions of yen			Thousands of U.S. dollars (Note)
	2005	2006	2007	2007
For the year:				
Net sales	¥199,173	¥212,327	¥219,197	\$1,856,816
Operating profit	13,696	15,717	16,088	136,278
Net income	8,276	9,392	9,684	82,027
At year-end:				
Total assets	¥169,070	¥182,705	¥186,902	\$1,583,246
Total shareholders' equity	113,985	118,432	125,285	1,061,287
Per share data (Yen, U.S. dollars):				
Net income:				
Basic	¥71.44	¥81.42	¥84.98	\$0.72
Diluted	71.44	81.39	84.94	0.72
Cash dividends	23.00	24.00	25.00	0.21
Key ratios (%) :				
Operating profit margin	6.9	7.4	7.3	
ROE	7.5	7.9	7.7	
ROA	4.9	5.1	5.2	

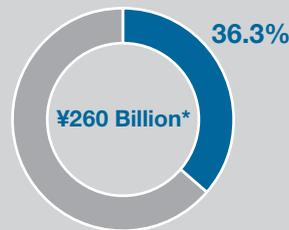
Note: U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥118=U.S.\$1, the approximate rate of exchange prevailing at March 31, 2007.



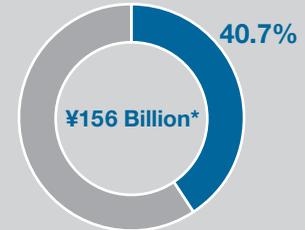
TOPPAN FORMS AT A GLANCE

The Toppan Forms Group is divided into two major business segments: Printing Business operations, comprising Business Forms and Data Print Services (DPS), and Other Businesses, such as Office Supplies. Each segment continues to evolve by challenging new areas, going beyond the borders of its existing business.

Market Scale and Our Share for Business Forms in Fiscal 2007



Market Scale and Our Share for DPS in Fiscal 2007



* Estimated by Toppan Forms Co., Ltd.

Printing Business

The Printing Business segment is divided into the Business Forms Division and the Data Print Services (DPS) Division. Both divisions have a leading share of the domestic market and work together to provide products and services.

BUSINESS FORMS DIVISION

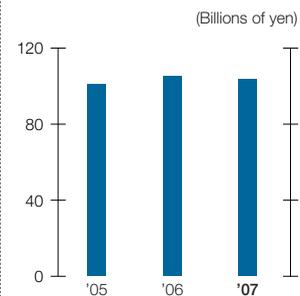


The Business Forms Division is divided into two fields: Business Forms for paper, and Digital Media, which transfers these technologies to electronic form. RFID products fall under the latter category.

Main Products/Services

- BUSINESS FORMS:**
- Transport and delivery slips
 - Mail-related forms
 - POSTEX sealed postcard series
 - Environment-friendly business forms
- DIGITAL MEDIA:**
- E-mail-related services
 - Web-related services
 - IC tags, IC cards, and other RFID products

Sales



DATA PRINT SERVICES (DPS)

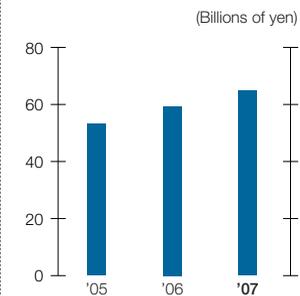
DPS is an outsourcing service where we edit and format data provided by the client based on the client's instructions, and then print this out, insert it into an envelope, seal the envelope and mail it. With the addition of application development and other related services, DPS now responds to an ever-expanding range of outsourcing needs.



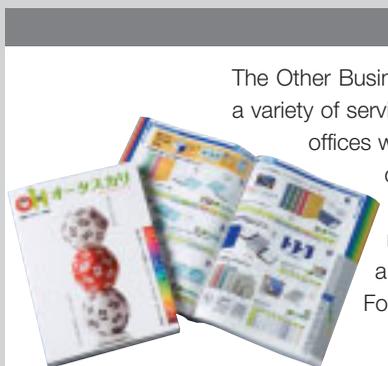
Main Products/Services

- DATA PRINT SERVICES (DPS):**
- Business mail for notifications
 - DM for sales promotions
 - DPS for in-house use
- DIGITAL PRINT ON DEMAND (DOD):**
- Personalized marketing tools
 - Personalized educational materials

Sales



Other Businesses

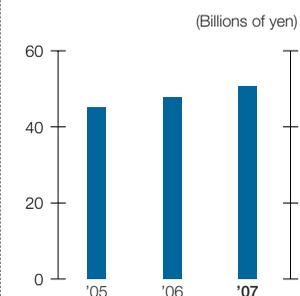


The Other Businesses segment provides a variety of services, from stocking wired offices with office supplies, to the design, manufacture and sale of peripherals and related devices as an adjunct to the Business Forms Division.

Main Products/Services

- OFFICE SUPPLIES:**
- IT-related equipment supplies
 - Paper products
- EQUIPMENT AND SERVICES:**
- Forms processors and system machines
 - Dispatch of personnel

Sales



A MESSAGE TO SHAREHOLDERS AND INVESTORS



In the year under review, the Japanese economy continued to display steady growth as improved corporate earnings drove capital expenditures higher and personal consumption spending expanded.

In the business forms industry, the environment remained severe. Demand fell as companies restructured and rationalized their systems, while competition intensified and paper prices increased. Under these conditions, the Toppan Forms Group continued its customer-oriented approach and developed solutions-centered marketing activities.

In addition to opening up new markets, we aimed to develop a fully integrated range of information management services. In our Business Forms segment, we focused on developing environment-friendly basic materials and products that respond more effectively to faster printer speeds. In DPS we worked to enhance our quality assurance procedures related to the protection of personal information. For digital media, we continued to develop IC tags and began to see practical applications in document management packages and reader-writers directly connected to the network. Overall, we maintained our efforts to strengthen competitiveness through a more efficient manufacturing system and improved production facilities better attuned to market needs.

As a result of these activities, consolidated results for the Toppan Forms Group in fiscal 2007, year ended March 31, 2007, were as follows: con-

solidated net sales increased 3.2% year-on-year, to ¥219.2 billion; operating profit was up by 2.4%, to ¥16.1 billion; and net income increased by 3.1%, to ¥9.7 billion. End-of-term dividends were ¥13 per share.

We expect the business environment to remain challenging in fiscal 2008, year ending March 31, 2008. The market shift from paper to electronic media is now a definite trend and competition is intensifying. In this difficult environment, our priority will remain the enhancement of corporate value. Staying close to the market, we will expand our offerings to existing customers as well as strive to gain new customers with our innovative products and services. We thank our shareholders and investors for their support and request their continued understanding as we move forward.

June 2007

Yasuhiro Fukuda
Chairman

Masanori Akiyama
President and CEO

AN INTERVIEW WITH THE PRESIDENT



Masanori Akiyama President and CEO

Toppan Forms' business has grown in line with social and market changes. We will continue as a "solution company," offering an imaginative approach to the challenges our customers face.

Q | What are the fundamental strengths of Toppan Forms? And what is the basic strategy for the Company?

A Toppan Forms has grown with the business forms industry in Japan. The driver for our growth has been high-quality products and services that precisely meet the needs of customers at different times. This will remain the core of our business, but we are also moving in new directions. We are developing solutions business in such areas as E-businesses and ICs, and these will be the profit pillars of our future. As we enter these new areas, Toppan Forms' biggest strength is its collective Group expertise and experience. We are the leading company in the business forms industry, and have a wealth of tech-

nology and know-how related to information handling. At an early stage, we began to notice changes in our business environment: the diversification of media and outsourcing needs as well as the advent of a ubiquitous society. To prepare for this, we have been researching advanced technology in such areas as digital media and ICs. Through a convergence of our existing expertise with these new, cutting-edge technologies, we can offer customers integrated solutions that are precisely calibrated to their needs: from the planning stage through system configuration, operation and finally system management.

Q | How do you see market needs changing in the current environment?

A I believe the major shifts can be summed up under three main headings: "move to services," "borderless business" and "digitalization." "Move to services" means that companies are seeking more than just the provision of a single product. They need a comprehensive outsourcing solution that includes the product and a set of related services. In addition, companies must now carry out marketing activities in a rapidly changing environment where customer wishes and media are both diversifying.

This means that marketing needs to be more sophisticated and complex, so companies increasingly require a strategic partner who can offer a total solution. "Borderless business" means that companies are now seeking the most efficient outsourcing solutions across business, regional and national boundaries. "Digitalization" is of course a general trend in society now, changing the nature of media and becoming prominent in several areas.

Q | What is the Company's strategy to successfully adapt to these changes?

A | Toppan Forms began as a manufacturer and seller of business forms. While maintaining our base as a manufacturer, we are now redefining our business territory as we expand our service offerings. For example, in tandem with the provision of business forms and DPS-linked operational and management businesses, we offer consulting services for business forms and marketing tools. Our intention is to give customers a total solution service where expertise and scale are converged at a higher

level. By enhancing added value for our outsourcer customers in this way, we hope to lock them into our services and stem the outflow of clients that can occur because of "borderless business." Finally, we are strategically developing our business in line with "digitalization" to meet customer needs. We run a solutions business supporting cross-media marketing initiatives that include digital media as well as total support for RFID-related business.

Q | How do you see Toppan Forms' new business areas developing?

A | Several kinds of IT technology have advanced and we are now living in an "information-based society." I believe we are at a transition point where the quality, quantity and methods of information transmission are being reevaluated. In this environment, the key point is to grasp the latent business issues and needs of customers. We will strengthen our marketing organization by setting up a specialist team dedicated to new sector business.

The RFID market is now moving from the experimental stage to that of practical applications. To main-

tain the pace of our business development in this field, Toppan Forms is partnering with other institutions and companies to improve efficiency and maintain competitive advantage. For hardware, we are expanding our lineup of IC tags and labels, while in software we are making progress in such areas as system configuration and middleware development. Our strength is the ability to give support across the entire supply chain based on our deep knowledge of a diverse range of corporate workflows.

Q | Information security is an area attracting great interest recently. How is Toppan Forms tackling this issue?

A | The privacy law passed on April 1, 2005 focused attention on the social responsibility that companies bear with regard to the protection of individual information. For Toppan Forms, this is a vital issue since our DPS business involves receiving personal information data from our customers. We therefore position information security as our most important management issue. We ensure that our handling of confidential information is approved by such respected third-party systems and institutions as Privacy Mark and the ISO. We of course also have a

system of physical and technological barriers that restrict access to confidential information. Our efforts go beyond that, however, to include a complete internal control system based on strict rules and procedures. In addition, we have a dedicated section which focuses on continuing education to make sure that our safety control procedures are working on an organizational and personnel level. We believe this system is second to none when compared to other companies.

Q | Finally, please give us your message to shareholders and investors.

A | Our mission is to listen to customers' information needs and to then develop the best possible solutions. Modes of communication and the social environment will continue to change and market needs will change along with them. Toppan Forms will stay close to our customers and

through understanding their needs create new profit opportunities and a strengthened business base. We sincerely request the continued understanding and support of our shareholders and investors.

SPECIAL REPORT

THE SOLUTION COMPANY



Toppan Forms is proud of its more than 40-year history as a leading company in the business forms industry. Staying close to our customers and precisely assessing market needs, we have been able to provide a unique range of products and services, unrivalled by our competitors. Our solutions continue to evolve.

Solutions in Business Forms Field

Toppan Forms' history is the history of business forms in Japan. Our distinctive product range has always provided solutions to the diverse challenges our customers face. In recent years, we have evolved from the provision of a single product into solution services which integrate related business fields.

1

MARKET NEEDS

Cost reductions for notification business

From the early 1990s, the financial industry and government sector, which both have high-volume notification business, found their costs rising. The "bubble economy" had burst and postal rates were rising.

SOLUTIONS

Notification material from financial institutions and government offices contains important personal information. To preserve confidentiality, it has to be sealed. This means using letters, which have a higher postal rate than postcards. Toppan Forms developed POSTEX sealed postcards which has an extra layer of paper attached to the postcard surface. POSTEX can carry double the information of a regular postcard, while at the same effectively block access to confidential information contained therein. POSTEX has since evolved in different directions, with a more environment-friendly type as well as a higher-security type.



2

MARKET NEEDS

Shifting management resources to priority sectors

As companies reallocate resources to further improve efficiency, non-essential operations are increasingly being outsourced.

SOLUTIONS

While business forms remain our core product, we have developed a "form management service" that enables us to handle all related operations in a single solution. Acting as a strategic partner to our customer, we can handle the procurement management side (order management, inventory control and delivery management) as well as site shipping to several locations. In addition to business forms, a wide range of office supplies can also be handled, such as catalogs, pamphlets and stationery. The customer can therefore cut costs by using a single supply solution. Demand for this service is increasing.



Solutions in Data Print Services (DPS) Field

Toppan Forms was a pioneer in creating the DPS market, where such added-value services as data processing, printing and delivery were integrated into our core business form technologies. DPS has now grown as a solution that supports a wide range of corporate activities.

1

MARKET NEEDS

Reduce the business burden of notifications to customers

Different business sectors had to deal with a large volume of notifications to customers (e.g., mobile phone operators whose business was rapidly expanding or financial sector institutions in the midst of restructuring.) This increased volume placed heavy demands on them in terms of facilities, personnel and costs.

SOLUTIONS

Toppan Forms established a business model whereby it would receive data from customers, process and print it, place it in an envelope, seal the envelope, and then mail it. This solution spread rapidly since it achieved significant savings in personnel, time and costs.

In addition, by placing the entire process under our professional control (from data processing and printing to data management), high levels of information security could be achieved. Quality problems, such as printing errors, were also reduced to the lowest level possible.



2

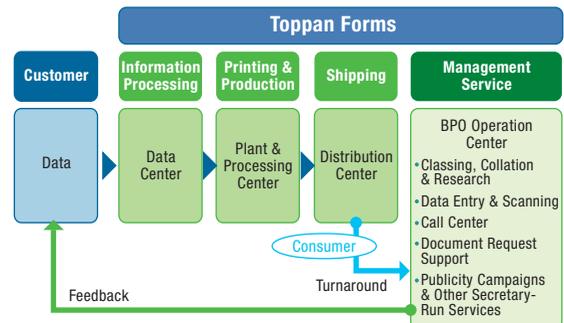
MARKET NEEDS

Companies requiring more sophisticated outsourcing strategies

Companies increasingly outsource not just to cut costs but also to inject dynamism into their business development.

SOLUTIONS

We developed the Business Process Outsourcing (BPO) service, which gives support at the pre- and post-processing levels for notification business. For example, we provide consulting services to help companies find the right formats before ordering. After the notifications have been sent out, we also provide customer management, information management and call center services. This unified approach results in enhancing the levels of efficiency and profitability for customers.



3

MARKET NEEDS

More effective marketing tools

As consumer preferences diversify, companies need more sophisticated and appealing marketing tools.

SOLUTIONS

To respond to this change in marketing strategy, Toppan Forms took DPS technologies to the next level with its “full color variable” printing technology. Full color direct mail or pamphlets can be designed with variations that meet the individual preferences of consumers. By combining these personalized direct mail offerings with regular notification statements, notification business becomes a communication opportunity and a highly innovative marketing solution is created.



4

MARKET NEEDS

Higher value distance learning materials

Amid considerable change in the educational and training environment, distance learning companies are seeking to provide personal instruction appropriate to each student's level and objective.

SOLUTIONS

We applied the full color variable printing technology, developed originally for the notification and personal direct mail business, to educational needs. This meant that we could create learning materials personally tailored to each student. Compared to the conventional approach of “one size fits all” materials, this was a great leap forward in quality. By combining it with on-demand printing technologies, we were also able to deliver exactly the right amount of materials at the right time, thus shortening delivery schedules and lowering costs. Overturning the usual printing industry model of “high volume production of the same item,” this solution has great potential for many business sectors looking to enhance the value of their offerings.



New Solutions for Tomorrow

Toppan Forms made its start in business forms and grew to develop unique strengths in information processing and management technology. Now we are proposing strategic solutions in such new areas as digital media and IC-based products. The goal, as always, is better communication.

1 MARKET NEEDS

Support structure for dynamic marketing

Marketing strategy needs are becoming more diverse and demanding. The emphasis has shifted from “mass” to “personal,” and companies need to consider a number of factors, including effectiveness and efficiency, cost performance and maintaining brand image.

SOLUTIONS

To answer these needs, Toppan Forms developed *smart arrow*, a cross-media marketing solution. This is an Internet-based system for the creation, distribution and ordering of multimedia promotional tools. Sales offices in every region can plan and order promotional tools directly fitted to their needs, giving them maximum business flexibility. The on-demand system lowers costs, while unified management of data ensures a coordinated brand image and a high level of information security. *smart arrow* has proven to be a highly competitive total solution to the many marketing challenges companies currently face.



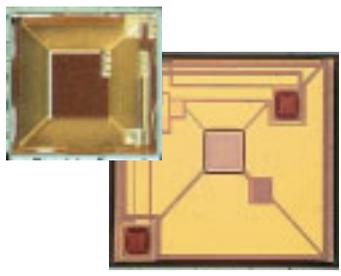
2 MARKET NEEDS

Overcoming the obstacles caused by different RFID standards

We are on the threshold of an RFID market and the era of ubiquitous commerce. There are currently, however, several competing standards based on differing use environments and national frequency protocols. This is hindering widespread adoption.

SOLUTIONS

The Multiband Microchip (MM Chip) is the world’s first radio frequency identification (RFID) microchip compatible with all frequency bands. Using our antenna design technology and intermediate product technology to insert the chip directly into paper, this universal IC media is able to work on multiple platforms. With the construction of flexible RFID systems, we should see applications in such fields as international logistics, hospital administration and archive management. Toppan Forms can offer a total solution in this area, from product development to system configuration.



3

MARKET NEEDS

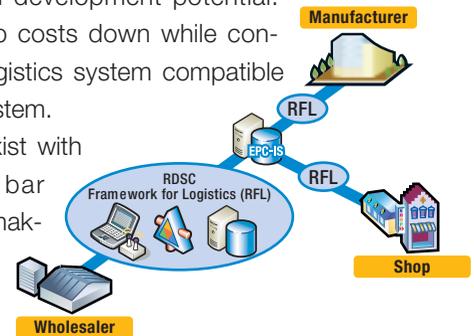
Support for the introduction of RFID systems

The most promising area for the application of RFID technology is unquestionably logistics. Many companies, however, still face barriers when considering introduction: a lack of clarity on procedures; concerns about the impact on existing systems; and capex costs.

SOLUTIONS

Toppan Forms tied up with Microsoft Corporation to create a Windows-based RFID middleware product, "RDSC Framework for Logistics." This middleware will be provided at no charge to companies. The objective is to provide easy-to-understand tools and support using Windows, with its renowned maintainability and development potential. This will help companies keep costs down while constructing a next-generation logistics system compatible with the EPCglobal network system.

The new system can co-exist with supply chain management bar codes already in place, thus making the transition smoother.



4

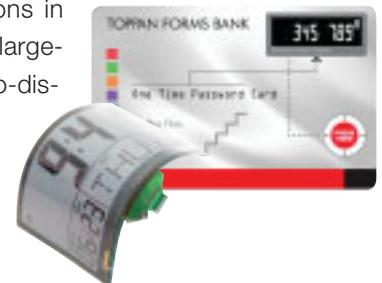
MARKET NEEDS

Next-generation display media

With the need to conserve resources and increases in paper raw materials prices, the search is on for a nonpaper-based, next-generation display media.

SOLUTIONS

In collaboration with SiPix Imaging Inc., Toppan Forms has produced an electronic paper which combines the characteristics of traditional paper (thinness, lightness, soft texture and view angle width) with the rewriting capacity of an electronic display. The electronic paper only uses power when the display is being changed (rewritten), thereby producing remarkable power savings. Based on our rich experience in both analog and digital media, we envisage applications in many aspects of our daily life, from large-scale announcement boards to micro-displays embedded in IC cards.



PRINTING BUSINESS

The Printing Business segment is the core of Toppan Forms, accounting for 76.9% of consolidated net sales. Started in 1955, the segment comprises the Business Forms Division, the Company's central revenue-earner, and the Data Print Services (DPS) Division, a major growth driver. In fiscal 2007, net sales in the Printing Business segment increased 2.4% year-on-year, to ¥168.5 billion.

BUSINESS FORMS DIVISION

The Business Forms Division is organized into two major product categories: Business Forms, which use paper media; and Digital Media, which consist of E-businesses and IC-related products.

Business Forms

Business Forms is the Company's founding business and even now accounts for 43.9% of our net sales. Business Forms has also provided the technology base for the diverse business segments that Toppan Forms encompasses. The main products are the POSTEX sealed postcard series, distribution-related forms, envelopes, catalogs, pamphlets and non-IC cards.

Sales have continued steadily in this segment, driven by environment-friendly distribution forms and "data-hiding" labels, which enhance the protection of personal information. However, the overall business environment remains severe. The market is shrinking due to corporate restructuring

and the move to IT; deteriorating prices as companies move to different procurement methods; and rising prices of paper and other raw materials. Net sales in Business Forms operations decreased 1.4%, to ¥96.3 billion.

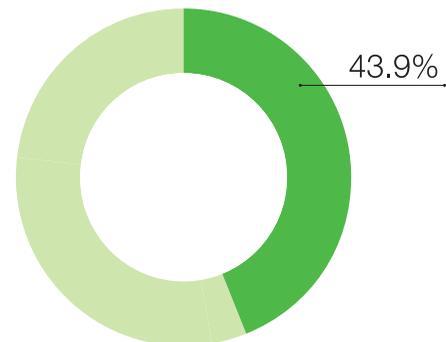
In this fiscal year, we concentrated on improving profitability and enhancing our products to achieve higher added value. For profitability, we first revised our procurement prices as well as sales prices. We also worked to make our manufacturing system more efficient, streamlining production processes and reorganizing factories. The provision of business forms remains our core business, but we are also expanding it to include related business fields as well as the supply of general office items. By moving our business to more service-oriented solutions, we hope to "lock in" customers and improve profitability.

For product development, we targeted growing environmental needs and the new standards for recycling marks. We introduced a POSTEX with paper and ink which both conform to the new standards. This was a first in Japan and indicates our ability to respond to companies who place strong emphasis on CSR activities.

In related printing operations, we saw steady sales of such peripheral materials as pamphlets, catalogs and mail envelopes. Sales dropped for non-IC cards, as consumers move from existing point cards and plastic cards to the new IC-type cards.



Business Forms



Digital Media

Toppan Forms identified this product area as a growth driver and rapidly took steps to establish a market presence. We have focused our management resources and horizontally linked our internal business segments while also aggressively pursuing external alliances. We are thus in a position of being able to offer products and services with a distinct competitive advantage. Sales in this category for fiscal 2007 were ¥7.4 billion, practically unchanged from the previous fiscal year.

For E-businesses, we are trying to develop solutions that converge the merits of both electronic and paper media. Our cross-media marketing application service *smart arrow*, which integrates paper media, web sites, e-mail and mobile communications is a good example. In this fiscal year, we collaborated with an insurance company to create "Grid Onput," an explanation-tool for insurance products. Tiny dots are printed into pamphlets, which can then be read by a dedicated reading device. As a result, the user can access video and audio information on a PC display, which gives more details of the product introduced in the pamphlet.

In IC-related products, we continue to move aggressively in the RFID field. We are developing RFID-based IC tags and cards which can be used in logistics and inventory control; related systems for RFID products; and reader-writer units and card issuance services.

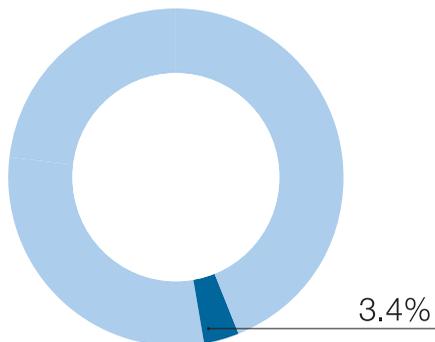
Speed is essential in this business, and we have developed alliances with companies that can offer technology and expertise. Our tie-up with Microsoft is an excellent example of this. We collaborated with Microsoft to create "RDSC Framework for Logistics," a middleware compatible with the EPCglobal network system that runs on Windows.

We also worked to greatly expand our lineup of UHF-band IC labels and tags. Newly developed products include: compact labels with improved communication range; micro-labels; tags which can be attached to metal surfaces as well as lengthen communication range; and nondirectional labels with long-distance communication range.

DATA PRINT SERVICES (DPS)

DPS is a comprehensive outsourcing service that involves editing and processing data entrusted to us by our customers, printing the variable data on business forms using high-speed, non-impact printers, inserting the forms into envelopes, sealing the envelopes and then mailing them. Digital print on demand (DOD) expands the application of DPS technology to offer color printing of variable graphic data. In fiscal 2007, this division's sales rose by 9.2%, to ¥64.8 billion, or 29.6% of consolidated net sales.

Digital Media



DPS

In DPS operations, competition intensified, and led to further price declines. At the same time, outsourcing needs have diversified and expanded. As a result, companies are now looking for solutions that go beyond the former demand for printing and delivery services.

While DPS remains our core service, we are developing comprehensive Business Process Outsourcing (BPO) solutions that embrace planning and post-processing tasks. This allows differentiation from our competitors and high added-value service.

In addition, the passing of the privacy law in Japan has meant that companies' information management needs are becoming more complex. We responded by setting up a dedicated section that is responsible for strengthening information security in all aspects of business—including facilities, operations, systems, etc. The result of these efforts was solid progress in general notification business for the financial industry and other sectors. We also saw strong results in printing outsourcing business. Personalized full-color direct mail made a strong contribution, resulting in sales of ¥58.5 billion, up 9.0% from last fiscal year.

DOD

DOD is a system offering high-speed, programmable color printing of variable, digital graphics data

created through DTP. Since data can be easily changed, linking the system with a database enables the creation of highly personalized direct mail. Companies are increasingly turning toward this system as a more precise tool for their marketing activities. In this fiscal year, DOD orders for sales promotion were robust, leading to a 11.0% rise in sales, to ¥6.4 billion.

Other Businesses

The Other Businesses segment comprises the Office Supplies category and the Equipment and Services category. Both of these categories serve to complement our printing business. Sales rose in this segment by 6.1%, to ¥50.6 billion, or 23.1% of consolidated net sales.

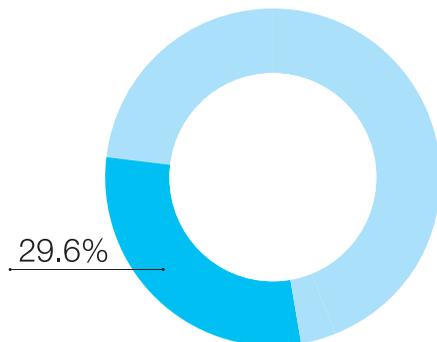
OFFICE SUPPLIES

In office supplies, we expanded our lineup and increased sales. However, price competition is fierce in this segment, especially for printer supplies. We therefore recorded only a slight increase in sales of 0.7%, to ¥25.6 billion.

EQUIPMENT AND SERVICES

In conjunction with our business forms sales, we provide a total support service that embraces design, manufacture and sale of related equipment as well as maintenance. In peripheral equipment, we offer processing devices such as sealers,

DPS Division



which process printed business forms into the shapes of envelopes and postcards. In card-related products, we market ID card color printers and systems for issuing membership cards and rewriteable cards.

In our services business, we dispatch specialist staff to assist customers with information systems operation and maintenance issues. We are also able to handle projects for total management and operation of computer systems.

In this fiscal year, we saw increased orders for devices that rationalize the work of processing tax returns. The result was an increase in sales of 12.2%, to ¥25.0 billion.

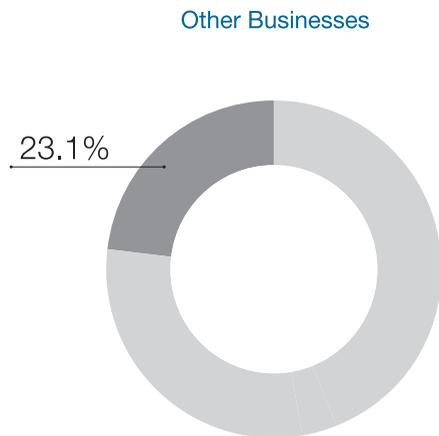
R&D System

Toppan Forms is engaged in a constant process of improving its fundamental and device technologies. We also aggressively conduct product R&D in the IC, digital and media fields to secure our next generation of growth. At our central research lab, which serves as the base for transmission of new technologies, 154 engineers pursue development activities. In the year under review, we carried out prior investment in areas positioned for strategic investment: IC-related and E-businesses-related areas. R&D expenditures totaled ¥2.2 billion, the same level as the previous fiscal year.

Information Security Systems

The passing of the law for protection of personal information on April 1, 2005 focused attention on CSR in this area. Toppan Forms has always been acutely aware of this issue, since our DPS operations involve handling the personal customer information of our clients. We have therefore positioned personal information protection as our priority management issue. Our efforts in this regard have earned high evaluations from a broad range of industries. To further enhance our credibility, we have established a special department dedicated to these issues, and are promoting Privacy Mark acquisition.

Through the reevaluation of our personal information management procedures, we will further strengthen information security systems.



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

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

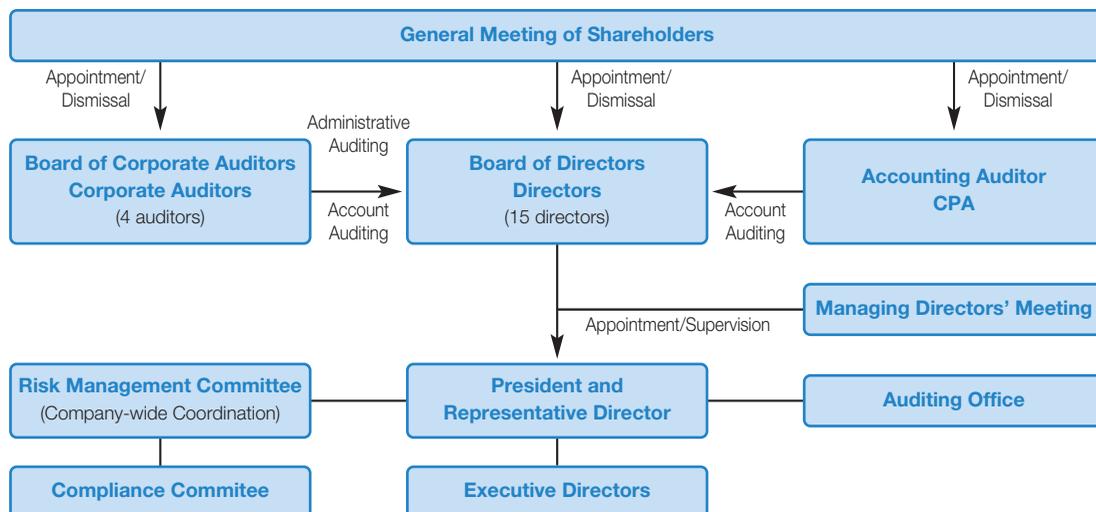
Moreover, to ensure rigorous risk management we are establishing an internal control system, and strengthening our compliance system. For risk management, we have set up a dedicated division and also created the Risk Management Committee which will supervise this function horizontally across the company.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

CORPORATE GOVERNANCE STRUCTURE AND ENHANCEMENT OF INTERNAL CONTROL SYSTEM

- Toppan Forms uses the corporate auditor system.
- The Company has fifteen directors, one of whom is an outside director. There are four corporate auditors, three of whom are outside auditors and two of whom, including one outside auditor, are full-time.
- The Board of Directors meets once a month, makes decisions on important issues and supervises administrative execution.
- Managing directors’ meetings are held once a month, prior to board of directors’ meetings, and issues to be raised at the directors’ meetings are considered and decided upon.
- At the Board of Directors’ meeting held on May 26, 2006, the “fundamental policy regarding the establishment of an internal control system” was decided. On March 22, 2007, some adjustments were made in order to improve the effectiveness of the compliance system. We will work to maintain and continually improve all our management processes in order to ensure that our business practice meets appropriate standards.

Corporate Governance System

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



CONSOLIDATED SIX-YEAR FINANCIAL SUMMARY

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Years ended March 31	Millions of yen						Thousands of U.S. dollars (Note1)
	2002	2003	2004	2005	2006	2007	2007
For the year:							
Net sales	¥196,489	¥191,324	¥193,985	¥199,173	¥212,327	¥219,197	\$1,856,816
Operating profit	18,888	15,030	15,766	13,696	15,717	16,088	136,278
Income before income taxes	18,477	13,867	15,812	14,448	16,241	16,747	141,862
Net income	10,584	7,630	8,763	8,276	9,392	9,684	82,027
Depreciation and amortization	4,701	4,630	5,033	4,936	4,835	5,013	42,465
Capital expenditure	6,580	10,461	9,025	3,296	5,851	10,173	86,174
R&D expenditure	2,309	2,246	2,264	2,106	2,174	2,242	18,996
At year-end:							
Total assets	¥150,979	¥148,990	¥158,077	¥169,070	¥182,705	¥186,902	\$1,583,247
Total shareholders' equity	95,955	99,969	107,964	113,985	118,432	125,285	1,061,287
Number of shares outstanding (thousands)	114,706	114,554	114,232	114,084	113,925	113,983	
Number of employees	6,349	6,342	6,115	6,074	6,224	6,483	
Cash flows:							
Net cash provided by operating activities	¥16,227	¥10,669	¥13,351	¥14,049	¥13,319	¥10,625	\$ 90,003
Net cash used in investing activities	(7,476)	(11,890)	(6,080)	(4,294)	(5,458)	(8,247)	(69,860)
Net cash used in financing activities	(2,552)	(3,292)	(3,188)	(2,270)	(4,074)	(2,805)	(23,758)
Cash and cash equivalents at end of year	24,373	19,836	23,908	31,392	35,206	34,791	294,714

Per share data (Note 2):	Yen						U.S. dollars (Note1)
	2002	2003	2004	2005	2006	2007	2007
Net income:							
Basic	¥ 92.21	¥ 65.45	¥ 75.60	¥ 71.44	¥ 81.42	¥ 84.98	\$0.72
Diluted	—	—	—	71.44	81.39	84.94	0.72
Cash dividends	23.00	23.00	23.00	23.00	24.00	25.00	0.21
Shareholders' equity	836.52	871.54	944.05	998.05	1,082.39	1,129.46	9.57

Ratios:	Percent					
	2002	2003	2004	2005	2006	2007
Equity ratio	63.6%	67.1%	68.3%	67.4%	67.6%	68.9%
Return on net sales	5.4	4.0	4.5	4.2	4.4	4.4
Return on assets	7.2	5.1	5.5	4.9	5.1	5.2
Return on shareholders' equity	11.4	7.8	8.4	7.5	7.9	7.7

Notes: 1. U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥118=U.S.\$1, as at March 31, 2007.

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

Market Environment

In fiscal 2007, year ended March 31, 2007, the market environment for the business forms industry remained severe. Demand continued to decline as companies moved to IT solutions, prices decreased due to fierce competition and the price of paper jumped.

Income and Expenses

In the year under review, consolidated net sales increased 3.2%, to ¥219.2 billion (\$1,856 million). Sales in the Printing Business segment rose 2.4%, to ¥168.5 billion (\$1,428 million). Within this segment, the Business Forms Division strove to strengthen its sales through solutions-based marketing activities and products that met customer needs. Despite these efforts, sales decreased 1.4%, to ¥103.7 billion (\$878.8 million).

In the Data Print Services (DPS) Division, sales grew 9.2%, to ¥64.8 billion (\$549.2 million). This growth was driven by notification business from the financial industry and other sectors; sales promotion business outsourcing; personal full-color direct mail; and on demand printing.

In the Other Businesses segment, we expanded our range of office supply products and broadened sales channels through the use of the Internet. However, fierce price competition meant that sales only increased slightly. In office-related equipment, sales increased mainly due to increased orders for payment-statement processing devices for tax transactions. As a result, sales of the Other

Businesses segment grew by 6.1%, to ¥50.6 billion (\$429.1 million).

Cost of sales increased 4.1%, to ¥167.1 billion (\$1,415 million), mainly due to rising raw materials prices. The cost of sales ratio remained at about the same level (a slight rise of 0.6%, to 76.2%) due to rigorous cost management. As a result, gross profit increased 0.4%, to ¥52.1 billion (\$441.5 million).

Selling, general and administrative (SG&A) expenses declined 0.4%, to ¥36.0 billion (\$305.2 million). Mainly as a result of successful efforts at personnel rationalization, the ratio of SG&A expenses to net sales declined 0.6%, to 16.4%.

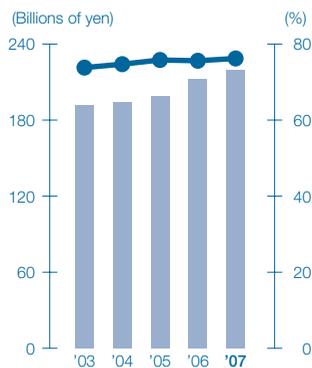
As a result, operating profit for fiscal 2007 increased 2.4%, to ¥16.1 billion (\$136.3 million). The operating profit margin was down 0.1%, to 7.3%.

In other income and expenses, net other income rose to ¥0.65 billion (\$5.5 million), from ¥0.52 billion in the previous fiscal year.

As a result, income before income taxes for fiscal 2007 was ¥16.7 billion (\$141.9 million), an increase of 3.1%. Net income increased 3.1%, to ¥9.7 billion (\$82.0 million).

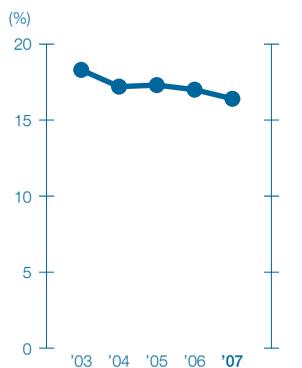
Net income per share was ¥84.98 (\$0.72), compared to ¥81.42 in the previous fiscal year. Return on equity (ROE) was 7.7%, a decline from 7.9% in the previous year, whereas return on assets (ROA) increased, to 5.2% from 5.1% in the previous year.

Net Sales and Cost of Sales Ratio

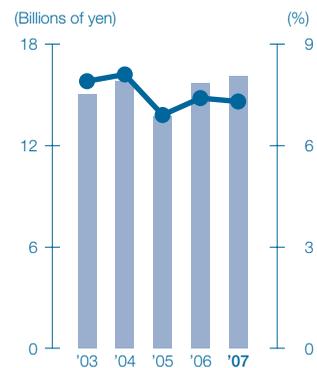


■ Net sales (left scale)
● Cost of sales ratio (right scale)

SG&A Ratio



Operating Profit and Operating Profit Margin



■ Operating profit (left scale)
● Operating profit margin (right scale)

Dividend Policy

Toppan Forms gives high priority to returning profits to shareholders. While retaining certain profits to fund growth, we aim to make stable payments of dividends in line with our performance, thus encouraging long-term holding of stock.

In fiscal 2007, the Company paid interim dividends of ¥12.00 per share and year-end dividends of ¥13 per share. As a result, total dividends per share were ¥25.00. The non-consolidated payout ratio was 32.2%.

Depreciation and Amortization/Capital Expenditures

Capital expenditures, principally for enhanced production equipment, increased ¥4.3 billion from the previous fiscal year, to ¥10.2 billion (\$86.2 million). Depreciation and amortization amounted to ¥5.0 billion (\$42.5 million), compared to ¥4.8 billion in the previous year.

Financial Position

At fiscal 2007 year-end, total current assets were up ¥1.4 billion, to ¥96.4 billion (\$816.2 million), principally due to an increase in notes and accounts receivable. Total current liabilities were up ¥0.64 billion, to ¥53.3 billion (\$451.7 million). Accordingly, working capital rose ¥0.77 billion, to ¥43.0 billion (\$364.6 million), and the current ratio improved 0.5%, to 180.7%.

Total shareholders' equity rose ¥1.8 billion, to ¥125.3 billion (\$1,061 million) at fiscal year-end, mainly due to higher retained earnings. Total assets were up ¥0.42 billion, to ¥186.9 billion (\$1,583 million). Consequently, the equity ratio was 68.9%, up from 67.6% a year earlier.

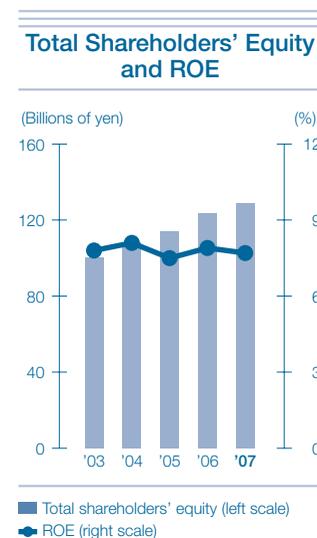
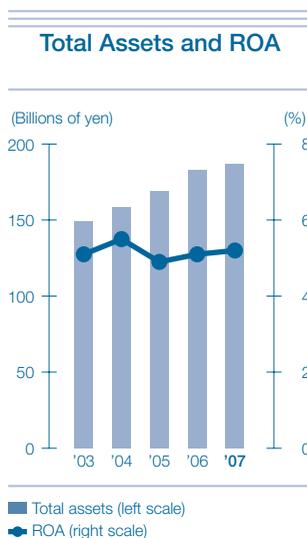
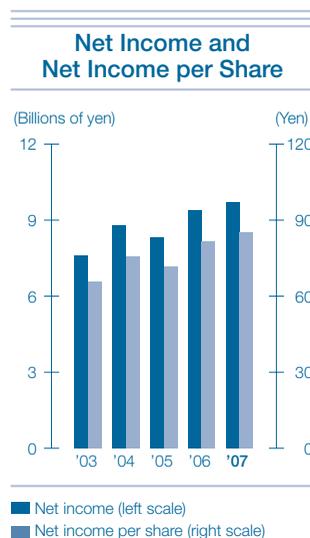
Cash Flows

Net cash provided by operating activities fell from ¥13.3 billion in the previous year, to ¥10.6 billion (\$90.0 million). The major inflow was income before income taxes of ¥16.7 billion (\$141.9 million) and depreciation and amortization of ¥5.0 billion (\$42.5 million). The major outflow was payment of income taxes paid totaling ¥7.7 billion (\$65.2 million) and an increase of ¥2.8 billion (\$23.8 million) in notes and accounts receivable.

Net cash used in investing activities increased from ¥5.5 billion in the previous fiscal year, to ¥8.2 billion (\$69.9 million). The increase was primarily due to ¥7.7 billion (\$65.6 million) used for acquisition of property, plant and equipment.

Net cash used in financing activities was ¥2.8 billion (\$23.8 million), down from the ¥4.1 billion used in the previous fiscal year. The major factor was dividends paid, which amounted to ¥2.8 billion (\$23.8 million).

At the end of fiscal 2007, cash and cash equivalents stood at ¥34.8 billion (\$294.7 million), down ¥0.4 billion from the previous fiscal year.



CONSOLIDATED BALANCE SHEET

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Assets			
Current assets -			
Cash and deposits (Note 7)	¥ 31,766	¥ 31,344	\$ 265,513
Notes and accounts receivable, trade (Note 15)	40,188	43,040	364,590
Marketable securities (Notes 7 and 8)	3,440	3,447	29,201
Inventories	14,203	13,716	116,184
Prepaid expenses	1,229	1,218	10,319
Deferred tax assets (Note 13)	2,342	2,039	17,268
Other current assets	1,923	1,700	14,402
Provision for doubtful debts	(157)	(148)	(1,255)
Total current assets	94,934	96,356	816,222
Fixed assets -			
Tangible fixed asset:			
Buildings and structures	42,116	45,418	384,739
Accumulated depreciation	(18,748)	(19,795)	(167,687)
Machineries and equipments	61,536	63,259	535,863
Accumulated depreciation	(47,399)	(48,926)	(414,450)
Tools and furniture	10,339	10,568	89,525
Accumulated depreciation	(8,820)	(8,944)	(75,765)
Land	18,488	20,580	174,336
Construction-in-progress	753	850	7,204
Total tangible fixed assets	58,265	63,010	533,765
Intangible fixed assets:			
Leasehold and other	1,441	2,044	17,316
Total intangible fixed assets	1,441	2,044	17,316
Investment securities and other assets:			
Investment securities (Note 8)	19,651	16,715	141,596
Long-term loans	6	17	147
Long-term prepaid expenses	315	490	4,151
Leasehold deposits	2,319	2,290	19,397
Insurance funds	4,107	4,313	36,536
Deferred tax assets (Note 13)	825	713	6,038
Other assets	915	1,061	8,987
Provision for doubtful debts	(73)	(107)	(908)
Total investment securities and other assets	28,066	25,492	215,944
Total fixed assets	87,771	90,546	767,025
Total assets	¥182,705	¥186,902	\$1,583,247

The accompanying notes are an integral part of these statements.

March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Liabilities:			
Current liabilities -			
Notes and accounts payable, trade	¥ 34,704	¥ 34,565	\$ 292,800
Short-term borrowings (Note 4)	691	744	6,301
Current portion of long-term debt (Note 4)	-	100	847
Accrued income taxes (Note 13)	4,038	2,948	24,973
Accrued consumption tax	521	413	3,495
Accrued expenses	3,614	3,760	31,848
Accrued bonuses to employees	3,730	3,626	30,713
Accrued bonuses to directors and corporate auditors	-	60	508
Notes payable, construction	1,517	3,131	26,520
Other current liabilities	3,858	3,971	33,647
Total current liabilities	52,673	53,318	451,652
Long-term liabilities -			
Long-term debt (Note 4)	100	-	-
Deferred tax liabilities (Note 13)	2,500	1,394	11,809
Accrued retirement benefits for employees (Note 11)	3,173	2,597	22,002
Accrued retirement benefits for directors and corporate auditors	617	593	5,025
Other long-term liabilities	108	124	1,055
Total long-term liabilities	6,498	4,708	39,891
Total Liabilities	59,171	58,026	491,543
Net Assets:			
Shareholders' equity -			
Common stock			
Authorized: 400,000,000 shares			
Issued: 115,000,000 shares	11,750	11,750	99,534
Capital surplus	9,270	9,270	78,526
Retained earnings	99,188	105,945	897,462
Treasury stock, at cost (Note 6) (2006: 1,074,947 shares, 2007: 1,016,947 shares)	(1,776)	(1,680)	(14,235)
Total shareholders' equity	118,432	125,285	1,061,287
Valuation and translation adjustments -			
Net unrealized gains on other securities	5,562	3,541	29,997
Foreign currency translation adjustments	(568)	(86)	(732)
Total valuation and translation adjustments	4,994	3,455	29,265
Subscription rights to shares -	-	32	267
Minority interests in consolidated subsidiaries -	108	104	885
Total net assets	123,534	128,876	1,091,704
Total liabilities and net assets	¥182,705	¥186,902	\$1,583,247

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)
	2006	2007	2007
Net sales (Note 15)	¥212,327	¥219,197	\$1,856,816
Cost of sales	160,437	167,080	1,415,336
Gross profit	51,890	52,117	441,480
Selling, general and administrative expenses (Notes 5)	36,173	36,029	305,202
Operating profit	15,717	16,088	136,278
Non-operating profits:			
Interest income	125	82	698
Dividends income	150	159	1,345
Foreign exchange gains	74	14	116
Return of insurance funds	27	34	288
Equity income from affiliates	33	183	1,554
Income from patent rights	364	345	2,921
Income from subscription to investment	11	216	1,827
Others	244	300	2,539
	1,028	1,333	11,288
Non-operating expenses:			
Interest expense	(72)	(30)	(253)
Loss related to customer claim	(20)	-	-
Expense of reward for employees' invention	-	(29)	(247)
Valuation losses on inventories	-	(59)	(500)
Others	(83)	(36)	(297)
	(175)	(154)	(1,297)
Ordinary income	16,570	17,267	146,269
Extraordinary profits:			
Profit on sales of fixed assets	7	33	279
Profit on sales of investment securities	110	232	1,961
Profit on sales of membership	16	-	-
Others	1	5	45
	134	270	2,285
Extraordinary loss:			
Loss from sales of fixed assets	(56)	(27)	(225)
Loss from disposal of fixed assets	(135)	(126)	(1,065)
Loss from sales of investment securities	(38)	(8)	(71)
Valuation losses on investment securities and others	(228)	(431)	(3,651)
Loss from write-down of membership	(1)	-	-
Indemnity loss	-	(86)	(729)
Impairment loss of deferred development cost	-	(100)	(847)
Others	(5)	(12)	(104)
	(463)	(790)	(6,692)
Income before income taxes	16,241	16,747	141,862
Income taxes (Note 13):			
- Current	7,327	6,370	53,961
- Deferred	(484)	692	5,863
	6,843	7,062	59,824
Minority interests in income of consolidated subsidiaries	6	1	11
Net income	¥ 9,392	¥ 9,684	\$ 82,027

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Millions of yen

	Shareholders' equity					Valuation and translation adjustments					
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity	Net unrealized gains on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
For the year ended March 31, 2007			¥	¥	¥	¥	¥	¥	¥	¥	¥
Balance as of March 31, 2006	¥11,750	¥9,270	¥ 99,188	¥(1,776)	¥118,432	¥5,562	¥(568)	¥4,994	¥ -	¥108	¥123,534
Changes in the period											
Dividend from surplus			(2,792)		(2,792)			-			(2,792)
Net income after taxes			9,684		9,684			-			9,684
Disposal of treasury shares			(20)	96	76			-			76
Bonuses to directors and corporate auditors			(114)		(114)			-			(114)
Net changes in items except shareholders' equity					-	(2,021)	482	(1,539)	32	(4)	(1,512)
Total changes in the period	-	-	6,758	96	6,854	(2,021)	482	(1,540)	32	(4)	5,342
Balance as of March 31, 2007	¥11,750	¥9,270	¥105,945	¥(1,680)	¥125,285	¥3,541	¥ (86)	¥3,455	¥32	¥104	¥128,876

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Valuation and translation adjustments					
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity	Net unrealized gains on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
For the year ended March 31, 2007											
Balance as of March 31, 2006	\$99,534	\$78,526	\$840,216	\$(15,047)	\$1,003,229	\$ 47,120	\$(4,806)	\$42,314	\$ -	\$915	\$1,046,458
Changes in the period											
Dividend from surplus			23,645		(23,645)			-			(23,645)
Net income after taxes			82,027		82,027			-			82,027
Disposal of treasury shares			(170)	812	642			-			642
Bonuses to directors and corporate auditors			(966)		(966)			-			(966)
Net changes in items except shareholders' equity					-	(17,123)	4,074	(13,049)	267	(30)	(12,812)
Total changes in the period	-	-	57,246	812	58,058	(17,123)	4,074	(13,049)	267	(30)	45,246
Balance as of March 31, 2007	\$99,534	\$78,526	\$897,462	\$(14,235)	\$1,061,287	\$ 29,997	\$ (732)	\$29,265	\$267	\$885	\$1,091,704

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)
	2006	2007	2007
Cash flows from operating activities:			
Income before income taxes	¥16,241	¥16,747	\$141,862
Depreciation and amortization	4,835	5,013	42,465
Decrease (increase) in provision for doubtful debts	(21)	20	171
Interest and dividend income	(275)	(241)	(2,043)
Interest expense	72	30	253
Return of insurance funds	(27)	(34)	(288)
Equity income from affiliates	(33)	(183)	(1,554)
Valuation losses on investment securities	228	431	3,651
Loss from sales of investment securities	38	8	71
Profit on sales of investment securities	(110)	(232)	(1,961)
Loss from write-down of membership	1	-	-
Profit on sales of membership	16	-	-
Loss on sales of fixed assets	56	27	225
Loss from disposal of fixed assets	135	126	1,065
Profit from sales of fixed assets	(7)	(33)	(279)
Increase (decrease) in accrued bonuses to employees	241	(108)	(918)
Increase (decrease) in accrued retirement benefits for employees	526	(575)	(4,874)
Payments for bonuses to directors and corporate auditors	(115)	(115)	(974)
Increase in notes and accounts receivable	(930)	(2,814)	(23,837)
Decrease (increase) in inventories	(346)	520	4,401
Decrease in notes and accounts payable	(599)	(171)	(1,450)
Decrease in accrued consumption tax	(333)	(112)	(945)
Other, net	501	(235)	(1,985)
Sub total	20,092	18,069	153,056
Interest and dividends received	301	279	2,365
Interest paid	(68)	(30)	(254)
Income taxes paid	(7,006)	(7,693)	(65,164)
Net cash provided by operating activities	13,319	10,625	90,003
Cash flows from investing activities:			
Payment for acquisition of fixed assets	(3,647)	(7,743)	(65,595)
Proceeds from sale of fixed assets	25	65	549
Acquisition of investment securities	(1,838)	(719)	(6,094)
Proceeds from sale of investment securities	305	946	8,014
Payment for loans	(6)	(118)	(1,000)
Proceeds from collection of loans	12	6	51
Payments for acquisition of consolidated subsidiary	-	(39)	(326)
Proceeds from other investing activities	981	778	6,589
Payments for other investing activities	(1,290)	(1,423)	(12,048)
Net cash used in investing activities	(5,458)	(8,247)	(69,860)
Cash flows from financing activities:			
Decrease in short-term borrowings	(1,095)	(7)	(58)
Repayments of capital lease obligations	(88)	(60)	(509)
Repayments of long-term debt	(69)	(18)	(153)
Acquisition of treasury stock	(264)	-	-
Proceeds from sale of treasury stock	71	76	641
Dividends paid	(2,622)	(2,792)	(23,645)
Dividends paid to minority interests	(7)	(4)	(34)
Others	0	-	-
Net cash used in financing activities	(4,074)	(2,805)	(23,758)
Effect of exchange rate changes on cash and cash equivalents	27	12	98
Net increase (decrease) in cash and cash equivalents	3,814	(415)	(3,517)
Cash and cash equivalents at beginning of year	31,392	35,206	298,231
Cash and cash equivalents at end of year (Note 7)	¥35,206	¥34,791	\$ 294,714

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 prepared from the consolidated financial statements of TOPPAN FORMS CO., LTD. (the "Company") filed with the Director of the Kanto Local Finance Bureau in accordance with the Securities 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 ¥118 = U.S.\$1, the approximate rate of exchange on March 31, 2007. Such translations should not be construed as representations that the Japanese yen amounts could have been or could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Consolidation -

(a) Consolidated subsidiaries as of March 31, 2007:

The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries (22 companies). Significant subsidiaries are as follows;

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

As the Company acquired 100% of the issued shares of ZIXSYS Inc. in June 2006, it is included in the consolidated financial statements for the fiscal year ended March 31, 2007.

As Toppan Forms Card Technologies (Taiwan) Ltd., was liquidated in April 2006, it is excluded from the consolidated financial statements for the fiscal year ended March 31, 2007.

As Toppan Forms (Hong Kong) Ltd. acquired the remaining 50% of the issued shares of Shenzhen Ruixing Papers Ltd. in March 2007, it is included in the consolidated financial statements for the fiscal year ended March 31, 2007.

(b) Equity-method affiliates:

Investments in all affiliated companies (7 affiliates) where shareholdings are more than 20% and where the Company has significant influence over operations, finance and management, are accounted for by the equity method. Main affiliate is Data Products Toppan Forms Ltd..

Beijing Xinghua Information Paper Co., Ltd. was merged by Beijing Toppan Forms Co., Ltd. in February 2007. Although Beijing Xinghua Information Paper Co., Ltd. had been accounted for by the equity method, it has been excluded from the equity-method affiliates since the merger

(c) Account closing dates:

The account closing date of T.F. Company Ltd. and 8 subsidiaries is December 31. However, the consolidated financial statements incorporate the accounts of these companies with adjustments for significant transactions arising during the period from December 31 to March 31.

(2) Valuation methods for major assets -

(a) Securities:

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

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

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

Other securities for which market price or quotations are available are stated at fair value. Net unrealized gains and losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost.

Subscriptions to investment funds (not affiliate) that are included in other investment securities are accounted for by the equity method based on the recent available financial information.

(b) Derivatives:

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

(c) Inventories:

Inventories are stated at cost. The cost of raw materials, supplies and purchased finished goods (supplies) is determined by the first-in, first-out method. The cost of purchased finished goods (machinery), finished products and work-in-process is determined by the specific identification method.

(3) Depreciation and amortization of major assets -

(a) Tangible fixed assets:

Declining-balance is principally adopted. The same standard as 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 by the straight-line method.

(b) Intangible fixed 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.

(4) Basis of provision -

(a) Provision for doubtful debts:

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

(b) Accrued bonuses to employees:

Accrued bonuses are provided for the expected payments of employees bonuses at the end of the fiscal year.

(c) Accrued bonuses to directors and corporate auditors:

Accrued bonuses to directors and corporate auditors are provided for the estimated amounts at 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.

(d) Pension and severance plans:

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 (within 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 (within the average remaining service period of employees when the differences are incurred) from the following period in which they occur.

Most overseas subsidiaries have defined contribution retirement plans which are available to all employees.

In prior years, the Company and domestic consolidated subsidiaries had accrued severance indemnities cost 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 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 "Accrued retirement benefits for directors and corporate auditors" on the consolidated balance sheets for the fiscal year ended March 31, 2007.

(5) Foreign currency translation -

The translation of assets and liabilities denominated in foreign currency at the year-end is made at the current 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 statements of income. All assets, liabilities, income and expenses accounts of foreign subsidiaries and affiliates are translated using the current exchange rates at the respective balance sheet date. Foreign currency translation adjustments resulting from such procedures are recorded in the consolidated balance sheets as a separate component of net assets.

(6) Leases -

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases. Leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases in accordance with accounting principles and practices generally accepted in Japan.

(7) Hedge accounting -

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

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

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

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

(8) Consumption tax -

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

(9) Valuation method for assets and liabilities of subsidiaries -

Assets and liabilities of the subsidiaries are measured at the fair values when consolidated.

(10) Amortization of goodwill and negative goodwill -

Goodwill and negative goodwill is amortized equally over the effective periods.

(11) Cash and cash equivalents -

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

(12) Reclassifications -

Certain reclassifications of the financial statements and related footnote amounts in the fiscal year ended March 31, 2006 have been made to conform to the presentation for the fiscal year ended March 31, 2007.

3. ACCOUNTING CHANGES:

(1) Accounting standard for directors' bonuses -

"Accounting Standard for Directors' Bonuses" (Accounting Standards Board of Japan Statement No. 4, issued on November 29, 2005) has been adopted effective for the current fiscal year. Due to the adoption of this new accounting standard, the bonuses to directors and corporate auditors are expensed when incurred, although it had been accounted for an appropriation from retained earnings upon resolution at the shareholders' meeting. As a result, operating profit and income before income taxes are decreased by ¥149 million (US\$1,258 thousand) compared with those would be reported under the previous accounting policy. The impact on segment information is explained in Note 14.

(2) Accounting standard for presentation of net assets in balance sheets -

"Accounting Standard for Presentation of Net Assets in Balance Sheets" (Accounting Standards Board of Japan Statement No. 5, issued on December 9, 2005), and "Guideline on Accounting Standard for presentation of net assets in balance sheets" (Financial Accounting Standards Implementation Guideline No. 8, issued on December 9, 2005) have been adopted effective for the current fiscal year. The Company disclosed net assets in the balance sheet as of March 31, 2007 using the new standard and guideline. The balance sheet as of March 31, 2006 was reclassified to meet these standard and guideline for convenience.

(3) Accounting standard for share-based payment -
 “Accounting Standard for Share-Based Payment” (Accounting Standards Board of Japan Statement No. 8, issued on December 27, 2005), and “Guideline on Accounting Standard for Share-Based Payment” (Accounting Standards Board of Japan Statement, No.11, issued on May 31, 2006) have been adopted effective from the current fiscal year. New accounting standard

required to treat the fair value of subscription rights to shares as the costs in statements of income on the grant date. As a result, operating profit and income before income taxes for the fiscal year ended March 31, 2007 decreased by ¥32 million (US\$267 thousand), respectively. The impact on segment information is explained in Note 14.

4. NOTES TO CONSOLIDATED BALANCE SHEET:

(1) Contingent liabilities -

The Company had the following contingent liabilities as of March 31, 2006 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Guarantee			
Employees housing loan	¥17	¥15	\$130

(2) Borrowings -

Short-term borrowings primarily consist of short-term bank loans of certain domestic and overseas subsidiaries with an average annual interest rate of 3.84 percent as of March 31, 2007.

Long-term debt at March 31, 2007, comprises the following:

	Millions of yen	Thousands of U.S. dollars
Loans from Japanese banks and others:		
Unsecured - 1.35 per cent	¥100	\$847
Less: Amounts due within one year	(100)	(847)
	¥ -	¥ -

5. NOTES TO CONSOLIDATED STATEMENTS OF INCOME:

(1) Selling, general and administrative expenses -

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Salaries and bonuses	¥11,698	¥12,224	\$103,552
Provisions for bonuses to employees	1,219	1,215	10,293
Provisions for bonuses to directors and corporate auditors	-	60	508
Provisions for retirement benefit of directors and corporate auditors	210	8	71
Depreciation	1,021	978	8,285
Rent expenses	2,607	2,672	22,637
Freight charges	5,599	5,632	47,708
Research and development expenditure	2,174	2,242	18,996
Pension costs	761	276	2,335
Others	10,884	10,722	90,817
Total	¥36,173	¥36,029	\$305,202

(2) Research and development expenditure

Research and development expenditure, which is charged to income when incurred, and is included in selling, general and administrative expenses, amounted to ¥2,174 million and ¥2,242 million (\$18,996 thousand) for the fiscal years ended March 31, 2006 and 2007, respectively.

6. NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS:

(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	1,074	-	58	1,016

7. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOW:

(1) Cash and cash equivalents -

"Cash and cash equivalents" comprise the following:

March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Cash and time deposits with original maturity of three months or less	¥31,766	¥31,344	\$265,513
Marketable securities	3,440	3,447	29,201
	¥35,206	¥34,791	\$294,714

8. FINANCE LEASES:

Certain information on lease contracts of the Company and its consolidated subsidiaries, as a lessee, is shown below:

(1) Finance leases other than those which transfer ownership of properties to lessees are as follows:

a) Acquisition costs of leased assets under finance leases are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Machinery, equipment and vehicles	5,071	¥ 5,987	\$ 50,717
Tools and furniture	6,148	4,899	41,495
Other assets	155	208	1,758
Accumulated depreciation	(7,184)	(7,219)	(61,151)
Total	¥ 4,190	¥ 3,875	\$ 32,819

b) Future lease payments under finance leases are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Due within one year	¥1,909	¥1,803	\$15,272
Due after one year	3,934	3,675	31,131
	¥5,843	¥5,478	\$46,403

c) Lease payments and amounts representing depreciation and interest are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Lease payments	¥2,343	¥2,189	\$18,543
Amount representing depreciation	¥2,164	¥2,132	\$18,064
Amount representing interest	¥ 190	¥ 135	\$ 1,139

(2) Minimum lease payments under non-cancelable operating leases are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Due within one year	¥ 587	¥ 523	\$ 4,427
Due after one year	2,462	2,182	18,485
Total minimum lease payments	¥3,049	¥2,705	\$22,912

9. MARKETABLE AND INVESTMENT SECURITIES:

The following is certain information relating to the aggregate book carrying amount and market value of securities as of March 31, 2006.

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

Nothing is applicable for the requirements.

(ii) "Other securities" whose market price or quotations are available.

	Millions of yen		
	March 31, 2006		
	Acquisition cost	Market value (= Book carrying amount)	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
①Share stocks	¥4,481	¥13,446	¥8,965
②Others	1,000	1,536	536
	5,481	14,982	9,501
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
①Share stocks	503	395	(108)
②Others	420	410	(10)
	923	805	(118)
Total	¥6,404	¥15,787	¥9,383

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

	Millions of yen
	March 31, 2006
Proceeds from sales of "Other securities"	¥298
Gain on sales of "Other securities"	110
Loss on sales of "Other securities"	0

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

	Millions of yen
	March 31, 2006
	Book carrying amount
Other securities	
①Share stocks not listed on the market	¥1,883
②Others	4,548
	¥6,431

(v) Redemption schedule for "Other securities" that have maturity dates, and "Held-to-maturity debt securities".

	Millions of yen			
	March 31, 2006			
	Due 2007	Due 2008-2011	Due 2012-2016	Due after 2017
1. Bonds:				
①Government bonds, Municipal bonds, etc.	¥ -	¥ -	¥ -	¥ -
②Corporate bonds	-	-	8	1,100
③Others	-	-	-	-
2. Others:				
①Mutual funds	-	-	-	-
	¥ -	¥ -	¥ 8	¥1,100

The following is certain information relating to the aggregate book carrying amount and market value of securities as of March 31, 2007.

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

Nothing is applicable for the requirements.

(ii) "Other securities" whose market price or quotations are available.

	Millions of yen		
	March 31, 2007		
	Acquisition cost	Market value (=Book carrying amount)	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
①Share stocks	¥4,420	¥10,543	¥ 6,123
②Others	994	1,060	66
	5,414	11,603	6,189
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
①Share stocks	657	451	(206)
②Others	368	361	(7)
	1,025	812	(213)
Total	¥6,439	¥12,415	¥ 5,976

	Thousands of U.S. dollars		
	March 31, 2007		
	Acquisition cost	Market value (=Book carrying amount)	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
①Share stocks	\$37,441	\$ 89,308	\$ 51,867
②Others	8,419	8,981	562
	45,860	98,289	52,429
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
①Share stocks	5,569	3,821	(1,748)
②Others	3,119	3,057	(62)
	8,688	6,878	(1,810)
Total	\$54,548	\$105,167	\$ 50,619

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

	Millions of yen	Thousands of U.S. dollars
	March 31, 2007	
Proceeds from sales of "Other securities"	¥651	\$5,511
Gain on sales of "Other securities"	231	1,961
Loss on sales of "Other securities"	-	-

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

	Millions of yen	Thousands of U.S. dollars
	March 31, 2007	
	Book carrying amount	
Other securities		
①Share stocks not listed on the market	¥2,041	\$17,286
②Others	4,555	38,583
	¥6,596	\$55,869

(v) Redemption schedule for "Other securities" that have a maturity dates, and "Held-to-maturity debt securities".

Millions of yen

March 31, 2007				
	Due 2008	Due 2009-2012	Due 2013-2017	Due after 2018
1. Bonds				
①Government bonds, Municipal bonds, etc.	¥ -	¥ -	¥ -	¥ -
②Corporate bonds	-	-	8	1,100
③Others	-	-	-	-
2. Others				
①Mutual funds	-	-	-	-
	¥ -	¥ -	¥ 8	¥1,110

Thousands of U.S. dollars

March 31, 2007				
	Due 2008	Due 2009-2012	Due 2013-2017	Due after 2018
1. Bonds				
①Government bonds, Municipal bonds, etc.	\$ -	\$ -	\$ -	\$ -
②Corporate bonds	-	-	64	9,318
③Others	-	-	-	-
2. Others				
①Mutual funds	-	-	-	-
	\$ -	\$ -	\$ 64	\$9,318

10. DERIVATIVE FINANCIAL INSTRUMENTS:

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

As of March 31, 2006 and 2007, there was no contract outstanding for derivatives except for those held for "hedge accounting" purposes as described in Note 2 (7) above.

11. 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 defined benefit tax qualified pension plans to cover employee pensions.

Effective from April 1, 2006, the Company and two domestic subsidiaries amended the employees' retirement benefit regulation based on the points which are granted depending on length of service periods, qualification, evaluation and managerial posts

(point system). Also, effective April 1, 2006, the Company and two subsidiaries transferred the defined benefit tax qualified pension plans to contributory funded defined benefit pension plans. In addition, effective from April 1, 2007, some domestic subsidiaries amended the employees' retirement benefit regulation and introduced the point system, and some subsidiaries transferred the defined benefit tax qualified pension plans to contributory funded defined benefit pension plans.

The pension liabilities for employees as of March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
(1) Projected benefit obligation	¥31,815	¥26,548	\$224,889
(2) Plan assets at fair value	28,936	29,642	251,097
(3) Unfunded benefit obligation (1)-(2)	2,879	(3,094)	(26,208)
(4) Unrecognized actuarial losses	252	1,409	11,935
(5) Unrecognized prior service costs	-	4,282	36,276
(6) Prepaid pension expense	(42)	-	-
(7) Pension liabilities for employees (3) + (4) + (5) - (6)	¥ 3,173	¥ 2,597	\$ 22,003

The Company contributed certain marketable equity securities in 2001 to the employee retirement benefit trust as plan assets, and the fair value of which amounted to ¥2,233 million and ¥1,780 million (\$15,076 thousand) as of March 31, 2006 and 2007, respectively.

The components of the net periodic pension cost for the fiscal years ended March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
(1) Service costs	¥1,675	¥1,281	\$10,855
(2) Interest costs	693	677	5,738
(3) Expected return on plan assets	759	965	8,177
(4) Expense for actuarial losses	467	165	1,395
(5) Amortization of prior service costs	-	306	2,591
(6) Net periodic pension cost (1) + (2) - (3) + (4) - (5)	¥2,076	¥ 852	\$ 7,220

The assumptions used as of March 31, 2006 and 2007 were as follows:

	2006	2007
(1) Discount rate	2.5%	2.5%
(2) Expected return on plan assets	3.5%	3.5%
(3) Method of attributing the projected benefits to periods of service	Straight-line basis	Straight-line basis
(4) Amortization of unrecognized prior service costs	-	Straight-line over 15 years
(5) Amortization of unrecognized actuarial gain/loss	Straight-line over 15 years	Straight-line over 15 years

12. STOCK OPTIONS:

The following are 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)	Exercise periods
I. Stock options to purchase treasury stocks	June 29, 2000	149,000	2,636	From July 1, 2001 to June 30, 2006
	June 28, 2001	145,000	2,200	From July 1, 2002 to June 30, 2007
II. Stock option to purchase newly issued shares	June 27, 2002	151,000	2,131	From July 1, 2003 to June 30, 2008
	June 27, 2003	157,000	1,255	From July 1, 2004 to June 30, 2009
	June 29, 2004	182,000	1,575	From July 1, 2005 to June 30, 2010
	June 29, 2005	211,000	1,308	From July 1, 2006 to June 30, 2011
	June 28, 2006	212,000	1,734	From July 1, 2007 to June 30, 2012
		<u>1,207,000</u>		

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

The date of ordinary shareholders' meeting	29-Jun-00	28-Jun-01	27-Jun-02	27-Jun-03	29-Jun-04	29-Jun-05	28-Jun-06	Total
Exercise price per share (exact yen)	2,636	2,200	2,131	1,255	1,575	1,308	1,734	
Number of stock options (1)	1,490	1,450	1,510	1,570	1,820	2,110	2,120	12,070
Decrease on the exercise of stock options (2)	-	-	-	(913)	(270)	(250)	-	(1,433)
Decrease on the lapse of stock options (3)	(1,490)	(950)	(760)	(50)	(70)	(70)	-	(3,390)
Number of stock options as of March 31, 2007 (4)=(1)+(2)+(3)	0	500	750	607	1,480	1,790	2,120	7,247
Exercise periods	From July 1, 2001 to June 30, 2006	From July 1, 2002 to June 30, 2007	From July 1, 2003 to June 30, 2008	From July 1, 2004 to June 30, 2009	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012	

13 INCOME TAXES:

The significant components of deferred tax assets and liabilities for the fiscal years ended March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Deferred tax assets:			
Accrued bonuses	¥ 1,499	¥ 1,445	\$ 12,238
Enterprise tax	353	277	2,346
Depreciation	103	71	604
Accrued retirement benefits for directors and corporate auditors	251	241	2,045
Pension liabilities for employees	1,620	1,363	11,542
Provision for doubtful debts	31	30	252
Unrealized loss on golf club membership	186	149	1,266
Unrealized loss on investment securities	178	189	1,598
Others	614	348	2,942
	4,835	4,113	34,833
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	(111)	(132)	(1,118)
Unrealized gain on investment securities	(3,818)	(2,430)	(20,588)
Depreciation	(188)	(130)	(1,099)
Others	(51)	(63)	(531)
	(4,168)	(2,755)	(23,336)
Deferred tax assets, net (*)	¥ 667	¥ 1,358	\$ 11,497

"Pension liabilities for employees" for the fiscal year ended March 31, 2006 include a prepaid pension cost of 14 million.

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

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Current assets—deferred tax assets:	¥ 2,342	¥ 2,039	\$ 17,268
Long-term assets—deferred tax assets:	825	713	6,038
Long-term liabilities—deferred tax liabilities:	(2,500)	(1,394)	(11,809)
Deferred tax assets, net (*)	¥ 667	¥ 1,358	\$ 11,497

Disclosure of the reconciliation between the statutory effective tax rate and the effective corporate income tax rate is required if the difference of these two rates is more than 5% of the statutory

tax rate. The company did not disclose such reconciliations as the difference was less than 5% for the fiscal years ended March 31, 2006 and 2007.

14 SEGMENT INFORMATION:

(1) Segments by Industry

Millions of yen					
March 31, 2006	Printing business	Other businesses	Total	Elimination/ Corporate	Consolidated
I. Net sales:					
(1) Outside customers	¥164,568	¥47,759	¥212,327	¥ -	¥212,327
(2) Inter-segment	459	1,567	2,026	(2,026)	-
Total	165,027	49,326	214,353	(2,026)	212,327
Operating expenses	149,497	47,368	196,865	(255)	196,610
Operating profit	¥ 15,530	¥ 1,958	¥ 17,488	¥ (1,771)	¥ 15,717
II. Assets, depreciation and capital expenditure:					
Assets	¥121,871	¥17,889	¥139,760	¥42,945	¥182,705
Depreciation	4,709	111	4,820	15	4,835
Capital expenditure	5,844	7	5,851	-	5,851

Millions of yen					
March 31, 2007	Printing business	Other businesses	Total	Elimination/ Corporate	Consolidated
I. Net sales:					
(1) Outside customers	¥168,548	¥50,649	¥219,197	¥ -	¥219,197
(2) Inter-segment	436	1,521	1,957	(1,957)	-
Total	168,984	52,170	221,154	(1,957)	219,197
Operating expenses	153,721	49,698	203,419	(310)	203,109
Operating profit	¥ 15,263	¥ 2,472	¥ 17,735	¥ (1,647)	¥ 16,088
II. Assets, depreciation and capital expenditure:					
Assets	¥127,587	¥18,252	¥145,839	¥41,063	¥186,902
Depreciation	4,897	103	5,000	13	5,013
Capital expenditure	10,172	1	10,173	-	10,173

Thousands of U.S. dollars					
March 31, 2007	Printing business	Other businesses	Total	Elimination/ Corporate	Consolidated
I. Net sales:					
(1) Outside customers	\$1,427,765	\$429,051	\$1,856,816	\$ -	\$1,856,816
(2) Inter-segment	3,697	12,883	16,580	(16,580)	-
Total	1,431,462	441,934	1,873,396	(16,580)	1,856,816
Operating expenses	1,302,167	420,992	1,723,159	(2,621)	1,720,538
Operating profit	\$ 129,295	\$ 20,942	\$ 150,237	\$(13,959)	\$ 136,278
II. Assets, depreciation and capital expenditure:					
Assets	\$1,080,791	\$154,611	\$1,235,402	\$347,845	\$1,583,247
Depreciation	41,479	872	42,351	114	42,465
Capital expenditure	86,169	5	86,174	-	86,174

Note:

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

(b) Main products of each business segment:

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

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

(c) Corporate expenses mainly include the administrative expenses of the Company.

(d) "Assets" mainly include the short-term deposits and long-term investments of the Company.

(e) Effective from the fiscal year ended March 31, 2007, the Company changed accounting policies as stated in Note 3 (1) Accrued bonuses to directors and corporate auditors and Note 3 (3) Accounting standard for share-based payments. As a result of these changes, operating expenses for the fiscal year ended March 31, 2007 increased by ¥149 million (US\$1,258 thousand) and by ¥32 million (US\$267 thousand), and operating profit decreased by the same amount, respectively.

(2) Geographic areas -

Geographic information on consolidated subsidiaries located in countries or regions outside of Japan is not presented since the sales and assets of the Company and its consolidated subsidiaries located in Japan exceed 90% of consolidated sales in total and consolidated assets in total.

15. RELATED PARTY TRANSACTIONS:

There are several related party transactions, sales of business forms to Toppan Printing Co., Ltd., which owns 59.1% of the common stock of the Company and rent of the residence to Mr. Fukuda, who is the chairman of the Company. The transactions were made at arm's-length, at prices that are considered to be equivalent to market prices.

Sales to Toppan Printing Co., Ltd. for the fiscal years ended March 31, 2006 and 2007 amounted to ¥6,770 million and

¥7,554 million (\$63,989 thousand), respectively. The balance of account receivable from Toppan Printing Co., Ltd. as of March 31, 2006 and 2007 amounted to ¥1,548 million and ¥2,598 million (\$22,010 thousand), respectively.

Rent of the residence to Mr. Fukuda for the fiscal years ended March 31, 2006 and 2007 amounted to ¥3 million and ¥3 million (\$33 thousand), respectively. No balance of receivable from Mr. Fukuda as of March 31, 2006 and 2007 was recorded.

16. 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 (Note 1)
	2006	2007	2007
Net assets per share	¥1,082.39	¥1,129.46	\$9.57
Net income per share	81.42	84.98	0.72
Diluted net income per share	81.39	84.94	0.72

Note: The following is a reconciliation of basic net income per share to diluted net income per share.

Basic net income per share

March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Net income	¥ 9,392	¥ 9,684	\$82,027
Net income not available to common shareholders	115	-	-
Net income available to common shareholders	9,277	9,684	82,027
Weighted-average number of shares outstanding (thousand shares)	113,937	113,949	-

Diluted net income per share

March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Amount of net income adjustment	¥ -	¥ -	\$ -
Increase in number of common shares (thousand shares)	41	48	-
(of which, subscription rights)	41	48	-
(of which, share warrants)	-	-	-

The stock options to purchase treasury stocks and to purchase newly issued shares will have a dilutive effect only when the average market price of common stocks during each fiscal year exceeds the exercise price of these options. The average market price for the

Report of Independent Auditors

June 28, 2007

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

We have audited the accompanying consolidated balance sheet of TOPPAN FORMS CO., LTD. ("the Company") and its subsidiaries as of March 31, 2007, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2007, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

The consolidated financial statements of the Company as of March 31, 2006 were audited by other auditors whose report, dated June 29, 2006, expressed an unqualified opinion on those statements.

PricewaterhouseCoopers Aarata
(Certified Public Accountants)

PRINCIPAL SUBSIDIARIES AND AFFILIATES

(As of March 31, 2007)

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

Total number of subsidiaries: 22

Total number of affiliates: 7

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

*² 30.0 percent directly owned by the Company and 70.0 percent indirectly owned through T.F. Company Ltd.

*³ 52.3 percent directly owned by the Company and 47.7 percent indirectly owned through T.F. Company Ltd.

BOARD OF DIRECTORS

(As of June 30, 2007)

CHAIRMAN

Yasuhiro Fukuda

PRESIDENT AND CEO

Masanori Akiyama

VICE PRESIDENTS

Shu Sakurai

Kenji Osanai

SENIOR MANAGING DIRECTORS

Takeo Sugi

Michikata Kono

Hirohito Okada

MANAGING DIRECTORS

Kenji Nitta

Takayoshi Otsubo

Keiichi Utaka

DIRECTORS

Naoki Adachi

Toshifumi Motohara

Eiji Kato

Kenji Tamada

Shigetaka Mori

CORPORATE AUDITORS

Tatsuo Yamamoto (full-time)

Takashi Sawada (full-time)

Kunio Sakuma

Takeshi Toyama

INVESTOR INFORMATION

(As of March 31, 2007)

STOCK LISTING

Tokyo Stock Exchange

COMMON STOCK

Authorized: 400,000,000 shares

Issued: 115,000,000 shares

STOCK CODE

7862

STOCK TRANSACTION UNIT

100 shares

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

PricewaterhouseCoopers Aarata

(Member Firm of PricewaterhouseCoopers LLP)

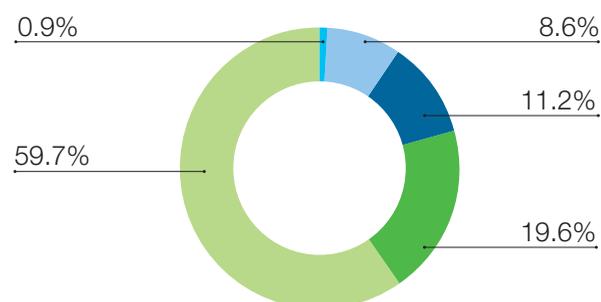
TRANSFER AGENT

Mitsubishi UFJ Trust and Banking Corporation

NUMBER OF SHAREHOLDERS

10,278

Shareholdings by Type of Shareholder



● Japanese Securities Firms ● Foreign Institutions and Individuals
● Japanese Individuals and Others ● Other Japanese Corporations
● Japanese Financial Institutions

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