

***One Step Ahead***

ANNUAL REPORT 2008

**TOPPAN FORMS**

## Profile

**Toppan Forms Co., Ltd.**, was established in 1955 as the pioneer in business forms in Japan, playing an important role in helping companies in a wide range of areas, including the distribution, finance, and retail sectors, communicate information and raise the efficiency of their businesses. As its operations have expanded, so has the whole business forms industry.

Using in-house technology and know-how, Toppan Forms created Data Print Services (DPS), an innovative outsourcing business that has allowed the company to cement its position as an influential information management service provider in Japan. Equipped with leading-edge technology in IT and RFID (radio frequency identification), Toppan Forms is pursuing a leading role as a provider of ever-better communication and information management systems in the ubiquitous society to come.

Responsive to market trends, Toppan Forms makes steady efforts to adapt its products and services step by step to its customers' changing needs. Flexibility enables it to step beyond its traditional foundation in business forms and forge ahead into new areas. An ability to perceive and act on emerging needs a step ahead of the market supports the Company's growth potential.

Toppan Forms will continue to step forward, formulating the best solutions to support the operational evolution of our customers.

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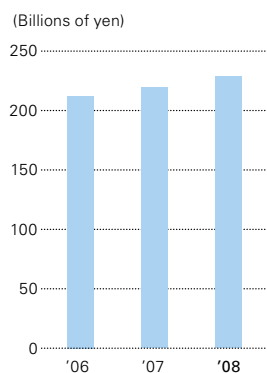
# Consolidated Financial Highlights

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

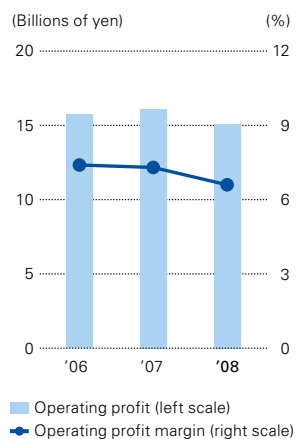
Years ended March 31	Millions of yen		Thousands of U.S. dollars (Note)	
	2006	2007	2008	2008
<b>For the year:</b>				
Net sales	¥212,327	¥219,197	¥228,565	\$2,281,319
Operating profit	15,717	16,088	15,178	151,488
Net income	9,392	9,684	8,752	87,356
<b>At year-end:</b>				
Total assets	¥182,705	¥186,902	¥185,237	\$1,848,859
Total shareholders' equity	118,432	125,285	127,888	1,276,455
<b>Per share data (Yen, U.S. dollars):</b>				
Net income:				
Basic	¥81.42	¥84.98	¥77.24	\$0.77
Diluted	81.39	84.94	77.24	0.77
Cash dividends	24.00	25.00	25.00	0.25
<b>Key ratios (%):</b>				
Operating profit margin	7.4	7.3	6.6	
ROE	7.9	7.7	6.8	
ROA	5.1	5.2	4.7	

Note: U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥100.19=U.S.\$1, the approximate rate of exchange prevailing at March 31, 2008.

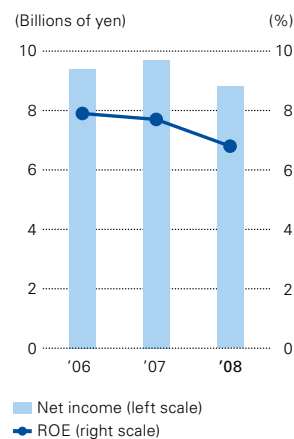
## Net Sales



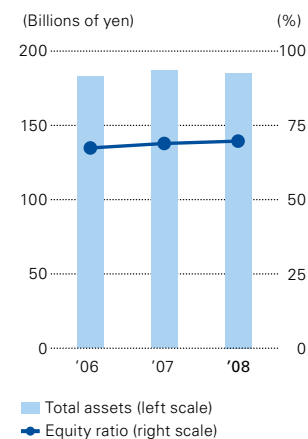
## Operating Profit and Operating Profit Margin



## Net Income and ROE



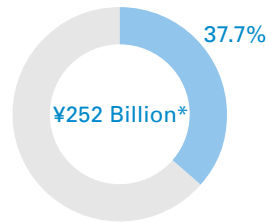
## Total Assets and Equity Ratio



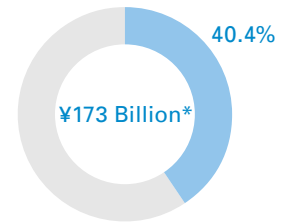
# Toppan Forms at a Glance

The Toppan Forms Group is divided into two major business segments: Printing Business segment, comprising Business Forms and Data Print Services (DPS), and Merchandise segment, 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 2008



Market Scale and Our Share for DPS in Fiscal 2008



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

## 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

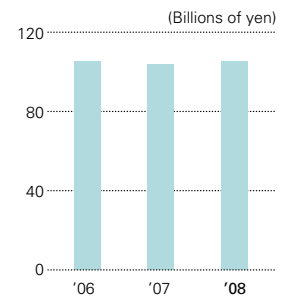
#### BUSINESS FORMS:

- 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) DIVISION

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

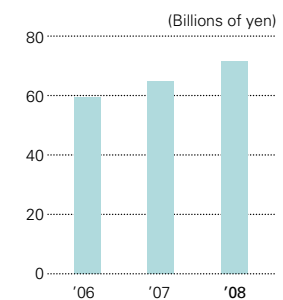
#### DATA PRINT SERVICES (DPS):

- Business mail for notifications
- DM for sales promotions
- DPS for in-house use
- Document Process Outsourcing

#### DIGITAL PRINT ON DEMAND (DOD):

- Personalized marketing tools
- Personalized educational materials

### SALES



## MERCHANDISE

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



### MAIN PRODUCTS/SERVICES

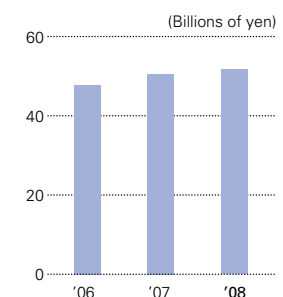
#### OFFICE SUPPLIES:

- 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 was firm, buoyed by favorable business results, especially among exporters. The second half of fiscal 2008, however, brought increasing expectations of a slowdown as rocketing crude oil prices pulled raw materials prices up and financial market uncertainties in the United States triggered abrupt yen strength and stock market weakness.

In the business forms industry, the operating environment remained severe with several factors causing costs to rise. Volume demand continued its progressive decline in line with growing digitization, paper prices rose again in parallel with crude oil prices, and there was the scandal of Japan's paper manufacturers overstating the amount of recycled paper used in their products. In contrast, there were favorable developments, including increased interest in our environmentally friendly and resource-conserving products, and demand growth for notifications as our customers updated their business forms on recent legal revisions.

The Toppan Forms Group worked to expand sales, continuing to hone its customer-oriented approach, developing solutions-centered products, and opening up new market footings in digital media and e-business. While we redoubled efforts to increase efficiency and extend rationalization strategies across all our business activities, these measures were not adequate to fully offset the profound impact of rises in paper prices.

Consolidated results for fiscal 2008, ended March 31, 2008, were as follows: consolidated net sales rose 4.3%, to ¥228.6 billion; operating profit declined 5.7%, to ¥15.2 billion; and net income was down 9.6%, at ¥8.8 billion. Year-end dividends were ¥12.5 per share.

We expect the business environment to remain unpredictable in the fiscal year ending March 31, 2009, as we face further rises in raw materials costs. We will strive to strengthen the Company and heighten our business results in fiscal 2009 by combining innovative new products and services and further steps into new market areas with a review of our costs structure. We extend our thanks to our shareholders for their support and request their continued understanding as we move forward.

June 2008

A handwritten signature in cursive script that reads "M. Akiyama".

**Masanori Akiyama**  
Chairman

A handwritten signature in cursive script that reads "Shu Sakurai".

**Shu Sakurai**  
President and CEO

# An Interview with the President



We aim to be always one step ahead of the needs of our customers. By reaching out beyond the core segment of business forms, we have expanded the scope of our operations into peripheral business areas. We now step forward with our eyes fixed firmly on a future in next-generation communications and information management.

Q

**What are the fundamental strengths of Toppan Forms? And would you also explain your corporate strategy?**

A

The business forms business is the traditional base of our operations. It remains a very large proportion of sales even today and will continue to underpin our corporate growth. We are extremely proud of the reputation we have earned with our customers as a trusted partner-company offering products of the highest quality and functionality in the industry. On the other hand, this segment of our business is undergoing changes in its demand profile, beginning with a shift from paper to digital media, so we recognize well that the overall market for business forms is shrinking.

I see those changes in market conditions not in a negative sense, but as a window of opportunity. We have a

technology base that comes from our long experience in business forms, and we have built that base into an extensive resource with effective technologies and know-how in the areas of information handling and communication. By combining those in-house resources with leading-edge technologies, we have evolved into a solutions business in next-generation information management and communication.

Our future growth rests on successfully combining two of our great corporate strengths: sensitivity to both emerging trends and our customer's changing needs, and the flexibility to step out of the old mold and into new markets and a new future.

Q

**Fiscal 2008 was the sixth consecutive year of revenue growth, but recorded the first profit decline for the Company in two years. What factors underlie this result?**

A

The main reason for the fall in net profit was the spike in paper costs, which resulted from rising crude oil prices. Paper prices have been on an upward trend for some time and in order to absorb those increased costs, we have been pursuing a range of measures to increase efficiency and promote rationalization across all of our business activities. In particular, in our manufacturing operations, we took specific measures to reduce costs at each of our

factories and worked to streamline inventory levels. These efforts were all successful, but because paper prices rose to levels unanticipated at the start of fiscal 2008, the efforts were not quite enough to offset the increased costs. We expect further increases in paper prices in the future and accept that they are at levels that can no longer be completely offset by rationalization measures. It will be essential to continue reviewing product pricing.

Q

**How is Toppan Forms tackling the current difficult market conditions to assure future growth?**

A

The key point is to strengthen our product-development and marketing skills even more by fine-tuning our ability to respond effectively to our customers' needs with high-value-added products and services. One pillar of this approach is our "total solution service," in which we virtually step into the flow of our customer's business operations in

order to design a start-to-finish solution specifically for them. In the late 1980s, we created a new business model, called DPS, in which we undertook on behalf of our customers the secondary aspects of a business form production project. We have built up this service, widening the range of tasks we commission from our customers so that we



now take on everything from data input to post-dispatch data management in a comprehensive “document process outsourcing” service. Orders for this service are coming in at a great rate as more and more companies look to it as a way to rationalize their own costs.

The “TransPromo” market is also growing quickly, as companies use business mail to very effectively advertise and promote their products. We are the unrivalled leaders in this field, having applied our unique technology in DOD full-color variable printing to the full.

The DPS market has been viewed by many over the past few years as having largely reached saturation point. But at Toppan Forms, we have seen an upswing in orders for notifications projects as more and more companies comply

strictly with recent requirements to provide their consumers with explanatory notes, notifications, and so forth. This was mostly prompted by amendments to the Financial Products Trading Law, the Moneylending Control Law, and others. Financial institutions and other companies that utilize confidential client information in outsourced business are beginning to contract that work to just one company, as a means of rationalizing management costs while minimizing information security risks. I am confident we can take advantage of this trend to create ample opportunity for growth in sales of our comprehensive information management services. I also believe we should become even more aggressive in our efforts to create new markets, so that we can continue to expand our range of business and profit opportunities.

Q

**What is Toppan Forms doing to position itself to take advantage of new market areas?**

A

At present, we are focused on two areas: RFID and e-paper. We are delighted that RFID is finally at the practical implementation stage. In fiscal 2008, we expanded our lineup of UHF-Band IC Tags, putting together a wide range of high-performance, high-value-added offerings. But we don't limit our product development simply to the media our customers ask for. We work hard to create systems and applications that anticipate market needs and provide solutions that are instrumental in improving the operational efficiency of our customers' businesses. Also, we are carving out a new market in products incorporating the latest technology, by developing a module equipped with world-standard Near

Field Communication (NFC) that has applications in readers, writers, and a variety of electronic devices.

E-paper is an area attracting a lot of interest and high expectations. It is a next-generation medium that combines the readability of paper with the easy rewritability of digital media. Toppan Forms has applied e-paper technology and its own unique printing technologies to the fullest in products like the “One-Time Password Card,” which is receiving widespread attention as the most secure means available for personal authorization for Internet banking and access control systems. As the only card of its kind to be genuinely portable, the “One-Time Password Card” has enormous market potential.

Q

**Toppan Forms is focusing increasingly on information-based business. How do you ensure the confidentiality of data entrusted to you by your customers?**

A

The data our customers entrust to us is their most valuable and most confidential resource — private information about their clients. So it is essential that our customers can trust us implicitly to guarantee the security of that information while it is in our hands. We take this responsibility very seriously and have instituted a series of company-wide data confidentiality strategies. One of those strategies involves DPS, a service utilizing more and more confidential customer data all the time. We are restructuring our systems so

we can offer a start-to-finish service carried out entirely within our own facilities. We also have approvals from various respected third-party systems and institutions, including Privacy Mark, the ISO, and ISMS. In March 2007, we put into practice a company-wide information security policy and assigned a special compliance officer to monitor confidentiality controls and conduct ongoing employee education programs.

Q

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

A

Toppan Forms maintains its competitive advantage by consistently developing high-value-added, high-performance products and services. We are stepping beyond the core printing business and out into new markets in peripheral services, thus strengthening our customer base and

broadening our range of profit opportunities. We believe that our corporate ethos of being market-oriented and placing our customers first, combined with further confident steps into the field of next-generation communications, will sustain our growth into the future.

## BUSINESS FORMS FIELD

Toppan Forms Co., Ltd. was established as a specialist business forms company in 1955. As computers were introduced in Japan in the 1950s and computer forms started to appear in the business world, these forms became irreplaceable in transmitting accurate information and running an efficient business. Toppan Forms is a powerful leader in the evolution of business forms and the growth of the market for these products, keeping “one step ahead” in reading market trends and anticipating new needs among its customers. The history of Toppan Forms is one of consistently remaining “one step ahead”.

### What Business Form Means

“Business form” is a generic term describing forms of a prescribed format used in efficiently conveying and managing information in areas of business such as notifications and distribution.

The 1960s was an era in which information was managed in integrated systems with large-scale all-purpose computers and printed out in bulk quantities by line printers using continuous paper rolls. Established a few years in advance, Toppan Forms was a forerunner in the burgeoning business forms market, introducing the production technology for continuous paper rolls. In the distribution field in particular, transportation company slips and department store delivery slips were a major growth driver for Toppan Forms in the early days. Transport slips have transformed in both form and function since then: beginning as simple labels, they then appeared in water-resistant pocket-style construction, followed by their later incarnation as barcode-printed slips that enable item tracking. Today, these slips remain as important an information tool as ever in the distribution sector.

Toppan Forms has grown in parallel with computerization, developing original products that are “one step ahead” and carve out new niches for us in the market.

For example, with the advent of non-impact printers we created “self-sealing forms” — now a single sheet of printed paper could be pressure-sealed into the shape of a postcard or an envelope for mailing. This represented a major strategic advantage for us, as it eliminated addressee data glitches and ultimately led to our development in 1991 of the revolutionary patented POSTEX sealed postcard series of products. The advent of POSTEX had a huge impact on the business forms market. Using this system, each sheet of paper is folded to the size of a postcard and sealed using a special kind of pressure-sensitive adhesive, thus maintaining the privacy of the information printed inside while holding several times the volume of information of a traditional postcard. Additionally, because of its construction, it can be sent at the cheaper postcard rate through the Japanese postal system. Toppan Forms continues to look ahead to create ingenious solutions for our customers’ evolving needs.



Transportation slips in early days



Sealing Forms and POSTEX



## Anticipating **New Needs 1**

### >>> **Rationalizing Business Operations**

Transportation industry slips have been a powerful force in our corporate growth. The average delivery slip used to look like a book, with five to eight sheets inside. It was very logical — a sheet was torn out at each stage of an item's delivery in order to keep a record of its progress. Multiple-sheet slips necessitated the use of slower dot impact printers, however, so for the transportation industry, which needs to issue an enormous number of these slips, time wastage was a serious issue.

To resolve this problem, we came up with the "EX Form," a single-sheet transportation slip that can be produced using a common laser printer. The technology we developed for pressure-sensitive adhesive in the POSTEX products found further applications in the EX-Form. The slip is printed on a single sheet and a section of that sheet can be removed for record-keeping purposes. Also, as an even further value-added feature, after the labels have been removed, the slip reveals a base

sheet that can be printed in full color for promotional purposes. Toppan Forms is pushing this idea even further, with the development of an improved version, the "EX-2R," which can be printed using high-speed laser printers.



EX Forms

## Anticipating **New Needs 2**

### >>> **Resource-Conserving and Environmentally Friendly Products**

As a company founded on printing and the use of paper, Toppan Forms is acutely aware of the growing issue of environmental conservation and our corporate responsibility in that area. From a very early stage, we have worked to create products that are environmentally friendly and conserve natural resources.

We encourage our customers to permit us to use recycled paper and soy ink as much as possible in our business forms. The POSTEX series and other products utilizing our pressure-sensitive sealing technology do not require envelopes and thus enable us to dramatically reduce the gross weight of paper we use. With the tuck-label style of business forms used widely until recently, there is always a sheet of "waste" paper peeled off and because that waste paper is treated with a coating, it cannot be recycled. Toppan Forms resolved the dilemma

of the wasted peel-off sheet by developing the *Double-Sided Thermal Label*, which consists of two sheets stuck together, each with their adhesive surface specially treated with glue and silicone. This label generates no litter and since both sheets can be printed simultaneously, it also allows for increased output speed.



Double-Sided Thermal Label

## DATA PRINT SERVICES (DPS) FIELD

Toppan Forms created the Data Print Services (DPS) market under its own business model in the 1990s in order to remain “one step ahead” of the emerging trend toward outsourcing. DPS is a pioneering service that obviates the need for our customers to invest in special in-house facilities and equipment, and offers them the multiple benefits of reduced time, expense and effort.

Toppan Forms dominates data printing services in Japan, with a firm grasp on approximately 40% of the market. We keep “one step ahead” by anticipating our customers’ changing needs and adopting a consistent market-oriented approach as their strategic partner.

### What DPS Means

As we entered the 1980s, mainstream computer use moved from integrated processing with all-purpose systems to decentralized processing with personal computers. As cut-sheet laser printers became common, the format of business forms became more diverse, expanding to encompass a range from digital printing of blank sheet paper to high-functional, high-value-added services. The business forms market was reaching maturity.

Against this background, Toppan Forms set about developing a new DPS business. DPS is a total outsourcing service. Customers commission us to undertake a series of tasks they previously carried out in-house. They provide us with variable data which we edit and process to match the kind of business form required, then print, seal and dispatch for mailing. In the early days of DPS, many companies believed that sending such data outside their own businesses represented a great risk, so the DPS business was initially a little slow to take off.



DPS facilities, Midax Engine



DPS products in early days

From the 1990s onward, however, the demise of the bubble economy prompted hasty rationalization measures by many companies. Outsourcing needs for all but core business operations grew apace. Also, the rapidly growing business of cell-phone operators triggered a further surge in demand for notifications work. Toppan Forms took the enormous “step” from printing business to printing peripherals business, shifting the heart of its business from “printing” to “information”.

Since then, Toppan Forms has re-created itself as an “information management service company” in order to strengthen its leading position in the continuously expanding DPS market. In 1994, we introduced “E-PRESS,” the world’s first plate-less printing system and commenced Digital Print on Demand (DOD) operations, through which we offer on-demand full-color variable printing services. Using these technologies, we have transformed simple business mail into a sophisticated marketing tool.



“Deru-Ca,” pop-up card type marketing tool processed by DOD

Anticipating **New Needs 1**

**>>> Information Security**

The key point in getting our DPS business on track was being able to guarantee the security of customer information. The information our customers entrust with us is usually their most essential business resource — personal information. So, in turn, it is crucial to our own business that customers trust that this information is secure and safe with us. Our greatest strengths in this regard include a rigorous system of information access control as well as trying to keep all information processing tasks in-house, and attaining recognized external certifications such as Information Security Management Systems (ISMS) certification and the widely trusted “Privacy Mark” system.



Security gate in DPS plant

Anticipating **New Needs 2**

**>>> From Business Mail to Marketing Tool**

There is a rapidly growing trend among businesses to enclose or incorporate promotional material with invoices and other business mail processed using DPS. This marketing method, called “TransPromo,” that is, transaction mail promotion, is spreading quickly as companies try to capitalize by using ever-more effective strategies.

The DPS technologies of data handling and variable printing, combined with the DOD technology for plateless full-color variable printing, mean we can now direct promotional material to consumers with pinpoint accuracy, based on their interests, place of residence, age bracket and other factors. Toppan Forms has established *Labolis*, a TransPromo consulting office which combines a library of samples of domestic and overseas direct mail items and a showroom for design, proposal and actual production of TransPromo tools. We are extending the breadth of our services, step by step, and have become a trusted partner to our customers as we provide them with comprehensive support for their marketing strategies.



*Labolis*, TransPromo consulting office

## NEW BUSINESSES FIELD

In tandem with the information technology revolution, Toppan Forms' primary business areas have grown to include digital media and next-generation network communications in fields such as information transmission and the distribution industry. Toppan Forms has the twin strengths of know-how in paper media based on its many years of experience and technology in new media built up as it developed new products for fresh business areas. We are dedicated to maintaining a market-oriented perspective, always taking that "one step ahead" so we can offer our customers the very best solutions for their needs.

### The Toppan Forms Solution in Digital Media and E-Business



Omni-directional IC antenna

Radio frequency identification (RFID) has become a highly recognizable technology. Used in IC tickets for public transport, e-cash and *osaifu-keitai* (a system of bill payment via cell-phone), it has great potential to improve the quality of our lives by dramatically facilitating the movement of money, people and things. Toppan Forms has already made inroads into this, the latest development in the area of information transmission technology. We released the *UHF-Band IC Tag*, which combines a microscopic chip with a special antenna designed using technology we developed through our long history in the printing industry.

In addition to media development services, we offer our customers comprehensive business solutions, including systems development proposals. *Easy Checkout for Assets*, for example, is an RFID tag system tailored to meet the need of many companies for heightened in-house asset management. It is a package solution that covers the whole life cycle of an asset, from initial recording through to final disposal. Assets that can be managed using this system range from physical facilities, through the whole gamut of IT assets, to important business documents.

Communications tools that take advantage of information technology, including the Internet as an effective and efficient means of data transmission, are an essential part of business today. As a company whose central business core is as an "information management service," Toppan Forms has developed e-business products that make the most of its specialist business form and DPS technologies. Our e-products meet a range of needs and include: the highly effective promotion tool *smart arrow*, which combines web systems and paper media; *Digi-Post*, an ASP (application service provider) service which securely distributes bulk files and confidential files over the net; and *Grid Onput*, a product that combines the readability of paper with the flexibility of digital media and is gaining wide acceptance as a support tool for explaining financial products to consumers.



Easy Checkout for Assets



Anticipating **New Needs 1**

### >>> New-Generation Distribution Systems

In the distribution sector, where RFID technology is reputedly being used to its greatest effect, research began very early into distribution management media that could replace the barcode. Toppan Forms has developed the *UHF-Band IC Tag*, which improves considerably on the older style *HF-Band IC Tag*, enabling long-distance communication and simultaneous reading of multiple tags.

A high level of knowledge and technology is needed to install RFID systems, so many companies have been hesitant to commit to introducing them in their businesses. Toppan Forms is responding to this need by providing a total business solution, spanning system introduction to technical support. Powering this support effort are our *RFID .NET Solution Center (RDSC)*, established in cooperation with Microsoft Corporation and *TF RFIDStudio*, our research and testing facility. We rally these facilities to

provide customers considering the possibility of introducing RFID systems into their workplace with a total support package, from preliminary education and practical programs at RDSC, through field testing in an environment as close as possible to their own at our *RFIDStudio*.



RFID .NET Solution Center

Anticipating **New Needs 2**

### >>> New-Generation Communication Tools

RFID services in Japan, like *osaifu-keitai*, the very popular cell-phone bill-payment system, operate using Sony Corporation's *FeliCa™*\*1 (contactless IC card) technology and outside Japan conform to Near Field Communication (NFC) technology like NXP Semiconductors' MIFARE™\*2 platform. As a result of this interchangeability, an enormous variety of platforms can be developed both in Japan and overseas. Much interest is now focused on the huge potential of RFID technology, both in the spectrum of possible services it will help provide and in the sheer scale of the markets it will help create.

Looking forward to future business expansion in the next-generation communications market, Toppan Forms is developing small-scale NFC modules. We are confident our line-up of USB-type, miniSD-type and other products for file transmission between NFC modules will be extremely popular. We are creating development kits,

complete with card-readers and -writers, aimed at system integrators and software vendors who are considering entering this new market.

\*1 *FeliCa™* is a trademark of Sony Corporation

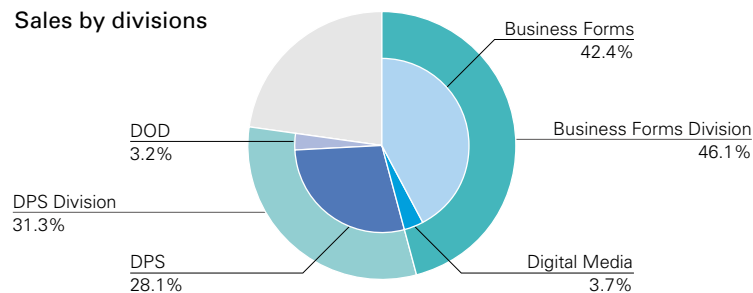
\*2 MIFARE™ is a trademark of NXP Semiconductors



Near Field Communication (NFC) modules

## PRINTING BUSINESS SEGMENT

The Printing Business segment has underpinned growth since Toppan Forms was established in 1955, and comprised 77.4% of consolidated net sales in fiscal 2008. The Business Forms Division is the central pillar of our revenue structure and the Data Print Services (DPS) Division is its growth driver for the future. In fiscal 2008, net sales from the Printing Business segment rose 5.0% from the previous year, to ¥176.9 billion.



### BUSINESS FORMS DIVISION

The Business Forms Division is comprised of two major product categories: Business Forms, which uses paper media, and Digital Media, which centers on E-business and IC-related products.

#### Business Forms

Business form sales accounted for 42.4% of net sales in the period under review. It is the foundation on which we have developed other business areas, providing us with technology and know-how about the flow of operations of a wide range of client businesses. The main products are the POSTEX sealed postcard series and a variety of distribution-related forms, envelopes, and catalogs. IC cards are grouped under Digital Media.

Sales of the Business Forms Division were up slightly year-on-year, to ¥97.0 billion, a 0.7% rise. Business conditions in this area continued to be severe during fiscal 2008, as the ongoing shift toward digitization dampened volume demand for paper forms and the spike in crude oil prices triggered rises in paper prices. Another negative influence arose with market confusion following a scandal involving Japan's paper manufacturers overstating the amount of recycled paper in their products.

We largely offset these influences with increased sales of products tailored to our clients' need for environmentally friendly products, and by meeting the growth in demand for forms revised in

## Representative Products



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



*POSTEX* sealed postcards use pressure-sensitive adhesive technology and are available in many varieties, including waterproof, eco-friendly, and book-type



*Latent-Image Security Forms* utilize Toppan Forms' proprietary imaging technology to prevent forgery



line with legal and regulatory changes in the financial sector.

To heighten operational profitability, we reviewed sale prices and in our manufacturing operations, we set specific targets for each factory and production process in order to achieve wide-ranging cost reductions. In business development, we worked toward increasing long-term contracts and creating a steady flow of future orders by focusing on Form Management Services, through which we oversee the entire business form printing process, including order placement, shipping and warehousing.

In product development, we released a major advance with our new *Double-Sided Thermal Label*. This delivery label is issued when a product is distributed and dispatched. Both sides of the label can be printed simultaneously and at high speed, considerably improving time-efficiency. Because it is specially treated so that both sides adhere, there is no “waste” paper to peel off and discard when the label is used — an eco-friendly method of increasing operational efficiency.

### Digital Media

Toppan Forms has taken advantage of the changes in market conditions created by the IT revolution, identifying this product area as the primary driver of future business growth. We moved quickly to expand our business repertoire and establish ourselves as a dominant competitor in digital media by promoting inter-departmental collaboration between Company segments and at the same time forging strategic external alliances. Sales in digital

media business in fiscal 2008 were up 13.4%, to ¥8.4 billion.

In IC-related business, demand was strong for ID cards, such as those for identifying company employees, students, and members of clubs and organizations. To promote widespread uptake of UHF-Band IC Tags, we further upgraded our omnidirectional antenna and combined all our UHF-Band IC Tags into a product line called *Latica*, which we are marketing vigorously. Our line-up now easily caters to a wide variety of applications and configurations to suit individual customer needs. In addition, to encourage customers to introduce UHF-Band IC Tag systems, we have established the TF RFID Studio, where we reconstruct their operating environments to undertake research and testing specific to their needs.

For E-businesses, we are working hard to promote our Cross-Media Marketing Solution that combines the best of electronic and paper media strategies. Our ASP (Application Service Provider) service *smart arrow* is a good example. In fiscal 2008, we introduced high value-added Personalized Animation PDF Production Services, a communication tool with highly personal appeal that enables high-speed, high-volume electronic distribution of a PDF product programmed with variable animation data adapted to the individual recipient.

### DATA PRINT SERVICES (DPS) DIVISION

DPS is a comprehensive outsourcing service. Toppan Forms takes variable data entrusted to us



The *Latica* series of UHF-Band IC Tags offers a wide range of omnidirectional antenna and long-distance transmission products



*One-Time Password Cards* use e-paper technology and are Japan's first identification IC cards to have a display window



*Personalized Animation PDFs* incorporate variable animations individually tailored to the recipients to create a product with high personal appeal

by our customers, compiles and processes it, then prints it on business forms with high-speed non-impact printers. As part of the bundled DPS service, we then insert the forms into envelopes, seal the envelopes and mail them. Digital print on demand (DOD) utilizes our DPS technology in the field of variable graphics data printing. In fiscal 2008, the division's sales rose 10.3%, to ¥71.5 billion.

#### DPS

The business environment for DPS services continued to be difficult, as paper prices rose and competition for new contracts became tougher. Demand in the area of notification slips grew, however, as the introduction of the Financial Products Trading Law and revisions to the Moneylending Control Law prompted client companies to issue a range of new notifications and product operating instructions to consumers.

We further strengthened our Document Process Outsourcing business to provide high added value and differentiate our services from our competitors'. In this segment of our business, we undertake the whole of a client's project, from the pre-production stages of planning and data input through to the post-distribution operational functions. Also, since the introduction of the Personal Data Protection Law, we have responded to our clients' needs for even stricter information protection than ever before by keeping as many elements as possible of the DPS process in-house and by

setting up a dedicated section to take responsibility for ensuring that all client information is secure at every stage of a project.

Our general notifications business progressed steadily, particularly with clients in the financial sector, and the print outsourcing business produced favorable results. The personalized full-color direct mail business also made a strong contribution to sales. Net sales in the DPS business rose 9.9% year-on-year, to ¥64.3 billion.

#### DOD

Digital print on demand (DOD) is a system of high-speed programmable color printing of variable digital graphics data. This award-winning area of our operations is particularly responsive to clients' needs: data can be interchanged easily through linkage with a database to generate personalized direct mail products, or to create highly effective communications for individual recipients, for example, personalized distance-learning textbooks. So-called "trans-promotion" marketing, in which invoices and account statements carry advertising and promotional material, is displaying very rapid growth. To take advantage of this trend, we are promoting the theme "One to One" in developing marketing tools that dovetail our clients' marketing needs with the requirement of end-recipients for considerable personal appeal. Net sales in the DOD business posted a rise of 13.3%, to ¥7.2 billion.



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



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



happitouch, uses variable printing of pictorialized lettering to create individualized message cards

# Review of Operations

## MERCHANDISE SEGMENT

This segment comprises the categories of Office Supplies and Equipment and Services, each complementing our printing business. This segment recorded net sales of ¥51.7 billion, up 2.0%, and represented 22.6% of consolidated net sales for fiscal 2008.

### OFFICE SUPPLIES

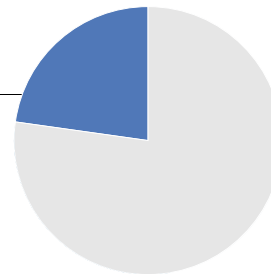
This business comprises printed business forms and the innovative *O-tascarry* ordering system, a highly competitive, high value-added management system for general office supplies, which allows client companies to rationalize overall costs and raise operational efficiency. This fiscal year, we broadened our line of office supply products and worked aggressively to expand sales. We also fully applied our strengths as a printing company when setting into operation a digital online ordering system for customized business envelopes that utilizes preview screens. As a result, particularly of the innovative *O-tascarry* ordering system, sales of office supplies rose 4.1%, to ¥26.7 billion.

### EQUIPMENT AND SERVICES

Customers of Toppan Forms can rely on a total support system that combines sales of business forms with the design, manufacture, and sale of peripheral and related equipment. By allying our resources

Sales by divisions

Merchandise  
22.6%



with the services of other Toppan Group companies, we support our customers even as far as equipment maintenance. We market peripheral equipment such as sealers, which process printed business forms into envelope or postcard shapes for mailing. In card-related products, we sell ID card color printers and systems for issuing membership cards and rewriteable cards. In our services business, we offer a short-term secondment program in which specialist staff assist our clients on-site with operation and maintenance issues. Alternatively, we provide clients with one-stop, comprehensive management and operation services for their computer systems.

Increased sales of our original high-security office equipment were not sufficient to offset a slow-down in demand for bookbinding and other equipment in fiscal 2008. Net sales in the Equipment and Services category were down 0.1%, to ¥25.0 billion.

## Representative Products



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



*Irodoribijin* inkjet paper has a unique bio-coating that facilitates highly durable high-definition printing



*PressleDuo* sealer with detachable function (above) and Toppan Forms' leading detachable, the *acero208* (below)

# Corporate Governance

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

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

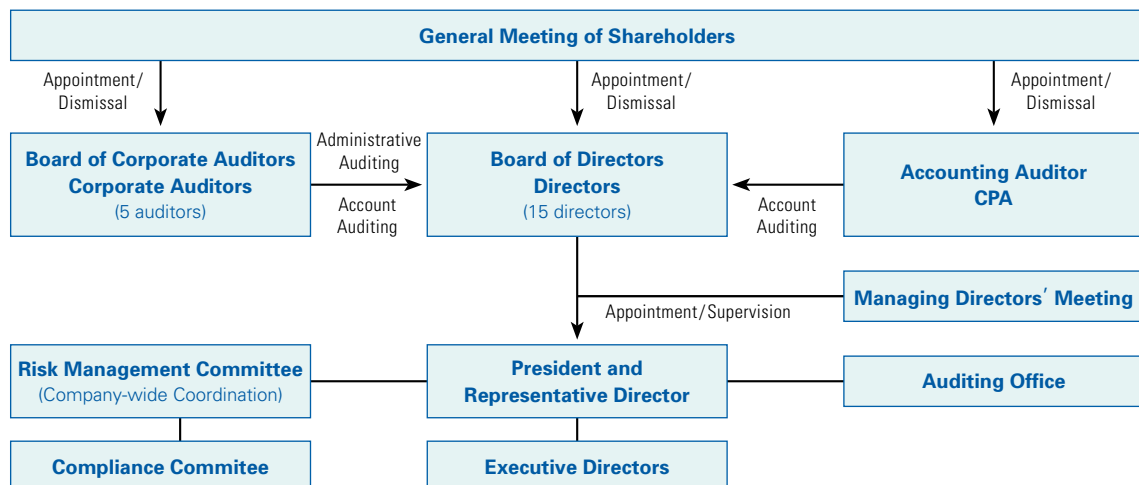
Moreover, to ensure rigorous risk management we are establishing an internal control system, and strengthening our compliance system. For risk management, we have set up a dedicated division and also created the Risk Management Committee which will supervise this function horizontally across the company. For compliance, we have formulated the “Toppan Forms Group Company-wide Action Guideline” 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. There are five corporate auditors, three of whom are outside auditors and three 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 and March 21, 2008, 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)	
	2003	2004	2005	2006	2007	2008	2008	
<b>For the year:</b>								
Net sales	¥191,324	¥193,985	¥199,173	¥212,327	¥219,197	<b>¥228,565</b>	<b>\$2,281,319</b>	
Operating profit	15,030	15,766	13,696	15,717	16,088	<b>15,178</b>	<b>151,488</b>	
Income before income taxes	13,867	15,812	14,448	16,241	16,747	<b>15,007</b>	<b>149,787</b>	
Net income	7,630	8,763	8,276	9,392	9,684	<b>8,752</b>	<b>87,356</b>	
Depreciation and amortization	4,630	5,033	4,936	4,835	5,013	<b>6,369</b>	<b>63,568</b>	
Capital expenditure	10,461	9,025	3,296	5,851	10,173	<b>9,865</b>	<b>98,464</b>	
R&D expenditure	2,246	2,264	2,106	2,174	2,242	<b>2,556</b>	<b>25,512</b>	
<b>At year-end:</b>								
Total assets	¥148,990	¥158,077	¥169,070	¥182,705	¥186,902	<b>¥185,237</b>	<b>\$1,848,859</b>	
Total shareholders' equity	99,969	107,964	113,985	118,432	125,285	<b>127,888</b>	<b>1,276,455</b>	
Number of shares								
outstanding (thousands)	114,554	114,232	114,084	113,925	113,983	<b>110,997</b>		
Number of employees	6,342	6,115	6,074	6,224	6,483	<b>6,641</b>		
<b>Cash flows:</b>								
Net cash provided								
by operating activities	¥10,669	¥13,351	¥14,049	¥13,319	¥10,625	<b>¥13,524</b>	<b>\$134,979</b>	
Net cash used								
in investing activities	(11,890)	(6,080)	(4,294)	(5,458)	(8,247)	<b>(11,948)</b>	<b>(119,255)</b>	
Net cash used								
in financing activities	(3,292)	(3,188)	(2,270)	(4,074)	(2,805)	<b>(6,420)</b>	<b>(64,080)</b>	
Cash and cash equivalents								
at end of year	19,836	23,908	31,392	35,206	34,791	<b>29,929</b>	<b>298,718</b>	

Per share data (Note 2):	Yen					U.S. dollars (Note1)	
	2003	2004	2005	2006	2007	2008	2008
Net income:							
Basic	¥ 65.45	¥ 75.60	¥ 71.44	¥ 81.42	¥ 84.98	<b>¥ 77.24</b>	<b>\$ 0.77</b>
Diluted	–	–	71.44	81.39	84.94	<b>77.24</b>	<b>0.77</b>
Cash dividends	23.00	23.00	23.00	24.00	25.00	<b>25.00</b>	<b>0.25</b>
Shareholders' equity	871.54	944.05	998.05	1,082.39	1,129.46	<b>1,162.99</b>	<b>11.61</b>

Ratios:	Percent					
	2003	2004	2005	2006	2007	2008
Equity ratio	67.1%	68.3%	67.4%	67.6%	68.9%	<b>69.7%</b>
Return on net sales	4.0	4.5	4.2	4.4	4.4	<b>3.8</b>
Return on assets	5.1	5.5	4.9	5.1	5.2	<b>4.7</b>
Return on shareholders' equity	7.8	8.4	7.5	7.9	7.7	<b>6.8</b>

Notes: 1. U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥100.19=U.S.\$1, as at March 31, 2008.

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 2008, year ended March 31, 2008, the market environment for the business forms industry remained severe. Demand declined because of the continued move to IT, higher-than-expected rises in paper prices due to rocketing crude oil prices and confusion in the market brought about by a scandal involving Japan's paper manufacturers deliberately overstating the proportion of recycled paper used in their products.

## INCOME AND EXPENSES

In fiscal 2008, consolidated net sales rose 4.3%, to ¥228.6 billion (\$2,281 million). Sales in the Printing Business segment were up 5.0%, to ¥176.9 billion (\$1,766 million). Demand for business forms declined due to increased IT reliance, but this was offset by increases in sales of environmentally friendly products and forms revised in line with changes in the financial system. Consequently, the Business Forms Division of our Printing Business segment recorded a modest 1.6% rise, to ¥105.4 billion (\$1,052 million).

Sales in the Data Print Services (DPS) Division expanded 10.3%, to ¥71.5 billion (\$714 million), supported by high demand for notification forms relating to legal amendments and system changes in the financial sector, as well as favorable sales of personalized promotional leaflets and direct mail products.

In the Merchandise segment, sales of office supply products grew steadily. Promotion of our original high-security office equipment was successful, but demand for other

items such as bookbinding machines was sluggish, leading to an overall decline in office-related equipment sales. As a result, our Supplies and Other Businesses segment registered only 2.0% growth in sales, to ¥51.7 billion (\$516 million).

Cost of sales grew 5.5%, to ¥176.2 billion (\$1,759 million), with soaring paper prices outstripping the benefits of increased efficiency and cost rationalization across our operations. The cost of sales ratio rose accordingly, up 0.9 percentage points, to 77.1%. As a result, gross profit remained largely unchanged from last fiscal year, registering a 0.5% rise to ¥52.4 billion (\$523 million).

Selling, general and administrative (SG&A) expenses rose 3.2%, to ¥37.2 billion (\$371 million). Effective personnel rationalization measures contributed to the 0.2 percentage point fall in the SG&A to sales ratio, to 16.3%.

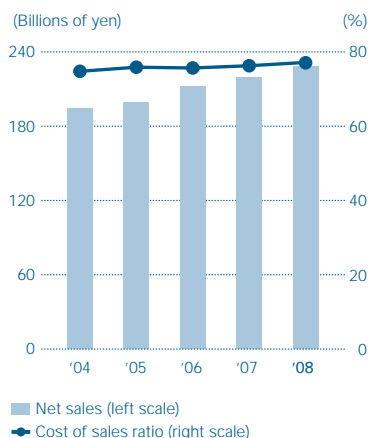
Operating profit declined 5.7%, to ¥15.2 billion (\$151 million) and the operating profit margin was down 0.7 percentage points, to 6.6%.

Other income and expenses moved from positive ¥0.7 billion last term to negative ¥0.2 billion (\$1.7 million) in fiscal 2008.

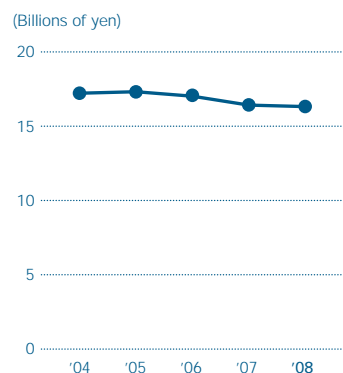
As a result, income before income taxes for fiscal 2008 fell 10.4%, to ¥15.0 billion (\$150 million), and net income was down 9.6%, to ¥8.8 billion (\$87.4 million).

Net income per share was ¥77.24 (\$0.77), lower than the ¥84.98 recorded last fiscal year. Both return on equity (ROE) and return on assets (ROA) declined: ROE was 6.8% in fiscal 2008, compared to 7.7% last term, and ROA was 4.7%, from 5.2% in the previous year.

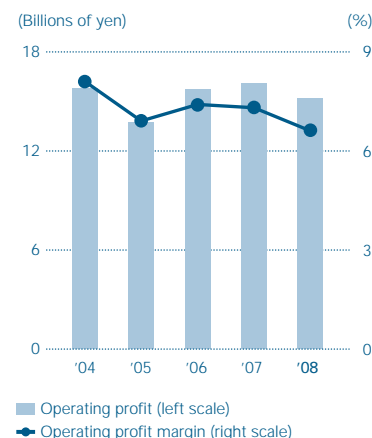
Net Sales and Cost of Sales Ratio



SG&A Ratio



Operating Profit and Operating Profit Margin





## DIVIDEND POLICY

Toppan Forms places high priority on returning profits to shareholders. While retaining sufficient reserves to fund growth, we encourage medium- and long-term holding of Company stock by making dividend rates as consistent as possible after considering performance results and the payout ratio.

In fiscal 2008, the Company paid interim dividends of ¥12.50 per share and year-end dividends of ¥12.50 per share. Total dividends per share were ¥25.00, maintained at the same level as last year. The consolidated payout ratio was 32.4%.

## DEPRECIATION AND AMORTIZATION/CAPITAL EXPENDITURES

Capital expenditures, primarily toward enhanced production facilities, decreased ¥0.3 billion, to ¥9.9 billion (\$98.5 million). Depreciation and amortization was ¥6.4 billion (\$63.6 million), compared to ¥5.0 billion in fiscal 2007.

## FINANCIAL POSITION

At fiscal 2008 year-end, total current assets declined ¥3.0 billion from the previous year, totaling ¥93.4 billion (\$932 million). This was largely the result of a fall in the level of cash and deposits. Total current liabilities fell ¥0.3 billion, to ¥53.0 billion (\$529 million). Working capital declined ¥2.7 billion, to ¥40.4 billion (\$403 million), and the current ratio dropped 4.5 percentage points, to 176.2%.

Total shareholders' equity at the end of fiscal 2008 benefited from an increase in retained earnings, rising ¥0.4 billion from the end of the previous period, to ¥129.3 billion (\$1,290 million). Total assets were lower by ¥1.7 billion, at ¥185.2 billion (\$1,849 million) for fiscal 2008. Consequently, the equity ratio was 69.7%, up from 68.9% a year ago.

## CASH FLOWS

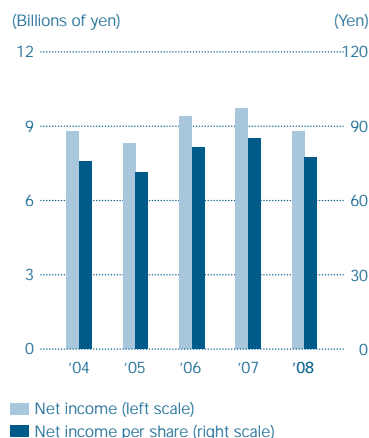
Net cash provided by operating activities during fiscal 2008 was ¥13.5 billion (\$135 million), up from ¥10.6 billion in the previous year. The primary inflows were income before income taxes of ¥15.0 billion (\$150 million) and depreciation and amortization of ¥6.4 billion (\$63.6 million). The major outflow was payment of income taxes totaling ¥6.5 billion (\$64.4 million).

Net cash used in investment activities was ¥12.0 billion (\$119.3 million), compared to ¥8.2 billion in the previous period, resulting mainly from ¥9.2 billion (\$92.2 million) used to acquire property, plant and equipment.

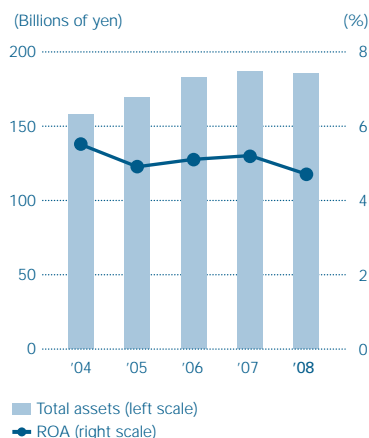
Net cash used in financing activities rose to ¥6.4 billion (\$64.1 million), from ¥2.8 billion last year. The increase came from ¥3.3 billion (\$32.5 million) used in a share buy-back and ¥2.9 billion (\$29.0 million) directed to dividend payments.

Cash and cash equivalents at the end of fiscal 2008 totaled ¥29.9 billion (\$299 million), a ¥4.9 billion decline from the previous period.

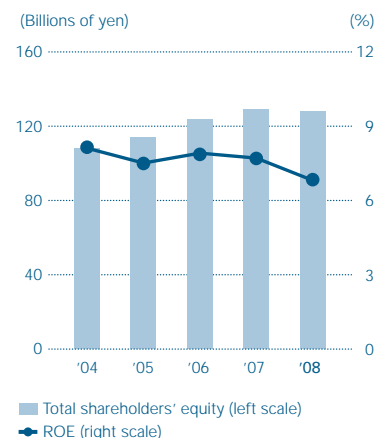
### Net Income and Net Income per Share



### Total Assets and ROA



### Total Shareholders' Equity and ROE



# Consolidated Balance Sheets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

March 31	Millions of yen		Thousands of U.S. dollars (Note1)
	2007	2008	2008
<b>Assets</b>			
Current assets -			
Cash and deposits (Note 7)	¥ 31,344	¥ 27,860	\$ 278,067
Notes and accounts receivable, trade (Note 15)	43,040	43,343	432,611
Marketable securities (Notes 7 and 9)	3,447	2,434	24,294
Inventories	13,716	14,596	145,687
Prepaid expenses	1,218	1,150	11,480
Deferred tax assets (Note 13)	2,039	2,016	20,126
Other current assets	1,700	2,114	21,094
Provision for doubtful debts	(148)	(157)	(1,571)
Total current assets	96,356	93,356	931,788
Fixed assets -			
Tangible fixed asset:			
Buildings and structures	45,418	46,477	463,892
Accumulated depreciation	(19,795)	(21,138)	(210,982)
Machineries and equipments	63,259	68,274	681,440
Accumulated depreciation	(48,926)	(51,447)	(513,489)
Tools and furniture	10,568	11,025	110,036
Accumulated depreciation	(8,944)	(9,220)	(92,021)
Land	20,580	20,794	207,546
Construction-in-progress	850	1,561	15,581
Total tangible fixed assets	63,010	66,326	662,003
Intangible fixed assets:			
Leasehold and other	2,044	2,243	22,386
Total intangible fixed assets	2,044	2,243	22,386
Investment securities and other assets:			
Investment securities (Notes 4 and 9)	16,715	13,897	138,708
Long-term loans	17	139	1,384
Long-term prepaid expenses	490	487	4,861
Leasehold deposits	2,290	2,421	24,163
Insurance funds	4,313	4,534	45,255
Deferred tax assets (Note 13)	713	1,014	10,125
Other assets	1,061	892	8,901
Provision for doubtful debts	(107)	(72)	(715)
Total investment securities and other assets	25,492	23,312	232,682
Total fixed assets	90,546	91,881	917,071
Total assets	¥186,902	¥185,237	\$1,848,859

The accompanying notes are an integral part of these statements.

March 31	Millions of yen		Thousands of U.S. dollars (Note1)
	2007	2008	2008
<b>Liabilities:</b>			
Current liabilities -			
Notes and accounts payable, trade	¥ 34,565	¥ 33,809	\$ 337,445
Short-term borrowings (Note 4)	744	526	5,246
Current portion of long-term debt (Note 4)	100	-	-
Accrued income taxes (Note 13)	2,948	2,645	26,398
Accrued consumption tax	413	457	4,559
Accrued expenses	3,760	3,581	35,745
Accrued bonuses to employees	3,626	3,968	39,608
Accrued bonuses to directors and corporate auditors	60	68	676
Notes payable, construction	3,131	2,607	26,019
Other current liabilities	3,971	5,314	53,048
<b>Total current liabilities</b>	<b>53,318</b>	<b>52,975</b>	<b>528,744</b>
Long-term liabilities -			
Long-term debt (Note 4)	-	100	998
Deferred tax liabilities (Note 13)	1,394	174	1,738
Accrued retirement benefits for employees (Note 11)	2,597	1,953	19,497
Accrued retirement benefits for directors and corporate auditors	593	599	5,978
Other long-term liabilities	124	173	1,723
<b>Total long-term liabilities</b>	<b>4,708</b>	<b>2,999</b>	<b>29,934</b>
<b>Total Liabilities</b>	<b>58,026</b>	<b>55,974</b>	<b>558,678</b>
<b>Net Assets:</b>			
Shareholders' equity -			
Common stock			
Authorized: 400,000,000 shares			
Issued: 115,000,000 shares	11,750	11,750	117,277
Capital surplus	9,270	9,270	92,524
Retained earnings	105,945	111,784	1,115,723
Treasury stock, at cost (Note 6)			
(2007: 1,016,947 shares, 2008: 4,003,154 shares)	(1,680)	(4,916)	(49,069)
<b>Total shareholders' equity</b>	<b>125,285</b>	<b>127,888</b>	<b>1,276,455</b>
Valuation and translation adjustments -			
Net unrealized gains on other securities	3,541	1,214	12,116
Foreign currency translation adjustments	(86)	(14)	(136)
<b>Total valuation and translation adjustments</b>	<b>3,455</b>	<b>1,200</b>	<b>11,980</b>
Subscription rights to shares -	32	71	711
Minority interests in consolidated subsidiaries -	104	104	1,035
<b>Total net assets</b>	<b>128,876</b>	<b>129,263</b>	<b>1,290,181</b>
<b>Total liabilities and net assets</b>	<b>¥186,902</b>	<b>¥185,237</b>	<b>\$1,848,859</b>

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)
	2007	2008	2008
<b>Net sales</b> (Note 15)	¥219,197	<b>¥228,565</b>	<b>\$2,281,319</b>
<b>Cost of sales</b>	167,080	<b>176,199</b>	<b>1,758,657</b>
Gross profit	52,117	<b>52,366</b>	<b>522,662</b>
<b>Selling, general and administrative expenses</b> (Note 5)	36,029	<b>37,188</b>	<b>371,174</b>
Operating profit	16,088	<b>15,178</b>	<b>151,488</b>
<b>Non-operating income:</b>			
Interest income	82	<b>148</b>	<b>1,476</b>
Dividend income	159	<b>151</b>	<b>1,506</b>
Foreign exchange gains	14	-	-
Return of insurance funds	34	<b>30</b>	<b>303</b>
Equity income from affiliates	183	<b>112</b>	<b>1,114</b>
Income from patent rights	345	<b>324</b>	<b>3,239</b>
Income from investments	216	-	-
Amortization of negative goodwill	-	<b>19</b>	<b>188</b>
Others	300	<b>373</b>	<b>3,726</b>
	1,333	<b>1,157</b>	<b>11,552</b>
<b>Non-operating expenses:</b>			
Interest expense	(30)	<b>(37)</b>	<b>(367)</b>
Foreign exchange losses	-	<b>(88)</b>	<b>(881)</b>
Expense of reward for employees' invention	(29)	-	-
Valuation losses on inventories	(59)	<b>(36)</b>	<b>(355)</b>
Others	(36)	<b>(30)</b>	<b>(307)</b>
	(154)	<b>(191)</b>	<b>(1,910)</b>
Ordinary income	17,267	<b>16,144</b>	<b>161,130</b>
<b>Extraordinary profits:</b>			
Profit on sale of fixed assets	33	<b>21</b>	<b>208</b>
Profit on sale of investment securities	232	<b>54</b>	<b>535</b>
Others	5	-	-
	270	<b>75</b>	<b>743</b>
<b>Extraordinary loss:</b>			
Loss from sale of fixed assets	(27)	<b>(7)</b>	<b>(68)</b>
Loss from disposal of fixed assets	(126)	<b>(144)</b>	<b>(1,432)</b>
Loss from sales of investment securities	(8)	<b>(9)</b>	<b>(89)</b>
Valuation losses on investment securities and others	(431)	<b>(977)</b>	<b>(9,747)</b>
Indemnity loss	(86)	-	-
Impairment loss of deferred development cost	(100)	-	-
Others	(12)	<b>(75)</b>	<b>(750)</b>
	(790)	<b>(1,212)</b>	<b>(12,086)</b>
Income before income taxes	16,747	<b>15,007</b>	<b>149,787</b>
<b>Income taxes</b> (Note 13):			
- Current	6,370	<b>6,148</b>	<b>61,354</b>
- Deferred	692	<b>100</b>	<b>1,003</b>
	7,062	<b>6,248</b>	<b>62,357</b>
<b>Minority interests in income of consolidated subsidiaries</b>	1	<b>7</b>	<b>74</b>
Net income	¥ 9,684	<b>¥ 8,752</b>	<b>\$ 87,356</b>

The accompanying notes are an integral part of these statements.

# Consolidated Statement of Changes in Net Assets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

For the year ended March 31, 2008	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
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											
Dividends paid			(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	(1,539)	32	(4)	5,342
<b>Balance as of March 31, 2007</b>	<b>¥11,750</b>	<b>¥9,270</b>	<b>¥105,945</b>	<b>¥(1,680)</b>	<b>¥125,285</b>	<b>¥3,541</b>	<b>¥ (86)</b>	<b>¥3,455</b>	<b>¥32</b>	<b>¥104</b>	<b>¥128,876</b>
Changes in the period											
Dividends paid			(2,906)		(2,906)			-			(2,906)
Net income after taxes			8,752		8,752			-			8,752
Purchase of treasury shares				(3,259)	(3,259)			-			(3,259)
Disposal of treasury shares			(7)	27	20			-			20
Increase of treasury resulted from change of consolidated subsidiary				(4)	(4)			-			(4)
Net changes in items except shareholders' equity					-	(2,327)	72	(2,255)	39	0	(2,216)
Total changes in the period	-	-	5,839	(3,236)	2,603	(2,327)	72	(2,255)	39	0	387
<b>Balance as of March 31, 2008</b>	<b>¥11,750</b>	<b>¥9,270</b>	<b>¥111,784</b>	<b>¥(4,916)</b>	<b>¥127,888</b>	<b>¥1,214</b>	<b>¥ (14)</b>	<b>¥1,200</b>	<b>¥71</b>	<b>¥104</b>	<b>¥129,263</b>

For the year ended March 31, 2008	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
Balance as of March 31, 2007	\$117,277	\$92,524	\$1,057,445	\$(16,773)	\$1,250,473	\$35,345	\$(863)	\$34,482	\$314	\$1,043	\$1,286,312
Changes in the period											
Dividends paid			(29,012)		(29,012)			-			(29,012)
Net income after taxes			87,356		87,356			-			87,356
Purchase of treasury shares				(32,526)	(32,526)			-			(32,526)
Disposal of treasury shares			(66)	269	203			-			203
Increase of treasury resulted from change of consolidated subsidiary				(39)	(39)			-			(39)
Net changes in items except shareholders' equity					-	(23,229)	727	(22,502)	397	(8)	(22,113)
Total changes in the period	-	-	58,278	(32,296)	25,982	(23,229)	727	(22,502)	397	(8)	3,869
<b>Balance as of March 31, 2008</b>	<b>\$117,277</b>	<b>\$92,524</b>	<b>\$1,115,723</b>	<b>\$(49,069)</b>	<b>\$1,276,455</b>	<b>\$12,116</b>	<b>\$(136)</b>	<b>\$11,980</b>	<b>\$711</b>	<b>\$1,035</b>	<b>\$1,290,181</b>

# 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)
	2007	2008	2008
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥16,747	¥15,007	\$149,787
Depreciation and amortization	5,013	6,369	63,568
Increase (decrease) in provision for doubtful debts	20	(24)	(235)
Amortization of negative goodwill	–	(19)	(188)
Interest and dividend income	(241)	(299)	(2,982)
Interest expense	30	37	367
Return of insurance funds	(34)	(30)	(303)
Equity income from affiliates	(183)	(112)	(1,114)
Valuation losses on investment securities	431	977	9,747
Loss from sales of investment securities	8	9	89
Profit on sales of investment securities	(232)	(54)	(535)
Loss from sales of fixed assets	27	7	68
Loss from disposal of fixed assets	126	144	1,432
Profit on sales of fixed assets	(33)	(21)	(208)
Increase (decrease) in accrued bonuses to employees	(108)	343	3,420
Decrease in accrued retirement benefits for employees	(575)	(644)	(6,428)
Payments for bonuses to directors and corporate auditors	(115)	–	–
Increase in accrued bonuses to directors and corporate auditors	–	8	77
Increase in notes and accounts receivable	(2,814)	(426)	(4,254)
Decrease (increase) in inventories	520	(907)	(9,054)
Decrease in notes and accounts payable	(171)	(688)	(6,866)
Increase (decrease) in accrued consumption tax	(112)	44	441
Other, net	(235)	24	249
Sub total	18,069	19,745	197,078
Interest and dividends received	279	272	2,712
Interest paid	(30)	(37)	(376)
Income taxes paid	(7,693)	(6,456)	(64,436)
Net cash provided by operating activities	10,625	13,524	134,978
<b>Cash flows from investing activities:</b>			
Payments for purchases of time deposits	–	(853)	(8,512)
Proceeds from maturities of time deposits	–	475	4,741
Payment for acquisition of fixed assets	(7,743)	(9,237)	(92,193)
Proceeds from sale of fixed assets	65	101	1,010
Acquisition of investment securities	(719)	(2,042)	(20,385)
Proceeds from sale of investment securities	946	280	2,791
Payment for loans	(118)	(7)	(73)
Proceeds from collection of loans	6	6	56
Proceeds income (payments) for acquisition of consolidated subsidiary	(39)	59	588
Proceeds from other investing activities	778	983	9,810
Payments for other investing activities	(1,423)	(1,713)	(17,089)
Net cash used in investing activities	(8,247)	(11,948)	(119,256)
<b>Cash flows from financing activities:</b>			
Decrease in short-term borrowings	(7)	(213)	(2,133)
Repayments of capital lease obligations	(60)	(55)	(551)
Proceeds from long-term debt	–	100	998
Repayments of long-term debt	(18)	(100)	(998)
Acquisition of treasury stock	–	(3,259)	(32,527)
Proceeds from sale of treasury stock	76	20	204
Dividends paid	(2,792)	(2,907)	(29,012)
Dividends paid to minority interests	(4)	(6)	(60)
Net cash used in financing activities	(2,805)	(6,420)	(64,079)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	12	(18)	(176)
<b>Net decrease in cash and cash equivalents</b>	(415)	(4,862)	(48,533)
<b>Cash and cash equivalents at beginning of year</b>	35,206	34,791	347,251
<b>Cash and cash equivalents at end of year (Note 7)</b>	¥34,791	¥29,929	\$298,718

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") and its subsidiaries filed with the Director of the Kanto Local Finance Bureau in accordance with the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been calculated at the rate of ¥100.19 = U.S.\$1, the approximate rate of exchange on March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could have been or could be converted into U.S. dollars at that or any other rate.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### (1) Consolidation -

#### (a) Consolidated subsidiaries:

The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries (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.

As the Company acquired 100% of the issued shares of KCF Co., Ltd. in September 2007, it is included in the consolidated financial statements for the fiscal year ended March 31, 2008.

As TFE Information Technology, Inc. was liquidated in July 2007, it is excluded from the consolidated financial statements for the fiscal year ended March 31, 2008.

#### (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. The main affiliate is Data Products Toppan Forms Ltd.

Beijing Xinghua Information Paper Co., Ltd. was merged with Beijing Toppan Forms Co., Ltd. in February 2007. Although Beijing Xinghua Information Paper Co., Ltd. had been accounted for using 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 7 of its subsidiaries (8 of its subsidiaries: 2006) is December 31. The consolidated financial

statements incorporate the accounts of these companies with adjustments for significant transactions arising during the period from December 31 to March 31.

### (2) Valuation methods for major assets -

#### (a) Securities:

Securities held by the Company and its consolidated subsidiar-

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

#### (b) Derivatives:

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

#### (c) Inventories:

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:

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

In accordance with the amendment of the Corporate Tax Law of Japan in 2007, the Company and its domestic consolidated subsidiaries changed the depreciation method of property and equipment acquired on or after April 1, 2007 to the method based on the amended Corporate Tax Law of Japan. As a result, operating profit and income before income taxes for the fiscal year ended March 31, 2008 decreased by ¥161 million (US\$1,607 thousand) compared with what would have been reported under the previous accounting policy. The impact on segment information is explained in Note 14.

In accordance with the amendment of the Corporate Tax Law of Japan in 2007, the Company and its domestic consolidated subsidiaries now depreciate the difference between 5% of the acquisition cost and the normal residual value of tangible fixed assets acquired on or before March 31, 2007. From the fiscal year following the fiscal year that a tangible fixed asset is depreciated to the previously allowable 5% limit using a method

based on the Corporate Tax Law of Japan, this difference is depreciated evenly over 5 years and included in depreciation and amortization. As a result, operating profit and income before income taxes for the fiscal year ended March 31, 2008 decreased by ¥347 million (US\$3,463 thousand) compared with what would have been reported under the previous method. The impact on segment information is explained in Note 14.

(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:

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

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.

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

**(5) Foreign currency translation -**

The translation of assets and liabilities denominated in foreign currency at the year-end is made at the current exchange rate. Exchange gains and losses resulting from foreign currency

transactions and translation of assets and liabilities denominated in foreign currencies are included in the consolidated statements of income. All assets, liabilities, income and expense accounts of foreign subsidiaries and affiliates are translated using the current exchange rates at the respective balance sheet dates. Foreign currency translation adjustments resulting from such procedures are recorded in the consolidated balance 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, in the accompanying consolidated statements of income.

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

Assets and liabilities of subsidiaries are measured at fair value 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 that are readily convertible to known amounts of cash and, thus, present an insignificant risk of changes in value.

### 3 ACCOUNTING CHANGES:

**(1) Accounting standard for 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 fiscal year ended March 31, 2007. Due to the adoption of this new accounting standard, the bonuses to directors and corporate auditors are expensed when incurred, although they had been

accounted for as 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 compared with what would have been 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 fiscal year ended March 31, 2007. The Company disclosed net assets in the balance sheet as of March 31, 2007 using the new standard and guideline.

## (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 fiscal year ended March 31, 2007. The new accounting standard requires that the fair value of subscription rights is treated as cost in statements of income on the date they are granted. As a result, operating profit and income before income taxes for the fiscal year ended March 31, 2007 decreased by ¥32 million. The impact on segment information is explained in Note 14.

## 4 NOTES TO CONSOLIDATED BALANCE SHEET:

### (1) Investments in unconsolidated subsidiaries and affiliates are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Investment securities (shares)	¥1,152	¥1,304	\$13,018

### (2) Contingent liabilities -

The Company had the following contingent liabilities as of March 31, 2007 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Guarantee			
Employees housing loan	¥15	¥14	\$136

## 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
	2007	2008	2008
Salaries and bonuses	¥12,224	¥12,606	\$125,819
Provisions for bonuses to employees	1,215	1,319	13,166
Provisions for bonuses to directors and corporate auditors	60	68	676
Provisions for retirement benefit of directors and corporate auditors	8	18	177
Depreciation	978	1,135	11,332
Rent expenses	2,672	2,712	27,071
Freight charges	5,632	5,762	57,514
Research and development expenditure	2,242	2,557	25,521
Pension costs	276	221	2,209
Others	10,722	10,790	107,689
Total	¥36,029	¥37,188	\$371,174

### (2) Research and development expenditure

Research and development expenditure, which is charged to the statements of income when incurred, and is included in selling, general and administrative expenses, amounted to ¥2,242 million and ¥2,557 million (\$25,521 thousand) for the fiscal years ended March 31, 2007 and 2008, respectively.

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

The following is note to consolidated statements of changes in net assets as of March 31, 2007.

### (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

### (3) Matters related to dividends -

#### a) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (millions of yen)	Fiscal resource of dividends	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 29, 2006	Common stock	1,424	Retained earnings	12.5	March 31, 2006	June 29, 2006
Meeting of directors held on October 27, 2006	Common stock	1,367	Retained earnings	12.0	September 30, 2006	December 8, 2006

b) Of the dividends for which the date of record is in the fiscal year ended March 31, 2007, those dividends with effective date in the following consolidated fiscal year is as follows.

Resolution	Type of stock	Total amount of dividends (millions of yen)	Fiscal resource of dividends	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on July 28, 2008	Common stock	1,481	Retained earnings	13.0	March 31, 2007	July 30, 2007

The following is note to consolidated statements of changes in net assets as of March 31, 2008.

### (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	1,016	3,002	16	4,003

### (3) Matters related to dividends -

#### a) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (millions of yen)	Fiscal resource of dividends	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 28, 2007	Common stock	1,481	Retained earnings	13.0	March 31, 2007	June 29, 2007
Meeting of directors held on October 26, 2007	Common stock	1,424	Retained earnings	12.5	September 30, 2007	December 10, 2007

Resolution	Type of stock	Total amount of dividends (Thousand of U.S. dollars)	Fiscal resource of dividends	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 28, 2007	Common stock	14,782	Retained earnings	0.13	March 31, 2007	June 29, 2007
Meeting of directors held on October 26, 2007	Common stock	14,213	Retained earnings	0.12	September 30, 2007	December 10, 2007

b) Of the dividends for which the date of record is in the fiscal year ended March 31, 2008, those dividends with effective date in the following consolidated fiscal year is as follows.

Resolution	Type of stock	Total amount of dividends (millions of yen)	Fiscal resource of dividends	Dividend per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on July 27, 2008	Common stock	1,387	Retained earnings	12.5	March 31, 2008	July 30, 2008

Resolution	Type of stock	Total amount of dividends (thousands of U.S. dollars)	Fiscal resource of dividends	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders held on July 27, 2008	Common stock	13,848	Retained earnings	0.12	March 31, 2008	July 30, 2008

## 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
	2007	2008	2008
Cash and time deposits with original maturity of three months or less	¥31,344	¥27,860	\$278,067
Less: Time deposits with original maturities of more than three months	-	(365)	(3,643)
Marketable securities	3,447	2,434	24,294
	¥34,791	¥29,929	\$298,718

## 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
	2007	2008	2008
Machinery, equipment and vehicles	¥ 5,987	¥6,024	\$ 60,123
Tools and furniture	4,899	4,239	42,314
Other assets	208	286	2,858
Accumulated depreciation	(7,219)	(6,900)	(68,866)
Total	¥ 3,875	¥3,649	\$ 36,429

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

March 31	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Due within one year	¥1,803	¥1,777	\$17,738
Due after one year	3,675	3,511	35,046
	¥5,478	¥5,288	\$52,784

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

March 31	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Lease payments	¥2,189	¥2,245	\$22,412
Amount representing depreciation	¥2,132	¥2,224	\$22,193
Amount representing interest	¥ 135	¥ 166	\$ 1,654

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

March 31	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Due within one year	¥ 523	¥ 527	\$ 5,256
Due after one year	2,182	1,752	17,487
Total minimum lease payments	¥2,705	¥2,279	\$22,743

## 9 MARKETABLE AND INVESTMENT SECURITIES:

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

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

Not applicable.

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

March 31, 2007	Millions of yen		
	Acquisition cost	Market value (= Book carrying amount)	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	¥4,420	¥10,543	¥6,123
② Others	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			
① Share stocks	657	451	(206)
② Others	368	361	(7)
	1,025	812	(213)
Total	¥6,439	¥12,415	¥5,976

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

March 31, 2007	Millions of yen
Proceeds from sales of "Other securities"	¥651
Gain on sales of "Other securities"	231
Loss on sales of "Other securities"	-

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

March 31, 2007	Millions of yen
	Book carrying amount
Other securities	
① Share stocks not listed on the market	¥2,041
② Others	4,555
	¥6,596

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

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

(1) "Trading securities"

Not applicable.

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

Not applicable.

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



March 31, 2008	Millions of yen		
	Acquisition cost	Market value (= Book carrying amount)	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	¥3,082	¥5,647	¥2,565
② Others	61	62	1
	3,143	5,709	2,566
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	1,486	1,295	(191)
② Others	1,307	1,070	(237)
	2,793	2,365	(428)
Total	¥5,936	¥8,074	¥2,138

March 31, 2008	Thousands of U.S. dollars		
	Acquisition cost	Market value (= Book carrying amount)	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	\$30,763	\$56,359	\$25,596
② Others	612	623	11
	31,375	56,982	25,607
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
① Share stocks	14,833	12,927	(1,906)
② Others	13,048	10,680	(2,368)
	27,881	23,607	(4,274)
Total	\$59,256	\$80,589	\$21,333

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

March 31, 2008	Millions of yen	Thousands of U.S. dollars
Proceeds from sales of "Other securities"	¥1,209	\$12,068
Gain on sales of "Other securities"	33	332
Loss on sales of "Other securities"	9	89

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

March 31, 2008	Millions of yen	Thousands of U.S. dollars
	Book carrying amount	
Held-to-maturity debt securities		
① Government bonds, Municipal bonds, etc.	¥ 10	\$ 100
② Non-listed overseas bonds	2,100	20,960
③ Others	8	75
Other securities		
① Share stocks not listed on the market	¥2,401	\$23,966
② Others	2,434	24,294
	¥6,953	\$69,395

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

March 31, 2008	Millions of yen			
	Due 2009	Due 2010-2013	Due 2014-2018	Due after 2019
1. Bonds				
① Government bonds, Municipal bonds, etc.	¥ -	¥10	¥ -	¥ -
② Corporate bonds	-	-	8	2,100
③ Others	-	-	-	-
2. Others				
① Mutual funds	261	5	85	351
	¥261	¥15	¥93	¥2,451

Thousands of U.S. dollars

March 31, 2008	Due 2009	Due 2010-2013	Due 2014-2018	Due after 2019
1. Bonds				
① Government bonds, Municipal bonds, etc.	\$ -	\$100	\$ -	\$ -
② Corporate bonds	-	-	75	20,960
③ Others	-	-	-	-
2. Others				
① Mutual funds	2,609	51	844	3,499
	<b>\$2,609</b>	<b>\$151</b>	<b>\$919</b>	<b>\$24,459</b>

## 10 DERIVATIVE FINANCIAL INSTRUMENTS:

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

As of March 31, 2007 and 2008, there was no contract outstanding for derivatives.

## 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. The company and certain domestic

consolidated subsidiaries transferred the defined benefit tax qualified pension plans to contributory funded defined benefit pension plans in April 1, 2006 and April 1, 2007. Overseas subsidiaries do not have defined benefit pension plans.

The pension liabilities for employees as of March 31, 2007 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
(1) Projected benefit obligation	¥26,548	¥26,421	\$263,711
(2) Plan assets at fair value	29,642	25,223	251,752
(3) Unfunded benefit obligation (1) - (2)	(3,094)	1,198	11,959
(4) Unrecognized actuarial gains/(losses)	1,409	(3,801)	(37,932)
(5) Unrecognized prior service costs	4,282	4,556	45,470
(6) Pension liabilities for employees (3) + (4) + (5)	¥ 2,597	¥ 1,953	\$ 19,497

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 ¥1,780 million and ¥1,441 million (\$14,383 thousand) as of March 31, 2007 and 2008, respectively.

The components of the net periodic pension cost for the fiscal years ended March 31, 2007 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
(1) Service costs	¥1,281	¥1,238	\$12,352
(2) Interest costs	677	662	6,605
(3) Expected return on plan assets	965	974	9,725
(4) Expense for actuarial losses	165	65	653
(5) Amortization of prior service costs	(306)	(348)	(3,470)
(6) Net periodic pension cost (1) + (2) - (3) + (4) + (5)	¥ 852	¥ 643	\$ 6,415

The assumptions used as of March 31, 2007 and 2008 were as follows:

	2007	2008
(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	<b>Straight-line basis</b>
(4) Amortization of unrecognized prior service costs	Straight-line over 15 years	<b>Straight-line over 15 years</b>
(5) Amortization of unrecognized actuarial gain/loss	Straight-line over 15 years	<b>Straight-line over 15 years</b>

## 12 STOCK OPTIONS:

The following are the number of common shares to be granted for stock options as of March 31, 2007.

	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
		1,207,000		

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)	-	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	

Valuation method of stock option is as follows:

(1) Valuation method for stock option

Black-Scholes model

(2) Basic information for valuation for the stock option granted for the year ended March 31, 2007

Volatility	Estimated period for exercise	Estimated dividend	Interest rate
30.53%	3 years and 6 months (the half of effective period of stock option)	¥24.0 / per share	1.03% (based on Japanese government bonds)

The following are the number of common shares to be granted for stock options as of March 31, 2008.

	The date of ordinary shareholders' meeting	Number of common shares granted (shares)	Exercise price per share (exact yen/U.S dollars)	Exercise periods
I. Stock options to purchase treasury stocks	June 28, 2001	145,000	¥2,200 / \$21.96	From July 1, 2002 to June 30, 2007
II. Stock option to purchase newly issued shares	June 27, 2002	151,000	¥2,131 / \$21.27	From July 1, 2003 to June 30, 2008
	June 27, 2003	157,000	¥1,255 / \$12.53	From July 1, 2004 to June 30, 2009
	June 29, 2004	182,000	¥1,575 / \$15.72	From July 1, 2005 to June 30, 2010
	June 29, 2005	211,000	¥1,308 / \$13.06	From July 1, 2006 to June 30, 2011
	June 28, 2006	212,000	¥1,734 / \$17.31	From July 1, 2007 to June 30, 2012
	June 29, 2007	245,000	¥1,527 / \$15.24	From July 1, 2008 to June 30, 2013
		1,303,000		

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

The date of ordinary shareholders' meeting	28-Jun-01	27-Jun-02	27-Jun-03	29-Jun-04	29-Jun-05	28-Jun-06	29-Jun-07	Total
Exercise price per share (exact yen/U.S. dollars)	¥2,200/ \$21.96	¥2,131/ \$21.27	¥1,255/ \$12.53	¥1,575/ \$15.72	¥1,308/ \$13.06	¥1,734/ \$17.31	¥1,527/ \$15.24	
Number of stock options (1)	1,450	1,510	1,570	1,820	2,110	2,120	2,450	13,030
Decrease on the exercise of stock options (2)	-	-	(943)	(270)	(360)	-	-	(1,573)
Decrease on the lapse of stock options (3)	(1,450)	(820)	(80)	(300)	(150)	(50)	-	(2,850)
Number of stock options as of March 31, 2007 (4) = (1) + (2) + (3)	-	690	547	1,250	1,600	2,070	2,450	8,607
Exercise periods	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	From July 1, 2008 to June 30, 2013	

Valuation method of stock option is as follows:

(1) Valuation method for stock option

Black-Scholes model

(2) Basic information for valuation for the stock option granted for the year ended March 31, 20087

Volatility	Estimated period for exercise	Estimated dividend	Interest rate
21.73%	3 years and 6 months (the half of effective period of stock option)	¥25.0 (\$0.25)/ per share	1.23% (based on Japanese government bonds)

### 13 INCOME TAXES:

The significant components of deferred tax assets and liabilities for the fiscal years ended March 31, 2007 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Deferred tax assets:			
Accrued bonuses	¥ 1,445	¥ 1,460	\$ 14,575
Enterprise tax	277	258	2,571
Depreciation	71	50	494
Accrued retirement benefits for directors and corporate auditors	241	252	2,512
Pension liabilities for employees	1,363	1,121	11,192
Provision for doubtful debts	30	87	867
Unrealized loss on golf club membership	149	182	1,814
Unrealized loss on investment securities	189	233	2,328
Others	348	355	3,548
	4,113	3,998	39,901
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	(132)	(157)	(1,571)
Unrealized gain on investment securities	(2,430)	(833)	(8,315)
Depreciation	(130)	(86)	(860)
Others	(63)	(65)	(642)
	(2,755)	(1,141)	(11,388)
Deferred tax assets, net (*)	¥ 1,358	¥ 2,857	\$ 28,513

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

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Current assets—deferred tax assets:	¥ 2,039	¥2,016	\$20,126
Long-term assets—deferred tax assets:	713	1,015	10,125
Long-term liabilities—deferred tax liabilities:	(1,394)	(174)	(1,738)
Deferred tax assets, net	¥ 1,358	¥2,857	\$28,513

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, 2007 and 2008.

## 14 SEGMENT INFORMATION:

### (1) Segments by Industry

March 31, 2007	Millions of yen				
	Printing business	Other businesses	Total	Elimination/Corporate	Consolidated
<b>I. Net sales:</b>					
(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
<b>II. Assets, depreciation and capital expenditure:</b>					
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

March 31, 2008	Millions of yen				
	Printing business	Merchandise business	Total	Elimination/Corporate	Consolidated
<b>I. Net sales:</b>					
(1) Outside customers	¥176,897	¥51,668	¥228,565	¥ -	¥228,565
(2) Inter-segment	466	1,578	2,044	(2,044)	-
Total	177,363	53,246	230,609	(2,044)	228,565
Operating expenses	162,142	51,605	213,747	(359)	213,388
Operating profit	¥ 15,221	¥ 1,641	¥ 16,862	¥(1,685)	¥ 15,177
<b>II. Assets, depreciation and capital expenditure:</b>					
Assets	¥131,270	¥18,277	¥149,547	¥35,691	185,237
Depreciation	6,221	134	6,355	14	6,369
Capital expenditure	9,820	9	9,828	-	9,828

March 31, 2008	Thousands of U.S. dollars				
	Printing business	Merchandise businesses	Total	Elimination/Corporate	Consolidated
<b>I. Net sales:</b>					
(1) Outside customers	\$1,765,615	\$515,704	\$2,281,319	\$ -	\$2,281,319
(2) Inter-segment	4,658	15,747	20,405	(20,405)	-
Total	1,770,273	531,451	2,301,724	(20,405)	2,281,319
Operating expenses	1,618,350	515,069	2,133,419	(3,588)	2,129,831
Operating profit	\$ 151,923	\$ 16,382	\$ 168,305	\$ (16,817)	\$ 151,488
<b>II. Assets, depreciation and capital expenditure:</b>					
Assets	\$1,310,208	\$182,422	\$1,492,630	\$356,229	\$1,848,859
Depreciation	62,093	1,333	63,426	141	63,567
Capital expenditure	98,010	86	98,096	-	98,096

Note:

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

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

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

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

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

(d) "Assets" mainly include 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, respectively. Operating profit decreased by the same amounts, respectively.

(f) Effective from the fiscal year ended March 31, 2008, the Company changed accounting policies relating to the depreciation method of property and equipments as stated in Note 2 (3). As a result of these changes, operating expenses for the fiscal year ended March 31, 2008 increased as follows:

Printing business by ¥492 million (US\$4,911 thousand), and

Merchandise business by ¥14 million (US\$140 thousand).

Operating profit decreased by the same amounts respectively compared with what would have been reported under the previous accounting policy.

(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, including sales to Toppan Printing Co., Ltd., which owns 60.7% of the common stock of the Company and rental expenses for Mr. Fukuda, who is the chairman of the board of directors. 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, 2007 and 2008 amounted to ¥7,554 million and ¥8,182 million (\$81,667 thousand), respectively. The balance of accounts

receivable from Toppan Printing Co., Ltd. as of March 31, 2007 and 2008 amounted to ¥2,598 million and ¥2,858 million (\$28,527 thousand), respectively.

Rent of the residence for Mr. Fukuda, the chairman of the board of directors, for the fiscal years ended March 31, 2007 and 2008 amounted to ¥3 million and ¥4 million (\$38 thousand), respectively. There are no accounts receivable from Mr. Fukuda as of March 31, 2007 and 2008.

## 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)
	2007	2008	2008
Net assets per share	¥1,129.46	<b>¥1,162.99</b>	<b>\$11.61</b>
Net income per share	84.98	<b>77.24</b>	<b>0.77</b>
Diluted net income per share	84.94	-	-

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	yen		Thousands of U.S. dollars (Note 1)
	2007	2008	2008
Net income	¥ 9,684	<b>¥ 8,752</b>	<b>\$ 87,356</b>
Net income not available to common shareholders	-	-	-
Net income available to common shareholders	9,684	<b>8,752</b>	<b>87,356</b>
Weighted-average number of shares outstanding (thousand shares)	113,949	<b>113,311</b>	-

### Diluted net income per share

March 31	yen		Thousands of U.S. dollars (Note 1)
	2007	2008	2008
Amount of net income adjustment	¥ -	<b>¥ -</b>	<b>\$ -</b>
Increase in number of common shares (thousand shares)	48	-	-
(of which, subscription rights)	48	-	-
(of which, share warrants)	-	-	-

## 17 SCHEDULE OF BORROWINGS:

	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Due date of payment
	2007	2008	2008		
Short-term borrowings	¥743	<b>¥526</b>	<b>\$5,246</b>	2.75	
Long-term loan from Japanese banks and others (unsecured)	-	<b>100</b>	<b>998</b>	2.2	2008
Long-term due within one year	100	-	-	-	-
Operating profit	¥843	<b>¥626</b>	<b>\$6,244</b>		



Report of Independent Auditors

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, 2008, 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, 2008, 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, 2008 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

PricewaterhouseCoopers Aarata  
(Certified Public Accountants)  
June 27, 2008

# Principal Subsidiaries and Affiliates

(As of March 31, 2008)

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 <sup>*1</sup>
Toppan Forms Card Technologies Ltd.	Hong Kong	Manufacture and sale of plastic cards Sale of card-related products	HK\$ 2,000	100.0 <sup>*2</sup>
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 <sup>*3</sup>

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, 2008)

## CHAIRMAN

Masanori Akiyama

## PRESIDENT AND CEO

Shu Sakurai

## VICE PRESIDENT

Michikata Kono

## SENIOR MANAGING DIRECTORS

Hirohito Okada

Kenji Nitta

## MANAGING DIRECTORS

Takayoshi Otsubo

Keiichi Utaka

Eiji Katoh

Kenji Tamada

## DIRECTORS

Naoki Adachi

Shigetaka Mori

Shuji Sekioka

Takashi Nishishimura

Akira Kameyama

Jiro Kurobane

## CORPORATE AUDITORS

Akihiro Nagata (full-time)

Kenji Osanai (full-time)

Takashi Sawada (full-time)

Kunio Sakuma

Takeshi Toyama

# Investor Information

(As of March 31, 2008)

## 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)

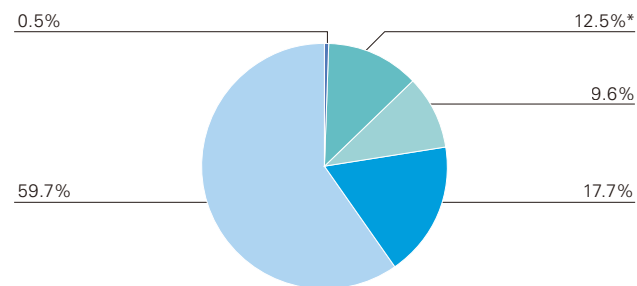
## TRANSFER AGENT

Mitsubishi UFJ Trust and Banking Corporation

## NUMBER OF SHAREHOLDERS

10,732

## Shareholdings by Type of Shareholder



● Broker-Dealers in Financial Products ● Foreign Institutions and Individuals  
● Japanese Individuals and Others ● Other Japanese Corporations  
● Japanese Financial Institutions

\* Included in Japanese Individuals and Others is 3.5% being Treasury Stock

# **TOPPAN FORMS CO.,LTD.**

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