TOPPAN FORMS

Annual Report 2011

Year ended March 31, 2011

The Form of Communication

... is **Changing**

Since its founding in 1965, Toppan Forms has maintained the top market share in the Japanese business forms market. Business forms are a type of form printed in a set format to streamline the processes of filling out the forms and processing data. For years, they have facilitated smooth communication by making information easier to transmit. However, methods of communication are currently transforming amidst various changes in the social environment, such as the declining birthrate and aging population, the diversification of lifestyles and values, and the advancement and normalization of the Internet.

ORIGIN

Toppan Forms has always adjusted and evolved its business by responding to the changing times in a precise manner. For example, in response to the increased need to expand and rationalize corporate reporting efforts seen in the 1990s, we developed the Data Print Services (DPS) business, an outsourcing business in which we print and process data for clients. In this way, we shifted the focus of our business from printing to managing information.

Driving Progress

The New Toppan Forms

In these changing times, we are striving to develop methods of communication that go beyond simple one-sided reports from companies. We aim to develop communication methods that more effectively transmit information to their recipients by matching the method of transmission to the needs and lifestyles of the recipients. Leveraging the information transmission technologies and expertise that we have cultivated since our founding, we at Toppan Forms want to break new ground in the field of communication. To this end, we are pursuing further innovation through a new corporate vision and new business strategies.

For more information regarding the new corporate vision and business strategies, please refer to "An Interview with the President" on P.3

FORESIGHT

Toppan Forms is developing new information media based on its predictions regarding future methods of communication. An example of this is our contactless smart cards (RFIDs). The image to the left is of our electronic paper, one of our printed electronics products, which reflects the application of printing technology to the manufacturing of electronic devices. These products are merely a fragment of the new Toppan Forms.

For more information regarding the Company's new businesses, please refer to "In Focus" on P.10

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About this Annual Report

This annual report has been published to serve as a communication tool to help the Company develop stronger trust-based relationships with its shareholders and other investors as well as all of its other stakeholders. The goal of this report is not only to disclose information regarding the Company's operating performance and management initiatives, but also to deepen the reader's understanding of the superior position that the Company has developed in the fields of printing, information management, and communication. Annual Report 2011 focuses on describing Toppan Forms' efforts to reform its business model to target sustainable growth.

Forward-Looking Statements

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

An Interview with the President

Interview Topics

- Effect of the Great East Japan Earthquake
- Evaluation of the current operating environment and operating performance
- Direction of our growth strategies
- Vision for the future of Toppan Forms
- Policy for shareholder returns

We aim to create new forms of communication by reforming our business model.

Shu Sakurai

SHU SAKURAI
President and CEO

Q. How has the Great East Japan Earthquake, which occurred on March 11, 2011, affected Toppan Forms?

A. The effect was extremely limited.

The Great East Japan Earthquake was the largest earthquake ever recorded in Japan. It devastated Japan, particularly in the northern regions. On behalf of Toppan Forms, I would like to offer my deepest condolences to all of those who were affected by this disaster.

The Group suffered almost no direct damage as a result of this earthquake. There were no injuries or casualities among our employees, and damage to our production and distribution bases was extremely limited. While operations were slightly disrupted immediately after the earthquake, we were able to quickly return them to their normal operating state. Meanwhile, supply shortages of raw materials, such as paper, associated with damage suffered by our suppliers are also being resolved steadily. Currently, our biggest concern for the future is the anticipated electricity shortages stemming from the damage sustained by The Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Station.

Further, Toppan Forms was a forerunner in the domestic printing industry in the development of Business Continuity Management Systems (BCMSs), and currently 11 of its domestic operating sites are certified under BS25999-2, an international standard for BCMSs. Therefore, I believe that we are entirely capable of responding to events in our operating environment that have the potential to disrupt operations. However, as circumstances change from minute to minute, we must be vigilant in our efforts to stay up-to-date on the latest information available and practice discretion in our response to such changes.

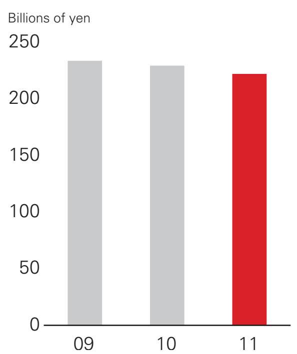
Q. Without regard to the earthquake, how was Toppan Forms' performance in the fiscal year ended March 31, 2011, and what were the major factors behind this performance?

A. Our delayed response to changes in the market resulted in decreased sales and income.

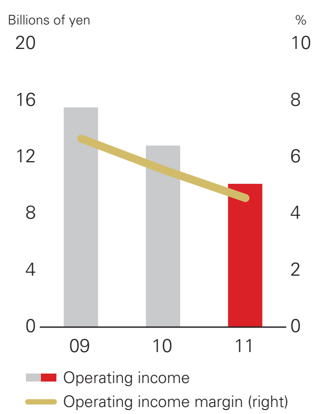
In the fiscal year ended March 31, 2011, net sales fell 3.2% year on year, to ¥224.3 billion; operating income was down 20.7%, to ¥10.3 billion; and net income decreased 33.0%, to ¥5.0 billion. As a result, our performance in the fiscal year under review was unfortunately low due to our inability to respond to structural changes in the market.

The market has been undergoing drastic changes. The relative added value of paper products and printed materials has fallen due to increased digitalization, competition has become increasingly more intense and complex following the trend of the globalization of business operations, and the needs of our customers have changed as a result of such concerns as the declining birthrate and aging population. We have been well aware of these changes for some time. Additionally, customers have been faced with an increasing need to curtail costs due to the worsening of the economic climate. As a result, these factors have created a very harsh operating environment.

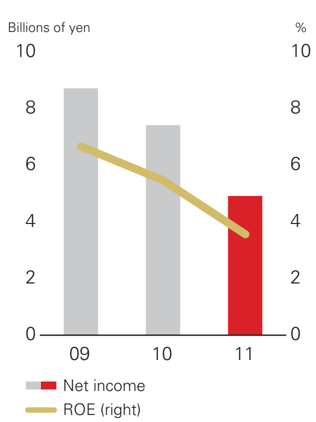
NET SALES



OPERATING INCOME AND OPERATING INCOME MARGIN



NET INCOME AND ROE



Sadly, I am forced to admit that our efforts to construct a new business model that suited such an operating environment lacked the necessary speed.

It goes without saying that I am not satisfied with these results. The fiscal year ended March 31, 2011, marked the third year since I became president of Toppan Forms. It is most regrettable that, even utilizing the experience I accumulated in the previous two years, Toppan Forms was forced to record such results.

Q. What is the current direction of the Company's business strategies?

A. **We will focus on strengthening existing businesses while creating new businesses and new markets.**

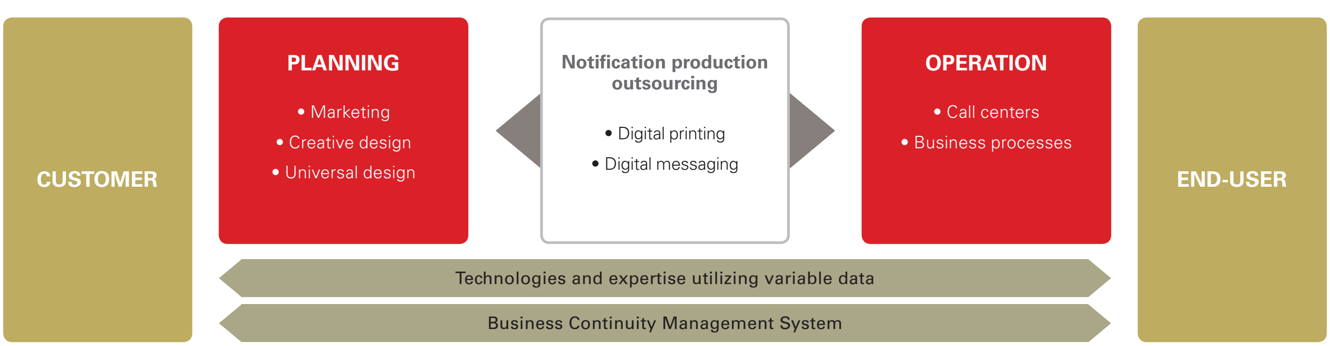
The main direction that we are taking calls for us to increase the market share of existing businesses that focus on the digitalization of printing services. At the same, we will create new businesses and new markets as part of our efforts to expand overseas. To these ends, we are implementing initiatives centered on five key areas: strengthening existing businesses, expanding operations in growth areas, advancing into and developing operating foundations in overseas markets, investing strategically, and enhancing our management foundations.

Q. Could you please explain your plans to strengthen existing businesses in detail?

A. **We will continue to develop unique comprehensive information management solutions.**

Our existing businesses consist of the business forms business, which is centered on paper media, and the Data Print Services (DPS) business, business areas that we pioneered and have dominated the market ever since. However, we cannot survive in the current harsh operating environment without change. Developing new services

Toppan Forms Business Process Outsourcing Services



and creating new markets is essential in achieving sustainable growth. Therefore, we are working to create a new market through the development of our unique business process outsourcing (BPO) services. These services offer comprehensive solutions to the issues that arise throughout our customers' business processes.

Fully leveraging the capacity of our DPS facilities and the professional expertise we have developed in over 20 years of operation in this field, we are expanding the range of upstream and downstream areas in which we can offer DPS outsourcing services. Previously, our DPS services primarily consisted of receiving data from customers, which we would then manage, process, and print. After this, we would insert the printed notifications into envelopes, then seal and mail them. However, there are a number of other back-office processes related to the downstream process of mailing. These include operating call centers for receiving inquires, processing surveys, as well as data input and other database operation tasks. Likewise, in relation to the upstream process of notification production, there are the marketing, planning, and design phases of production. Going forward, we will aim to increase the comprehensiveness and consistency of our services by receiving outsourcing contracts to perform all steps of such processes using our industry leading DPS services.

In particular, Toppan Forms is strong in enhancing the effectiveness of notifications, a key element of upstream processes. We have over 50 years of experience in designing business forms, business notifications, sales-promotion direct-mail materials, and other documents. Over these years, we have continued to pursue ways of enhancing the usability, readability, and understandability of forms by manipulating such elements as their size, color, and design. Recently, we have been actively promoting the use of universal design concepts, which are receiving a great deal of attention. These concepts are being put to good use in planning and designing forms. However, if our customers entrust us with their back-office processes, we will also be able to utilize feedback received in relation to these forms when planning and designing new forms. This will enable us to develop ideal comprehensive, cyclical information management solutions.

Entrusting all of these business processes to Toppan Forms will allow our customers to reduce costs while liberating them from the risks associated with handling personal information. This will not only increase the quality of the services offered to end-users, it will also enable our customers to consolidate their resources so that they can focus on their primary business.

Even though the markets for our existing businesses may be maturing, evolving these businesses in such a way will help renew the Company's growth going forward.

Q. What initiatives are you implementing to expand operations in growth areas?

A. **The expansion of operations in growth areas will be based on two pillars, one of which is creating new markets and new businesses while the other is expanding overseas.**

One of our growth businesses is the information media business. In this area, we will leverage our sophisticated information communication technologies, which utilize information media such as Radio Frequency Identification (RFID) and Near Field Communication (NFC) devices, as new methods for providing information management solutions.

Taking into account the recent revision of radio regulations, we believe that usage of RFID will begin to spread rapidly and that new markets for these devices will emerge. We expect that these devices will create a boom in 2012 or 2013. Accordingly, we are aggressively developing cost-competitive information media production technologies while reinforcing our systems for providing high-value-added solutions.

NFC devices have just recently started making waves in the Japanese market. However, we were quick to realize their potential and have already constructed the strongest NFC technological platform in the country. Currently, we have tied up with Hewlett-Packard Development Company and are conducting a joint-development project to create a cloud computing-based account management solution service. We aim to finish development of this service as soon as possible and consequently establish new revenue platforms.

Further, we aim to develop new industrial materials and solutions to respond to the demand for ways to reduce environmental impact and costs. In this pursuit, we are taking advantage of Toppan Forms' proprietary technologies such as printed electronics and temperature management systems.

Other efforts in this area include initiatives to increase our capacity for overseas expansion and develop foundations to support this expansion. In particular, we aim to strengthen our systems for providing rapidly expanding Asian markets with our highly competitive business forms, DPS services, and electronic media-related products and services. Additionally, we encourage producing products in the optimal location. For these reasons, we moved our International Business Division from Tokyo to Hong Kong, thus strengthening our business expansion capabilities. Regardless of the differing characteristics of markets in different countries in this region, they all share the common trend of increased concern for protecting personal information, a major responsibility that companies must fulfill toward society. Therefore, we intend to utilize Toppan Forms' superior information management technologies in these markets.

MechaCool is a highly functional coolant developed using Toppan Forms' proprietary technologies. It can be used in place of dry ice, enabling for higher levels of temperature management while reducing CO_2 emissions. Moreover, *MechaCool* can be used for a wide variety of purposes, such as transporting food or pharmaceuticals. Further, combining *MechaCool* with at transmitter helps increase the ability to monitor temperatures during transportation while offering greater traceability.

Q. What are Toppan Forms' strengths with regard to the business reform currently in progress, and how do you intend to utilize these strengths?

A. **The superiority born out of our strong relationships with customers and our variable printing technologies is unmatched.**

One of our strengths is the strong relationship we have with our customers, established through our business forms and DPS businesses. Another would be our expertise in our customers' business processes. For example, in regard to the previously mentioned BPO services, it is difficult for a company that previously only performed upstream and downstream processes to enter into the midstream DPS field. In the DPS field, an area where the customer's valuable information database must be securely handled, no other company can match Toppan Forms in terms of its security systems and data handling technologies.

In the fields of digital printing and variable printing, both the printing of materials in small lots and printing of materials with different information on each individual form must be facilitated. Our facilities, technologies, and expertise related to these fields are No.1 in Japan. This is Toppan Forms' core competency, which must never lose out to another company. These strengths allow us to develop custom-tailored printed materials to transmit individual messages to each individual recipient according to their needs.

The fact that we are increasingly being entrusted with upstream and downstream processes for our DPS services by financial institutions serves as an example of the successes these strengths have brought us to date.

Q. The business strategies you have mentioned earlier include measures to strengthen management foundations. Could you explain this in more detail?

A. **We are reorganizing our production sites in order to get our growth strategies on the right track.**

Of course, increasing profitability is essential in advancing our growth strategies. We are currently selecting and consolidating products to be produced based on changes in the market, working to reduce the cost of sales and personnel expenses, rationalizing our distribution network, and strengthening employee education and corporate governance systems. However, the main area that we are currently focusing on is the reorganization of our production sites.

The Takiyama Factory, which was completed in October 2010, will serve as our flagship factory for the innovation of our production technologies. At the same time, the factory will be the focal point of the consolidation of our production sites. Going forward, we will consolidate our other productions sites by region and work to optimize all elements of our production systems.

Q. While advancing the initiatives you have discussed thus far, as President, what is your vision for the future of Toppan Forms?

A. **I believe that we must fulfill our responsibility to society and maintain the trust of our stakeholders while also continuing to grow into the future.**

In order for a company to achieve sustainable growth, fulfilling its social responsibility and maintaining the trust of all of its stakeholders must come before earning a profit. Toppan Forms places particular importance on information security and quality assurance. We are also implementing initiatives to minimize the effects of our business operations on the environment. The Takiyama Plant is one example of these initiatives. It was designed to thoroughly reduce energy consumption and maintain harmony with the surrounding environment.

Previously, our operations focused primarily on our customers. Now, however, we work for the benefit of all of society. In other words, we now focus on each individual recipient of the information we help communicate with and what we can do for their benefit. Our employment of universal design concepts and our development of custom-tailored notifications using variable printing technologies are examples of this. We are currently developing solutions that utilize advanced technologies such as RFID and NFC technologies. In the medium- to long-term, we hope to use these solutions to contribute to the increased traceability of items in the retail and distribution industries as well as to the development of order-made medical equipment and remote medicine.

Through these efforts, we will solidify our presence in the industry and grow to a scale befitting the industry's leading company.

Solar panels on the roof of the factory power the lighting of the administrative offices.

Grass is grown in two places on the roof of the factory, which is watered with rainwater.

Q. In closing, do you have anything you would like to say to Toppan Forms' shareholders?

A. **We will accelerate our efforts to reform our business model.**

I regret that we were unable to live up to the expectations of our shareholders in the fiscal year under review. As I mentioned previously, we are currently reforming our business model and strengthening our revenue platforms with the goal of creating new corporate value. We currently need to conduct strategic investments related to R&D and the development of new businesses. For these reasons, I hope you will understand the present need to secure sound internal reserves. However, I also would like to ask our shareholders to continue to support our business reform into the medium- to long-term, consequently I intend to continue offering stable shareholder returns.

In closing, I would like to thank all of our shareholders for their support, and ask for your continued support of Toppan Forms into the future.

June 2011

Shu Sakurai
President and CEO

In Focus: The New TF Taking Form

Toppan Forms is reforming its business model to target renewed growth. This entails not only advancing growth strategies and strengthening the management base, but also implementing initiatives to change the mindsets of the people who make up Toppan Forms. Accordingly, the management team is working to ensure that this new business challenge ends in success.

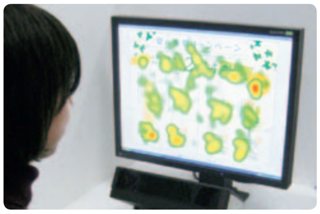
BPO/UD

KENICHI FUKUSHIMA
Director

After joining Toppan Forms in 1979, Kenichi Fukushima promoted the use of sales initiatives that resolve the issues faced by customers and developed innovations in the business forms, DPS, and DOD fields. In 2009, he became a director of the Company and the Deputy Executive General Manager of the General Sales Division.

Establishing a unique presence as a company that offers solutions to maximize effectiveness and efficiency

Toppan Forms' universal design initiatives are backed by its expertise in business processes centered on data management and notifications. For this reason, our universal design goes beyond simply creating designs that are easily understood to creating designs that improve efficiency throughout all aspects of the notification process. Accordingly, we have come to refer to this as "universal communications design (UCD)." In recent years, we have begun further developing the sophistication and uniqueness of our UCD efforts by evaluating the effectiveness of the items we have produced through the use of installed eye trackers and by receiving certifications from external organizations. Ensuring that information is transmitted properly to each individual recipient and offering services that bolster the effectiveness and efficiency of overall communication are key characteristics of the BPO services of Toppan Forms.



Effectiveness evaluation of a product flier using eye trackers

NFC

JIRO KUROBANE
Director

After joining the Company in 1978, Jiro Kurobane developed a comprehensive information solutions business combining marketing, digital media, and business process outsourcing. In 2008, he was appointed as a director of the Company, and then in 2011, he became the General Manager of the IT Solutions Division.

Leveraging overall strengths to establish an early lead in growth markets

The Near Field Communication (NFC) market is a new market in which international standards are currently being established, with the likelihood that various new devices and services will likely begin appearing rapidly in the near future. Regardless of how new the market is, however, Toppan Forms has already begun the full-fledged expansion of its business in this field. The Company has currently received orders for 25,000 units of the module used in Levono's ThinkPad laptops and already shipped 150,000 card reader/writers. Leveraging its strength of being able to comprehensively conduct module design and manufacturing while also having a hand in services and software, Toppan Forms intends to be a forerunner in spreading new communication methods in fields such as accounts payment, identification technology, healthcare, and marketing.

CHINA

NOBUHIKO KOYAMA
Director

After joining the Company in 1974, Nobuhiko Koyama designed forms for the financial industry as a member of the sales department. In 2008, he became President of Toppan Forms (Hong Kong) Ltd., and advanced our overseas operations. In 2010, he became a director of the Company and the General Manager of the International Business Division.

Aiming to develop a unique business rooted in local markets

Based out of the International Business Division, which has been transferred to Hong Kong, we will accelerate our advancement into the Chinese market, a market that still shows great potential for capturing latent demand. At the same time, we will build a network in the previously unexplored Southeast Asian market, centered on Toppan Forms (S) Pte. Ltd. Through these efforts, we will further solidify the foundation on which we will continue to grow into the future. In order to further spread the use of our solutions and achieve sustainable growth, it is an absolute imperative that we become "insiders" within these markets by establishing firm roots. Therefore, while leveraging the technologies and expertise we have cultivated through our operations in the Japanese market, we are currently devoting efforts to developing local human resources that reflect the characteristics of each local market within which we operate.

Operating bases in Asia

PRODUCTION

AKIRA KAMEYAMA
Director

After joining Toppan Forms in 1978, Akira Kameyama worked to advance the development of manufacturing technologies, holding several important offices including being the General Manager at many major manufacturing sites. In 2008, he became a director of the Company and the General Manager of the General Production Division.

Commencing operation of our flagship factory for the development of sustainable, renewed growth

For a number of reasons, the Takiyama Factory is a prime symbol of the business reform Toppan Forms is conducting. As the core factory for variable printing products, it is our flagship factory for the advancement of our BPO business, and therefore a key element of our growth strategies. Additionally, at this factory we have developed an incredibly sophisticated security system that combines several entry management functions, such as ID cards, biometric recognition, and face recognition. All components of this system are constructed in-house through an integrated production system. Also, as the starting point for the Companywide reorganization of manufacturing systems, the Takiyama Factory will form a new foundation for increasing profitability. Utilizing Toppan Forms world-leading digital printing capabilities, we will produce new innovations in regards to quality, speed, and efficiency.

Takiyama Factory

Corporate Governance

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

Corporate Governance Systems

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

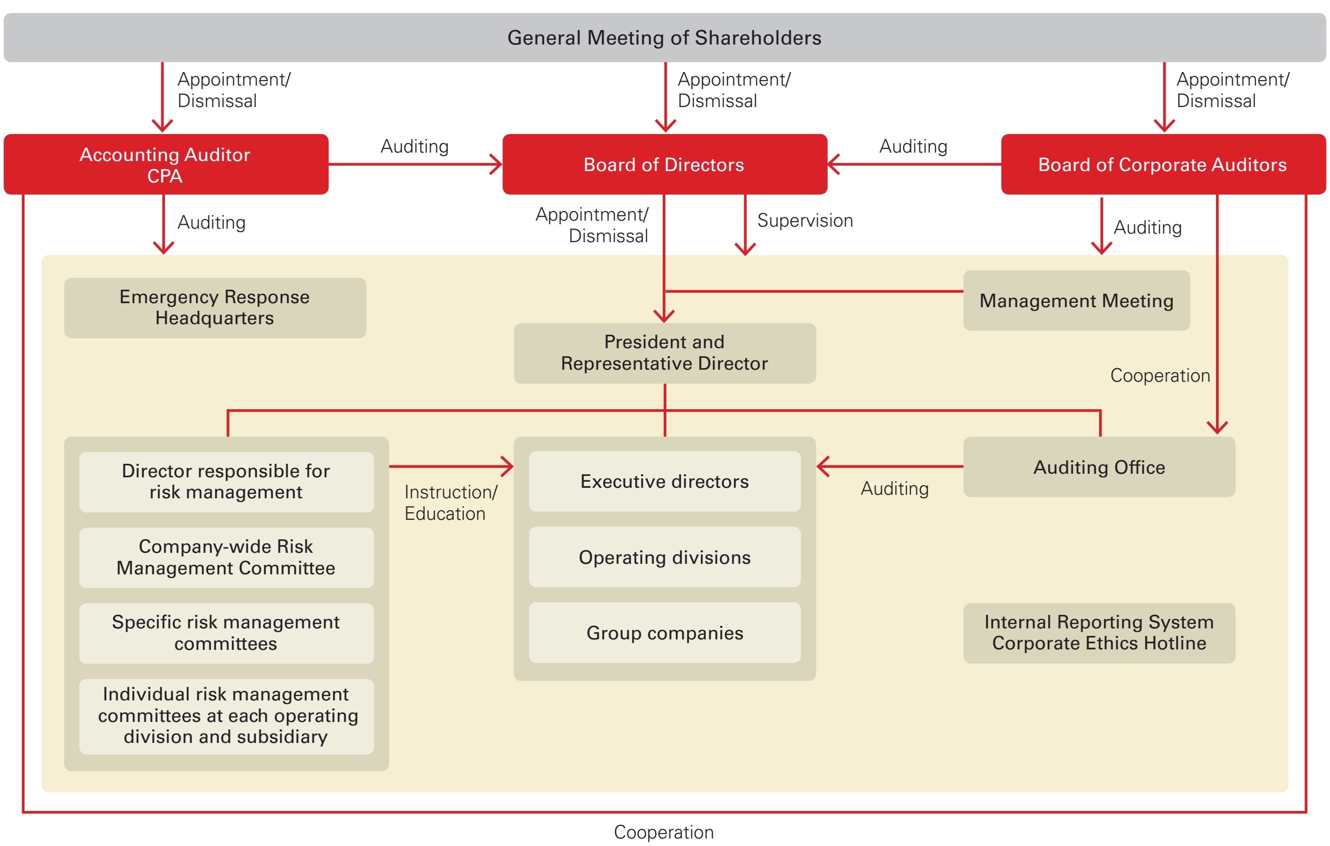
The Board of Directors consists of 15 directors and meets regularly on a monthly basis. The Board of Directors makes important decisions relating to the Group's operations and also supervises administrative execution.

The Management Meeting consists of directors selected by the President. It works to improve managerial efficiency and promote effective management decision making by evaluating important management issues before they are presented to the Board of Directors.

Compliance

In order to better incorporate compliance and corporate ethics into our business operations, the Company has developed the "Toppan Forms Group Company-wide

Corporate Governance System



Action Guidelines," and is working to disseminate knowledge and implementation of these guidelines throughout the Company.

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

Risk Management

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

Further, the Company has developed a Business Continuity Management System (BCMS) in order to ensure that it can quickly resume and continue operations in the event that a major disaster occurs. In 2009, we developed a business continuity plan (BCP). Later, in 2010, we became certified under BS25999-2, an international standard for BCMSs. We were the first company in the industry to acquire such a certification.

Information Security

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

The Company has established the "Information Security Policy" and the "Personal Information Policy." Moreover, we have developed the "Information Security Guideline" with the aim of reconciling the differing levels of information security awareness between different Group companies and operating divisions, and subsequently developing a uniform information security level throughout the Group. Through these efforts, we are developing information security systems that are best suited to Toppan Forms, the industry's leading company. We are also actively acquiring certifications from external organizations. Currently, three Group companies have received ISO27001 certification, while 11 Group companies have received PrivacyMark certification.

Board of Directors and Corporate Auditors

As of June 29, 2011

President and CEO
Shu Sakurai

Vice Presidents
Kenji Nitta

Senior Managing Director
Eiji Katoh
Toshiro Masuda
Kenji Tamada

Managing Directors
Shungo Hiromura
Shuji Sekioka

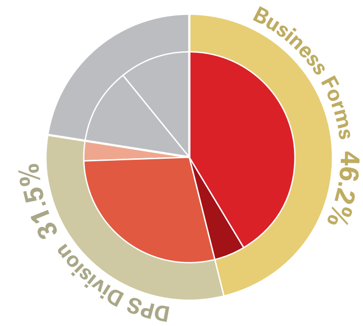
Directors
Naoki Adachi
Takashi Nishishimura
Akira Kameyama
Jiro Kurobane
Kenichi Fukushima
Nobuhiko Koyama
Yuji Miyashita
Hideyuki Ikeuchi

Auditor
Kenji Osanai
(full-time)

Outside Auditors
Akihiro Nagata
(full-time)
Noriaki Kinoshita
Kunio Sakuma
Yukio Maeda

Review of Operations Printing Business Segment

The Printing Business segment consists of Toppan Forms' industry leading Business Forms Division and Data Print Services (DPS) Division, both of which hold the top share in their respective market, and represents the Company's main revenue base. It is also the Company's core business, having formed the technological base that has supported the Company's development up until the present. In fiscal 2011, the Printing Business segment accounted for 77.7% of consolidated net sales.



- Business Forms 41.6%
- Digital Media 4.6%
- Data Print Services 28.5%
- Digital Print on Demand 3.0%

PRODUCTS/SERVICES

Business Forms Division

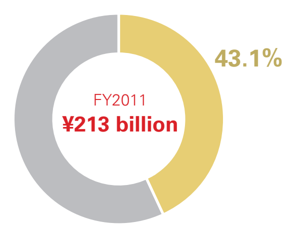
The Business Forms Division is classified into two major product categories—Business Forms, which uses paper media, and Digital Media, which centers on electronic documents, such as e-mail and web services, and IC and RFID related products.

Main Products/Services

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

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

MARKET SCALE/ TOPPAN FORMS' SHARE



Business Forms

Data Print Services (DPS) Division

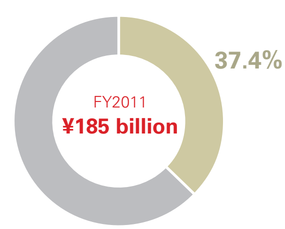
The DPS Division is an outsourcing business comprising the processing and printing of customer data, as well as envelope insertion and dispatching. We have since expanded the business from its core DPS services to offer Business Process Outsourcing (BPO), thereby enabling us to comprehensively respond to outsourcing needs, which are growing ever more diverse and complex.

Main Products/Services

Data Print Services (DPS)
- Business mail for notifications
- Direct mail for sales promotions
- Business Process Outsourcing (BPO)

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

MARKET SCALE/ TOPPAN FORMS' SHARE

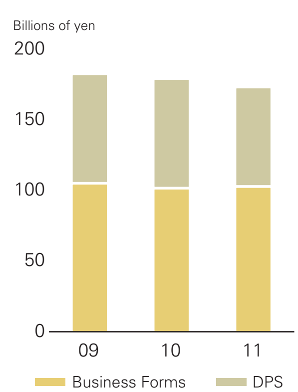


DPS

Performance in fiscal 2011

In the fiscal year under review, sales in the Printing Business segment fell 3.3%, to ¥174.2 billion. The Business Forms Division was affect by reduced demand for business forms due to increased digitalization and cost curtailment as well as limited investment in IT systems among corporations. Consequently, sales of digital media products fell below last year's levels. However, we implemented several initiatives to capture future demand, many of which realized results that will likely lead to higher sales in the future. Sales in the DPS Division were down due to such factors as the digitalization and simplification of notifications, increased price competition, and decreased usage of direct mail for sales promotion.

NET SALES



Initiatives in fiscal 2011

Business Forms Division

In the fiscal year under review, the Company promoted the use of business forms based on the concepts and methodology of universal design, while working to invigorate the market and capture new demand. The use of universal design helps make information easier for readers to read and understand. At the same time, it also helps ensure that information is transmitted effectively, thus reducing processing errors and the number of inquiries from readers. This contributes to lower costs for our customers. In this manner, universal design can be seen as an information solution featuring a very high added value component.

Also, in the fiscal year under review, we proposed an improved version of the application form for child allowances that are part of the Japanese government's fiscal policy, which became available starting June 2010. The design of the sample we provided was highly evaluated for the appropriateness of the volume of its content and of the expressions used, as well as for the fact that it was very easy to fill out. Due to this high evaluation, it was the first form to be certified for Universal Communication Design (UCD) by the Universal Communication Design Association (UCDA).

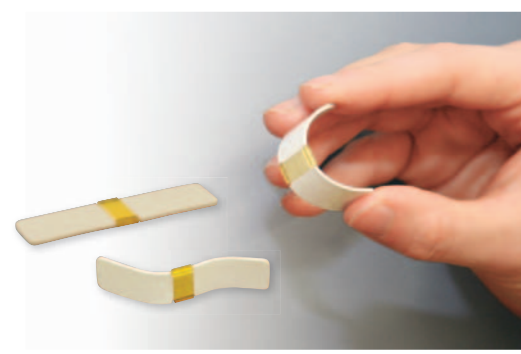
Further, by implementing measures geared toward companies that had expanded overseas or conducted business reorganizations, we were able to successfully capture demand for business forms, including those needing to be revised, and peripheral printed products, regardless of the overall downward trend in demand. In regard to information media products, such as RFID and NFC, we leveraged our ability to develop unique media utilizing printing technologies in order to construct a business model based on offering comprehensive solutions that include both software and service considerations.

Data Print Services Division

Utilizing our foundation technology of variable printing coupled with our information management expertise, we expanded the previous range of our DPS business lineup to include offering BPO services. We aim to provide more-sophisticated services in this sphere by offering comprehensive outsourcing services throughout the business process. This includes consulting from the early stages of notification production, regarding such elements as marketing design and communication design, as well as offering after-sales services, such as undelivered mail processing and call center support.

In October 2010, we completed construction of a new factory, which will serve as our main base for the promotion of BPO services. Taking advantage of this new facility, we are aiming to improve the management efficiency by consolidating production and distribution bases. Additionally, in the fiscal year under review, we aggressively marketed cross-media solutions, which effectively combine both paper and digital media, to financial institutions and other organizations.

Universal design
Child allowance application form, the first form to receive UCD certification

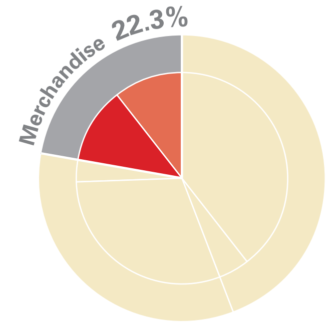


UHF IC tag
Highly durable, ultra-thin UHF IC tag perfect for managing linen supply, the first tag to be compatible with press-dry process

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

Review of Operations Merchandise Segment

One of the major businesses in the Merchandise segment is the *O-tascarry* business in which we sell OA and PC related products as well as office supplies and paper products. In this segment, we also develop, manufacture, and sell forms processors, which can process forms in various formats according to needs, and other office equipment meant to help rationalize the business processes of customers. In these ways, we are creating synergies with the Printing Business, which is closely related to these customer business processes.



- Office Supplies 11.9%
- Equipment and Services 10.4%

PRODUCTS/SERVICES

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

Main Products/Services

Office Supplies
- IT-related equipment supplies
- Paper products

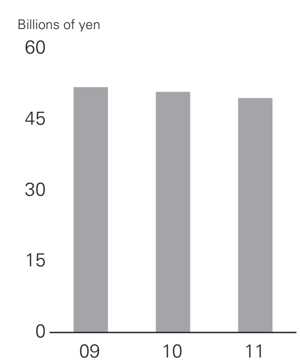
Equipment and Services
- Forms processors
- System machines

PressleSONIA sealer with detacher function

Performance in fiscal 2011

In the fiscal year under review, sales in the Merchandise segment fell 2.6%, to ¥50.1 billion. In office supplies, despite efforts to bolster sales of environment-friendly office supply products and promote usage of the *O-tascarry* ordering system, the impact of falling sales prices and limited spending in the fourth quarter resulted in an overall decline in sales. In equipment and services, sales were significantly affected by the trend of companies outsourcing their accounting and other paperwork processes, as this resulted in a decrease in the number of companies that performed such tasks in-house, as well as by the curtailment of capital investment.

NET SALES



Initiatives in fiscal 2011

We worked on improving the added value and cost competitiveness characteristics of services such as the *O-tascarry* ordering system, which is a resource that allows office supplies and printed materials, including business forms and original sales promotion tools, to be ordered and their stock levels to be managed through a single source. In these efforts, we place a particular focus on corporate customers aiming to reduce costs and improve the efficiency of business processes. Specifically, we promoted sales of environment-friendly products in compliance with the Law Concerning the Promotion of Procurement of Eco-friendly Goods and Services by the State and Other Entities, while actively proposing use of our comprehensive procurement system that allows for the confirmation of orders received and the management of accounts to be conducted completely online.

***O-tascarry* ordering system** (Online version)
An office supply service that enables online ordering of many products, including customized business forms

Consolidated Six-Year Financial Summary

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Years ended March 31	2006	2007	2008	2009	2010	2011	2011
	Millions of yen						Thousands of U.S. dollars*1
For the year:							
Net sales	¥212,327	¥219,197	¥228,565	¥235,895	¥231,617	¥224,305	$2,697,601
Operating income	15,717	16,088	15,178	15,687	12,997	10,308	123,972
Income before income taxes and minority interests	16,241	16,747	15,007	15,069	12,898	9,482	114,032
Net income	9,392	9,684	8,752	8,791	7,512	5,030	60,493
Depreciation and amortization	4,835	5,013	6,369	8,561	8,904	8,512	102,373
Capital expenditure	5,851	10,173	9,828	9,619	10,275	11,261	135,432
R&D expenditure	2,174	2,242	2,556	2,697	2,258	2,413	29,019
At year-end:							
Total assets	¥182,705	¥186,902	¥185,237	¥185,636	¥187,094	¥186,576	$2,243,858
Total shareholders' equity	118,432	125,285	127,888	133,894	138,631	140,886	1,694,358
Number of shares outstanding (thousands)	113,925	113,983	110,997	110,997	110,997	110,997	
Number of employees	6,224	6,483	6,641	7,357	7,529	7,598	
Cash flows:							
Net cash provided by operating activities	¥13,319	¥10,625	¥13,524	¥15,685	¥14,520	¥17,427	$209,584
Net cash used in investing activities	(5,458)	(8,247)	(11,948)	(10,110)	(9,783)	(12,504)	(150,386)
Net cash used in financing activities	(4,074)	(2,805)	(6,420)	(3,488)	(3,768)	(3,575)	(42,992)
Cash and cash equivalents at end of year	35,206	34,791	29,929	31,888	32,859	34,120	410,359

	Yen						U.S. dollars*1
Per share data*2:							
Net income:							
Basic	¥ 81.42	¥ 84.98	¥ 77.24	¥ 79.20	¥ 67.68	¥ 45.32	$ 0.55
Diluted	81.39	84.94	–	–	–	–	–
Cash dividends	24.00	25.00	25.00	25.00	25.00	25.00	0.30
Shareholders' equity	1,082.39	1,129.46	1,162.99	1,199.04	1,245.62	1,263.23	15.19

	Percent					
Ratios:						
Equity ratio	67.6%	68.9%	69.7%	71.7%	73.9%	75.2%
Return on net sales	4.4	4.4	3.8	3.7	3.2	2.2
Return on assets	5.1	5.2	4.7	4.7	4.0	2.7
Return on shareholders' equity	7.9	7.7	6.8	6.7	5.5	3.6

*1 U.S. dollar amounts have been converted from yen, for convenience only, at the rate of ¥83.15 = U.S.$1, as at March 31, 2011.

*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 2011, ended March 31, 2011, the market environment for the business forms industry grew increasingly harsh. The market faced the continuing advancement of IT technologies and reduced demand following the trend of companies focusing on limiting expenses. At the same time, the unit price of orders fell due to revised product specifications and prices.

Under these conditions, the Toppan Forms Group worked to strengthen its management foundations throughout all aspects of its business. This entailed focusing on the provision of comprehensive information solutions that help customers re-engineer their workflow processes. Additionally, the Group is reorganizing its manufacturing and distribution systems in response to changes in the market environment.

Income and Expenses

In fiscal 2011, consolidated net sales declined 3.2% year on year, to ¥224.3 billion ($2,698 million).

Sales in the Printing Business segment decreased 3.3%, to ¥174.2 billion ($2,095 million).

Looking at product categories within the Printing Business segment, the Business Forms Division saw sluggish demand for both business forms and digital media. However, it was able to increase the added value provided by its products through the application of universal design concepts. Also, our efforts geared toward better capturing demand from corporations that had conducted overseas expansion or business reorganization were highly successful. Accordingly, sales in the Business Forms Division increased 1.1%, to ¥103.7 billion ($1,247 million). Meanwhile, sales in the Data Print Services (DPS) Division fell 9.1%, to ¥70.6 million ($849 million). This was largely due to the ongoing trends of digitalizing and simplifying notifications, increased competition, and a decline in sales promotion-related direct mail.

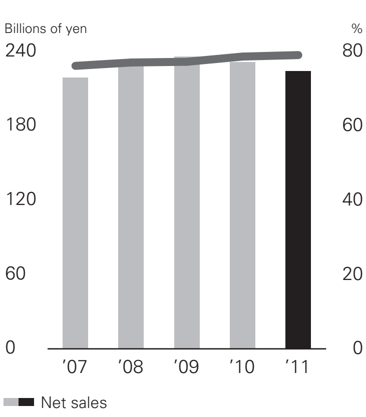
In the Merchandise segment, in office supplies, despite efforts to bolster sales of environment-friendly office supply products and promote usage of the *O-tascarry* ordering system, the impact of a falling sales price and limited spending seen in the fourth quarter resulted in an overall decline in sales. In equipment and services, sales were significantly affected by the trend of companies outsourcing their accounting and other paperwork processes, as this resulted in a decrease in the number of companies that performed such tasks in-house, as well as by the curtailment of capital investment. As a result of these factors, sales in the Merchandise segment declined 2.6%, to ¥50.1 billion ($602 million).

Cost of sales declined 2.7% year on year, to ¥177.4 billion ($2,133 million). This result reflected general measures targeting improved efficiency and rationalization across the business. The cost of sales ratio was relatively unchanged from the previous fiscal year at 79.1%. As a result, gross profit decreased 4.8%, to ¥46.9 billion ($565 million).

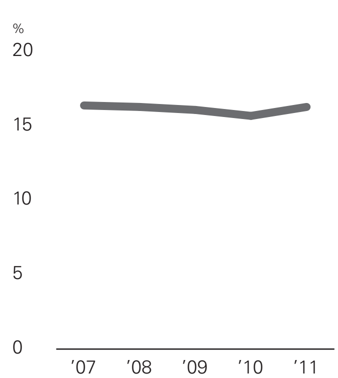
Selling, general and administrative (SG&A) expenses rose 0.9%, to ¥36.6 billion ($441 million). The SG&A ratio was nearly the same as the previous fiscal year at 16.3%. The rise in SG&A expenses resulted in a 20.7% year-on-year decline in operating income, to ¥10.3 billion ($124 million). Consequently, the operating margin fell 1.0 percentage point, to 4.6%.

Other income and expenses was a negative ¥0.8 billion ($10 million), compared with a negative ¥0.1 billion in fiscal 2010. As a result, income before income taxes for fiscal 2011 fell 26.5%, to ¥9.5 billion ($114 million), and net income was down 33.0%, to ¥5.0 billion ($60 million).

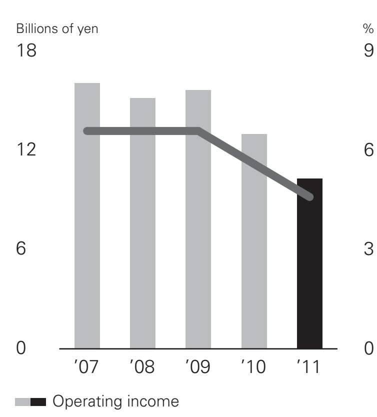
NET SALES AND COST OF SALES RATIO



SG&A RATIO



OPERATING INCOME AND OPERATING INCOME MARGIN



Net income per share was ¥45.32 ($0.55), lower than the ¥67.68 recorded in the previous fiscal year. Both return on shareholders' equity (ROE) and return on assets (ROA) declined: ROE fell from 5.5% in the previous fiscal year to 3.6%, and ROA declined from 4.0% to 2.7%.

Dividend Policy

Toppan Forms encourages the medium- and long-term holding of Company stock by striving to maintain a consistent level of dividends while also taking into account operating performance and the dividend payout ratio. In fiscal 2011, the combined total of the interim and year-end dividends was ¥25.00 per share, while the consolidated dividend payout ratio was 55.2%.

Depreciation and Amortization/Capital Expenditure

Capital expenditure, primarily directed toward the expansion of production facilities, increased ¥1.0 billion, to ¥11.3 billion ($136 million). Depreciation and amortization was ¥8.5 billion ($102 million), down ¥0.4 billion year on year.

Financial Position

At fiscal 2011 year-end, total current assets stood at ¥91.3 billion ($1,098 million), a decrease of ¥2.5 billion compared with the previous fiscal year-end. Total current liabilities declined ¥2.4 billion, to ¥41.9 billion ($504 million). As a result, working capital remained essentially unchanged at ¥49.4 billion ($594 million), while the current ratio rose 6.2 percentage points, to 217.8%.

Total net assets at the end of fiscal 2011 stood at ¥140.7 billion ($1,693 million), an increase of ¥2.0 billion compared with the previous fiscal year-end. This rise was mainly attributable to an increase in retained earnings. Total assets amounted to ¥186.6 billion ($2,244 million) at the end of the fiscal year, a ¥0.5 billion decrease compared with the close of fiscal 2010. Consequently, the equity ratio increased from 73.9% at the end of the previous fiscal year to 75.2%.

Cash Flows

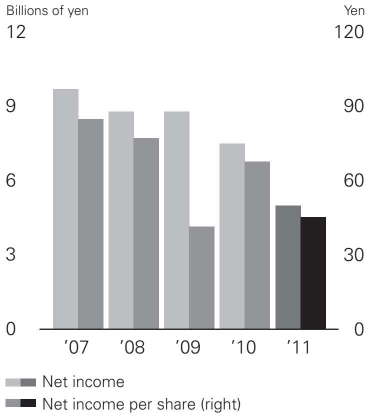
Net cash provided by operating activities during fiscal 2011 totaled ¥17.4 billion ($210 million), compared with ¥14.5 billion in the previous year. Major items within this figure included income before income taxes and minority interests of ¥9.5 billion ($114 million), adjustments for depreciation and amortization of ¥8.5 billion ($102 million), decrease in inventories of ¥1.3 billion ($15 million), decrease in notes and account receivable–trade of ¥2.6 billion ($31 million), and outflows for purposes such as paying income taxes totaling ¥5.4 billion ($64 million).

Net cash used in investing activities amounted to ¥12.5 billion ($150 million), compared with ¥9.8 billion in the previous year. This was primarily the result of outflows used to purchase property, plant and equipment totaling ¥12.9 billion ($155 million).

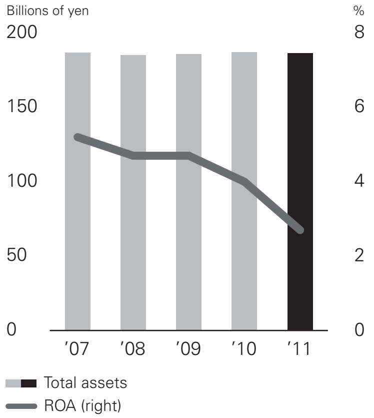
Net cash used in financing activities totaled ¥3.6 billion ($43 million), compared with ¥3.8 billion in the previous year. The largest items were cash dividends paid amounting to ¥2.8 billion ($33 million) and repayments of long-term loans payable of ¥0.7 billion ($9 million).

Cash and cash equivalents at the end of the fiscal year totaled ¥34.1 billion ($410 million), a ¥1.3 billion increase compared with the previous fiscal year-end.

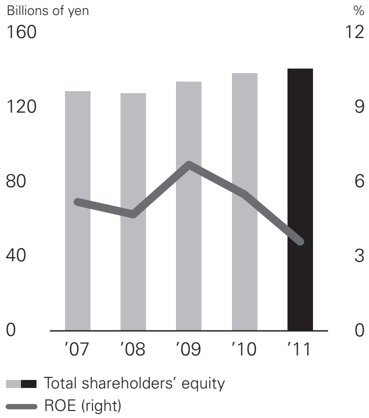
NET INCOME AND NET INCOME PER SHARE



TOTAL ASSETS AND ROA



TOTAL SHAREHOLDERS' EQUITY AND ROE



Consolidated Balance Sheets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

March 31	Millions of yen 2010	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2011
Assets:			
Current assets -			
Cash and deposits (Notes 4 and 8)	¥ 30,666	¥ 31,698	$ 381,220
Notes and accounts receivable–trade (Note 18)	43,113	40,323	484,940
Short-term investment securities (Notes 9 and 11)	2,429	2,431	29,239
Merchandise and finished goods	9,360	8,141	97,912
Work in process	1,132	971	11,682
Raw materials and supplies	2,221	2,214	26,621
Prepaid expenses	1,202	1,266	15,227
Deferred tax assets (Note 15)	2,140	2,061	24,785
Other current assets	1,884	2,539	30,541
Allowance for doubtful accounts	(200)	(335)	(4,034)
Total current assets	93,947	91,309	1,098,133
Noncurrent assets -			
Property, plant and equipment:			
Buildings and structures (Note 4)	48,115	57,098	686,684
Accumulated depreciation	(24,249)	(26,066)	(313,478)
Buildings and structures, net	23,866	31,032	373,206
Machinery, equipment and vehicles	72,357	73,161	879,864
Accumulated depreciation	(56,924)	(59,365)	(713,951)
Machinery, equipment and vehicles, net	15,433	13,796	165,913
Tools, furniture and fixtures	11,069	10,663	128,241
Accumulated depreciation	(9,337)	(8,584)	(103,236)
Tools, furniture and fixtures, net	1,732	2,079	25,005
Land (Note 4)	21,643	23,040	277,091
Lease assets	312	314	3,774
Accumulated depreciation	(178)	(239)	(2,877)
Lease assets, net	134	75	897
Construction in progress	4,754	119	1,426
Total property, plant and equipment	67,562	70,141	843,538
Intangible assets:			
Other	3,107	3,246	39,044
Total intangible assets	3,107	3,246	39,044
Investments and other assets:			
Investment securities (Notes 4 and 11)	13,623	13,259	159,457
Long-term loans receivable	150	96	1,156
Long-term prepaid expenses	64	278	3,340
Lease and guarantee deposits	2,358	2,213	26,620
Insurance funds	3,022	2,735	32,887
Deferred tax assets (Note 15)	2,758	2,773	33,350
Other assets	687	745	8,961
Allowance for doubtful accounts	(184)	(219)	(2,628)
Total investments and other assets	22,478	21,880	263,143
Total noncurrent assets	93,147	95,267	1,145,725
Total assets	¥187,094	¥186,576	$2,243,858

The accompanying notes are an integral part of these statements.

March 31	Millions of yen 2010	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2011
Liabilities:			
Current liabilities -			
Notes and accounts payable–trade	¥ 25,733	¥ 26,096	$ 313,847
Short-term loans payable (Notes 4 and 21)	368	355	4,266
Current portion of long-term loans payable (Notes 4 and 21)	700	181	2,179
Current portion of bonds (Notes 4 and 20)	–	200	2,405
Lease obligations (Note 21)	43	38	454
Accrued expenses	3,849	3,503	42,127
Income taxes payable (Note 15)	2,215	1,730	20,810
Accrued consumption taxes	416	406	4,886
Provision for bonuses	4,058	4,034	48,515
Provision for directors' bonuses	69	56	669
Asset retirement obligations (Note 16)	–	28	343
Notes payable–facilities	2,611	1,741	20,939
Other current liabilities	4,341	3,547	42,654
Total current liabilities	44,403	41,915	504,094
Noncurrent liabilities -			
Bonds payable (Notes 4 and 20)	200	–	–
Long-term loans payable (Notes 4 and 21)	279	51	619
Lease obligations (Note 21)	68	61	730
Deferred tax liabilities (Note 15)	132	129	1,549
Provision for retirement benefits (Note 13)	2,890	2,804	33,717
Provision for directors' retirement benefits	330	158	1,902
Asset retirement obligations (Note 16)	–	710	8,541
Other noncurrent liabilities	11	15	181
Total noncurrent liabilities	3,910	3,928	47,239
Total liabilities	48,313	45,843	551,333
Net assets:			
Shareholders' equity -			
Capital stock			
Authorized: 400,000,000 shares			
Issued: 115,000,000 shares	11,750	11,750	141,311
Capital surplus	9,270	9,270	111,485
Retained earnings	122,527	124,782	1,500,689
Treasury stock (Note 7)			
(2010: 4,003,354 shares, 2011: 4,003,354 shares)	(4,916)	(4,916)	(59,127)
Total shareholders' equity	138,631	140,886	1,694,358
Accumulated other comprehensive income -			
Valuation difference on available-for-sale securities	200	63	760
Foreign currency translation adjustment	(571)	(735)	(8,840)
Total accumulated other comprehensive income	(371)	(672)	(8,080)
Subscription rights to shares -	58	47	568
Minority interests -	463	472	5,679
Total net assets	138,781	140,733	1,692,525
Total liabilities and net assets	¥187,094	¥186,576	$2,243,858

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Year ended March 31	2010	2011	2011
Net sales (Note 17)	¥231,617	¥224,305	$2,697,601
Cost of sales	182,295	177,361	2,133,023
Gross profit	49,322	46,944	564,578
Selling, general and administrative expenses (Note 5)	36,325	36,636	440,606
Operating income	12,997	10,308	123,972
Non-operating income:			
Interest income	95	114	1,370
Dividends income	253	210	2,528
Insurance return	180	30	361
Equity in earnings of affiliates	78	45	544
Technical support fee	314	253	3,045
Other	439	409	4,921
	1,359	1,061	12,769
Non-operating expenses:			
Interest expenses	41	22	265
Foreign exchange losses	19	153	1,834
Loss on insurance cancellation	22	45	543
Provision of allowance for doubtful accounts	48	50	600
Environmental conservation costs	–	36	438
Other	26	51	615
	156	357	4,295
Ordinary income	14,200	11,012	132,446
Extraordinary income:			
Gain on sales of noncurrent assets (Note 5)	318	96	1,150
Gain on sales of investment securities	1	33	397
Gain on reversal of subscription rights to shares	23	11	128
Gain on allotment of stock	–	199	2,393
Gain on settlement of asset retirement obligations	–	165	1,988
Other	–	7	80
	342	511	6,136
Extraordinary loss:			
Loss on sales of noncurrent assets (Note 5)	0	2	28
Loss on retirement of noncurrent assets (Note 5)	365	256	3,075
Loss on valuation of investment securities	484	664	7,987
Impairment loss (Note 5)	558	–	–
Loss on liquidation of business	142	–	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	715	8,604
Transfer cost for integration of the factory	–	218	2,616
Other	95	186	2,240
	1,644	2,041	24,550
Income before income taxes and minority interests	12,898	9,482	114,032
Income taxes (Note 15):			
– Current	5,800	4,280	51,474
– Deferred	(431)	148	1,782
	5,369	4,428	53,256
Income before minority interests	–	5,054	60,776
Minority interests in income (loss)	17	24	283
Net income	¥ 7,512	¥ 5,030	$ 60,493

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

Year ended March 31	Millions of yen 2010	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2011
Income before minority interests	¥ –	¥5,054	$60,776
Other comprehensive income (Note 6)			
Valuation difference on available-for-sale securities	–	(143)	(1,720)
Foreign currency translation adjustment	–	(122)	(1,466)
Share of other comprehensive income of associates accounted for using equity method	–	(42)	(505)
Total other comprehensive income	–	(307)	(3,691)
Comprehensive income (Note 6)	–	4,747	57,085
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	–	4,729	56,876
Comprehensive income attributable to minority interests	–	18	209

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Year ended March 31	2010	2011	2011
Statements of changes in net assets			
Shareholders' equity:			
Capital stock -			
Balance at the end of previous period	¥ 11,750	¥ 11,750	$ 141,311
Changes of items during the period			
Total changes of items during the period	–	–	–
Balance at the end of current period	11,750	11,750	141,311
Capital surplus -			
Legal capital surplus			
Balance at the end of previous period	9,270	9,270	111,485
Changes of items during the period			
Total changes of items during the period	–	–	–
Balance at the end of current period	9,270	9,270	111,485
Retained earnings -			
Balance at the end of previous period	117,790	122,527	1,473,569
Effect of changes in accounting policies applied to foreign subsidiaries	–	–	–
Changes of items during the period			
Dividends from surplus	(2,775)	(2,775)	(33,373)
Net income	7,512	5,030	60,493
Total changes of items during the period	4,737	2,255	27,120
Balance at the end of current period	122,527	124,782	1,500,689
Treasury stock -			
Balance at the end of previous period	(4,916)	(4,916)	(59,127)
Changes of items during the period			
Purchase of treasury stock	(0)	–	–
Total changes of items during the period	(0)	–	–
Balance at the end of current period	(4,916)	(4,916)	(59,127)
Total shareholders' equity -			
Balance at the end of previous period	133,894	138,631	1,667,238
Effect of changes in accounting policies applied to foreign subsidiaries	–	–	–
Changes of items during the period			
Dividends from surplus	(2,775)	(2,775)	(33,373)
Net income	7,512	5,030	60,493
Purchase of treasury stock	(0)	–	–
Total changes of items during the period	4,737	2,255	27,120
Balance at the end of current period	138,631	140,886	1,694,358
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities -			
Balance at the end of previous period	(155)	200	2,407
Changes of items during the period			
Net changes of items other than shareholders' equity	355	(137)	(1,647)
Total changes of items during the period	355	(137)	(1,647)
Balance at the end of current period	200	63	760
Foreign currency translation adjustment:			
Balance at the end of previous period	(650)	(571)	(6,869)
Changes of items during the period			
Net changes of items other than shareholders' equity	79	(164)	(1,971)
Total changes of items during the period	79	(164)	(1,971)
Balance at the end of current period	(571)	(735)	(8,840)
Total accumulated other comprehensive income:			
Balance at the end of previous period	(805)	(371)	(4,462)
Changes of items during the period			
Net changes of items other than shareholders' equity	434	(301)	(3,618)
Total changes of items during the period	434	(301)	(3,618)
Balance at the end of current period	(371)	(672)	(8,080)
Subscription rights to shares:			
Balance at the end of previous period	81	58	696
Changes of items during the period			
Net changes of items other than shareholders' equity	(23)	(11)	(128)
Total changes of items during the period	(23)	(11)	(128)
Balance at the end of current period	58	47	568
Minority interests:			
Balance at the end of previous period	454	463	5,573
Changes of items during the period			
Net changes of items other than shareholders' equity	9	9	106
Total changes of items during the period	9	9	106
Balance at the end of current period	463	472	5,679
Total net assets:			
Balance at the end of previous period	133,624	138,781	1,669,045
Effect of changes in accounting policies applied to foreign subsidiaries	–	–	–
Changes of items during the period			
Dividends from surplus	(2,775)	(2,775)	(33,373)
Net income	7,512	5,030	60,493
Purchase of treasury stock	(0)	–	–
Net changes of items during the period	420	(303)	(3,640)
Total changes of items during the period	5,157	1,952	23,480
Balance at the end of current period	¥138,781	¥140,733	$1,692,525

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Year ended March 31	2010	2011	2011
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	¥12,898	¥ 9,482	$ 114,032
Depreciation and amortization	8,904	8,512	102,373
Loss on retirement of noncurrent assets	365	256	3,075
Loss (Gain) on sales of noncurrent assets	(317)	(93)	(1,122)
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	715	8,604
Gain on allotment of stock	–	(199)	(2,393)
Gain on settlement of asset retirement obligations	–	(165)	(1,988)
Loss (Gain) on valuation of investment securities	484	664	7,987
Loss (Gain) on sales of investment securities	(1)	(33)	(396)
Increase (Decrease) in allowance for doubtful accounts	43	175	2,102
Increase (Decrease) in provision for retirement benefits	536	(86)	(1,038)
Increase (Decrease) in provision for directors' bonuses	(19)	(13)	(155)
Increase (Decrease) in provision for bonuses	(32)	(18)	(221)
Interest and dividends income	(349)	(324)	(3,898)
Interest expense	41	22	265
Gain on maturity of insurance contract	(180)	(30)	(361)
Equity in (earnings) losses of affiliates	(78)	(45)	(544)
Decrease (Increase) in notes and account receivable–trade	720	2,558	30,759
Decrease (Increase) in inventories	862	1,284	15,448
Increase (Decrease) in notes and accounts payable–trade	(2,300)	595	7,156
Increase (Decrease) in accrued consumption taxes	(459)	(338)	(4,059)
Other, net	89	(437)	(5,252)
Subtotal	21,207	22,482	270,374
Interest and dividends received	378	329	3,962
Interest expenses paid	(40)	(22)	(267)
Income taxes paid	(7,025)	(5,362)	(64,485)
Net cash provided by operating activities	14,520	17,427	209,584
Net cash provided by (used in) investing activities:			
Payments into time deposits	(195)	(151)	(1,813)
Proceeds from withdrawal of time deposits	176	379	4,564
Purchase of property, plant and equipment	(8,695)	(12,925)	(155,445)
Proceeds from sales of property, plant and equipment	478	226	2,713
Purchase of investment securities	(1,398)	(374)	(4,500)
Proceeds from sales and redemption of investment securities	6	121	1,458
Collection of loans receivable	4	8	92
Other payments	(1,467)	(1,105)	(13,289)
Other proceeds	1,308	1,317	15,834
Net cash used in investing activities	(9,783)	(12,504)	(150,386)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	(100)	–	–
Repayments of finance lease obligations	(62)	(47)	(561)
Repayments of long-term loans payable	(826)	(746)	(8,970)
Purchase of treasury stock	(0)	–	–
Cash dividends paid	(2,775)	(2,775)	(33,372)
Cash dividends paid to minority shareholders	(5)	(7)	(88)
Other, net	–	(0)	(1)
Net cash used in financing activities	(3,768)	(3,575)	(42,992)
Effect of exchange rate change on cash and cash equivalents	2	(87)	(1,028)
Net increase (decrease) in cash and cash equivalents	971	1,261	15,178
Cash and cash equivalents at beginning of year	31,888	32,859	395,181
Cash and cash equivalents at end of year (Note 8)	¥32,859	¥ 34,120	$ 410,359

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Toppan Forms Co., Ltd. and Consolidated Subsidiaries

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been calculated at the rate of ¥83.15 = U.S.$1, the approximate rate of exchange on March 31, 2011. 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 (21 companies). Significant subsidiaries are as follows:

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

(b) Equity-method associates:

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

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

(c) Period end dates:

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

(2) Valuation methods for major assets -

(a) Securities:

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

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

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

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

(b) Derivatives:

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

(c) Inventories:

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

(3) Depreciation and amortization of major assets -

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

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

(b) Intangible assets (excluding lease assets):

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

(c) Lease assets:

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

(d) Long-term prepaid expenses:

Straight-line method is adopted.

(4) Basis of provision -

(a) Allowance for doubtful accounts:

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

(b) Provision for bonuses:

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

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

(c) Provision for retirement benefits:

The Company and its domestic consolidated subsidiaries record their pension liabilities by deducting the value of the plan assets from the projected benefit obligation, and then adjusting for the actuarial difference.

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

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

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

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

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

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

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

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

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

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

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

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

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

Negative goodwill is credited to income at the time of occurrence. However, negative goodwill of business combinations performed before April 1, 2010, is amortized equally over the relevant periods.

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

3 ACCOUNTING CHANGES

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

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

(3) Accounting Standard for Asset Retirement Obligations and its Implementation Guidance -
"Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21, issued on March 31, 2008) have been adopted effective from the fiscal year ended March 31, 2011. As a result, operating income and ordinary income for the fiscal year ended March 31, 2011 decreased by ¥20 million (US$239 thousand) and income before income taxes and minority interests decreased by ¥571 million (US$6,867 thousand). The increase of asset retirement obligations due to the adoption of the standard was ¥926 million (US$11,136 thousand) as of April 1, 2010.

(4) Accounting standard for Equity Method -
"Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standards Board of Japan Statement No. 16, issued on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (Practical Issues Task Force No. 24 issued on March 10, 2008) has been adopted effective from the fiscal year ended March 31, 2011. The implementation had no effect on operating income, ordinary income and income before taxes and minority interests.

4 NOTES TO CONSOLIDATED BALANCE SHEETS

(1) Investments in affiliates -

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Investment securities (shares)	¥1,093	¥1,079	$12,975

(2) Contingent liabilities -
The Company had the following contingent liabilities as of March 31, 2010 and 2011:

	Millions of yen		Thousands of U.S. dollars
Guarantee	2010	2011	2011
Employees housing loan	¥10	¥8	$100

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

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Cash and deposits	¥ 24	¥ –	$ –
Buildings and structures	77	72	862
Land	149	149	1,793
Total	¥250	¥221	$2,655

(b) Secured liabilities:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Current portion of long-term loans payable	¥426	¥129	$1,555
Long-term loans payable	173	22	260
Current portion of bonds	–	200	2,405
Bonds payable	200	–	–
Total	¥799	¥351	$4,220

Maximum amount of flexible mortgage is ¥468 million and ¥394 million (US$4,738 thousand) for the fiscal years ended March 31, 2010 and 2011, respectively.

5 NOTES TO CONSOLIDATED STATEMENTS OF INCOME

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2010	2011	2011
Delivery costs	¥ 5,617	¥ 5,759	$ 69,263
Salaries and bonuses	13,063	12,891	155,030
Pension costs	713	673	8,095
Provisions for bonuses to employees	1,140	1,152	13,852
Provisions for bonuses to directors and corporate auditors	68	43	514
Provisions for retirement benefit of directors and corporate auditors	25	28	335
Depreciation	1,508	1,479	17,787
Rent expenses	2,005	1,791	21,535
Research and development expenditure	2,258	2,413	29,019

(2) Research and development expenditure -
Research and development expenditure, which is charged to the statement of income when incurred, and is included in selling, general and administrative expenses, amounted to ¥2,258 million and ¥2,413 million (US$29,019 thousand) for the fiscal years ended March 31, 2010 and 2011, respectively.

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

Year ended March 31	Millions of yen 2010	2011	Thousands of U.S. dollars 2011
Land	¥ –	¥88	$1,048
Buildings and structures	–	0	0
Machinery, equipment and vehicles	196	8	101
Tools, furniture and fixtures	122	0	1
	¥318	¥96	$1,150

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

Year ended March 31	Millions of yen 2010	2011	Thousands of U.S. dollars 2011
Buildings and structures	¥–	¥1	$ 6
Machinery, equipment and vehicles	0	0	4
Tools, furniture and fixtures	–	1	17
Software	–	0	1
	¥0	¥2	$28

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

Year ended March 31	Millions of yen 2010	2011	Thousands of U.S. dollars 2011
Buildings and structures	¥ 83	¥ 57	$ 689
Machinery, equipment and vehicles	227	154	1,842
Tools, furniture and fixtures	52	44	524
Software	3	1	12
Telephone subscription right	–	0	3
Long-term prepaid expenses	–	0	5
	¥365	¥256	$3,075

(6) Allowance for construction loss -

Allowance for construction loss of ¥8 million and ¥11 million (US$133 thousand) are included in the cost of sales for the fiscal years ended March 31, 2010 and 2011, respectively.

(7) Impairment loss -

The Company, as a general rule, categorizes operating assets by work site on an individual asset basis and is able to identify idle assets as being part of a particular group. In calculating recoverable amounts, as a general rule, the Company uses the net realizable value for idle assets and the value in use for other assets. As a result, the book values of the following asset groups were reduced to their recoverable amounts, and the write down of ¥558 million recorded as impairment loss within extraordinary loss for the fiscal years ended March 31, 2010.

Location	Use	Category	Impairment loss (Millions of yen)
Minato-ku,Tokyo	Manufacturing and sales licenses	Long-term prepaid expenses	¥517
Hachioji-shi, Tokyo	Plant	Buildings, etc.	¥ 41

6 NOTES TO STATEMENTS OF COMPREHENSIVE INCOME

“Standard for Presentation of Comprehensive Income” (Accounting Standards Board of Japan Statement No. 25, issued on June 30, 2010) has been adopted effective from the fiscal year ended March 31, 2011.

(1) Comprehensive income for the fiscal year ended March 31, 2010 -

	Millions of yen
Comprehensive income attributable to owners of the parent	¥7,946
Comprehensive income attributable to minority interests	17
	¥7,963

(2) Other comprehensive income for the fiscal year ended March 31, 2010 -

	Millions of yen
Valuation difference on available-for-sale securities	¥356
Foreign currency translation adjustment	33
Share of other comprehensive income of associates accounted for using equity method	46
	¥435

7 NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

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

(1) Shares issued -

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

(2) Treasury stock -

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

(3) Matters related to dividends -

(a) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 26, 2009	Common stock	1,387	12.5	March 31, 2009	June 29, 2009
Meeting of directors held on October 30, 2009	Common stock	1,387	12.5	September 30, 2009	December 10, 2009

(b) Schedule of dividends:

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

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Fiscal resource of dividends	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on July 29, 2010	Common stock	1,387	Retained earnings	12.5	March 31, 2010	June 30, 2010

The followings are notes to the consolidated statement of changes in net assets as of March 31, 2011.

(4) Shares issued -

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

(5) Treasury stock -

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

(6) Matters related to dividends -

(a) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 29, 2010	Common stock	1,387	12.5	March 31, 2010	June 30, 2010
Meeting of directors held on October 29, 2010	Common stock	1,387	12.5	September 30, 2010	December 10, 2010

Resolution	Type of stock	Total amount of dividends (Thousands of U.S. dollars)	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 29, 2010	Common stock	16,686	0.15	March 31, 2010	June 30, 2010
Meeting of directors held on October 29, 2010	Common stock	16,686	0.15	September 30, 2010	December 10, 2010

(b) Schedule of dividends:

The following shows those dividends with date of record in the fiscal year ended March 31, 2011, for which the effective date is in the following consolidated fiscal year.

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Fiscal resource of dividends	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 29, 2011	Common stock	1,387	Retained earnings	12.5	March 31, 2011	June 30, 2011

Resolution	Type of stock	Total amount of dividends (Thousands of U.S. dollars)	Fiscal resource of dividends	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 29, 2011	Common stock	16,686	Retained earnings	0.15	March 31, 2011	June 30, 2011

8 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Cash and cash equivalents -

"Cash and cash equivalents" comprise the following:

	Millions of yen		Thousands of U.S. dollars
March 31	2010	2011	2011
Cash and time deposits with original maturity of three months or less	¥30,666	¥31,698	$381,220
Less: Time deposits with original maturities of more than three months	(236)	(9)	(100)
Short-term investment securities	2,429	2,413	29,239
	¥32,859	¥34,120	$410,359

9 FINANCE LEASES

(1) Finance lease transaction (lessee) -

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

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

	Millions of yen		Thousands of U.S. dollars
March 31	2010	2011	2011
Machinery, equipment and vehicles	¥ 5,295	¥ 3,596	$ 43,249
Tools, furniture and fixtures	2,046	1,221	14,686
Other assets	255	185	2,223
Accumulated depreciation	(6,520)	(4,538)	(54,575)
Total	¥ 1,076	¥ 464	$ 5,583

Property, plant and equipment –

Accumulated depreciation is computed by the declining-balance method at rates based on the period of those finance leases with a remaining value of 10% of total lease payments.

Intangible assets –

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

(b) Future lease payments under finance leases -

	Millions of yen		Thousands of U.S. dollars
March 31	2010	2011	2011
Due within one year	¥1,012	¥578	$6,954
Due after one year	822	194	2,338
	¥1,834	¥772	$9,292

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

	Millions of yen		Thousands of U.S. dollars
March 31	2010	2011	2011
Lease payments	¥1,651	¥1,273	$15,305
Amount representing depreciation	¥1,005	¥ 608	$ 7,311
Amount representing interest	¥ 150	¥ 274	$ 3,290

Calculation of interest expense –

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

(2) Operating lease transaction (lessee) -

Minimum lease payments under non-cancellable operating lease for the fiscal year ended March 31, 2010 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2010	2011	2011
Due within one year	¥ 442	¥371	$ 4,459
Due after one year	921	606	7,287
Total minimum lease payments	¥1,363	¥977	$11,746

10 FINANCIAL INSTRUMENTS

"Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan Statement No. 10, issued on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19, issued on March 10, 2008) has been adopted effective for the fiscal years ended March 31, 2010 and 2011, respectively.

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

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

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

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

(c) Risk management system related to financial instruments:

(i) Management of credit risk (the risk that a customer will default on its transactional obligations)
The Company manages its various claimable assets, such as accounts receivable and notes receivable, according to separately formulated receivables management regulations, with the aim of securing its receivables and boosting its capital efficiency. Specific details regarding management are provided in the Company's customer information management regulations.

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

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

(ii) Management of market risk (the risk of foreign currency exchange and interest rate fluctuations)
The Company invests funds in accordance with separately formulated financial management regulations and financial management regulation implementation schedule to minimize risks related to capital, interest, liquidity and fund settlement.

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

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

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

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

(iii) Management of liquidity risk related to fund procurement (the risk of being unable to make payments on their due dates)
In accordance with its financial management regulations and financial management regulation implementation schedule, the Company formulates asset budget plans in line with its medium-term plans, reports on investments and performance at monthly investment meetings, and manages ongoing cash flow.

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

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

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

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

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

The followings are certain information relating to the aggregated book carrying amount and fair value of financial instruments as of March 31, 2010 and 2011.

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

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

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

	Millions of yen		
March 31, 2011	Book carrying amount	Fair value	Unrealized gains (losses)
Assets:			
(i) Cash and deposits	¥31,698	¥31,698	¥ –
(ii) Notes and accounts receivable–trade	40,323	40,323	–
(iii) Short-term investment securities and investment securities	13,977	13,464	(513)
(iv) Long-term loans receivable	96	–	–
– Allowance for doubtful accounts(*)	96	–	–
	0	0	
(v) Lease and guarantee deposits	2,213	2,213	–
Total	¥88,211	¥87,698	¥(513)
Liabilities:			
(i) Notes and accounts payable–trade	¥26,096	¥26,096	¥ –
(ii) Short-term loans payable	355	355	–
(iii) Current portion of long-term loans payable	181	181	–
(iv) Current portion of bonds	200	200	–
(v) Long-term loans payable	51	53	(2)
Total	¥26,883	¥26,885	¥ (2)

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

	Thousands of U.S. dollars		
March 31, 2011	Book carrying amount	Fair value	Unrealized gains (losses)
Assets:			
(i) Cash and deposits	$ 381,220	$ 381,220	$ –
(ii) Notes and accounts receivable–trade	484,940	484,940	–
(iii) Short-term investment securities and investment securities	168,097	161,930	(6,167)
(iv) Long-term loans receivable	1,156	–	–
– Allowance for doubtful accounts(*)	1,156	–	–
	0	0	
(v) Lease and guarantee deposits	26,620	26,620	–
Total	$1,060,877	$1,054,710	$(6,167)
Liabilities:			
(i) Notes and accounts payable–trade	$ 313,847	$ 313,847	$ –
(ii) Short-term loans payable	4,266	4,266	–
(iii) Current portion of long-term loans payable	2,179	2,179	–
(iv) Current portion of bonds	2,405	2,405	–
(v) Long-term loans payable	619	637	(18)
Total	$ 323,316	$ 323,334	$ (18)

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

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

Assets

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

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

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

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

Liabilities

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

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

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

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

March 31, 2010	Book carrying amount Millions of yen
Non-listed equity securities	¥2,405

	Book carrying amount	
March 31, 2011	Millions of yen	Thousands of U.S. dollars
Non-listed equity securities	¥1,713	$20,599

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

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

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

	Millions of yen			
March 31, 2011	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	¥31,698	¥ –	¥ –	¥ –
Notes and accounts receivable–trade	40,161	162	–	–
Short-term investment securities and investment securities				
-Held-to-maturity debt securities (Corporate bonds)	–	708	1,650	2,000
-Other securities that have maturity dates (Others)	–	126	271	351
Long-term loans receivable	–	96	–	–
Total	¥71,859	¥1,092	¥1,921	¥2,351

	Thousands of U.S. dollars			
March 31, 2011	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	$381,220	$ –	$ –	$ –
Notes and accounts receivable–trade	482,997	1,943	–	–
Short-term investment securities and investment securities				
-Held-to-maturity debt securities (Corporate bonds)	–	8,509	19,844	24,053
-Other securities that have maturity dates (Others)	–	1,520	3,261	4,216
Long-term loans receivable	–	1,156	–	–
Total	$864,217	$13,128	$23,105	$28,269

11 MARKETABLE AND INVESTMENT SECURITIES

The followings are certain information relating to the aggregate book carrying amount and fair value of securities as of March 31, 2010 and 2011.
(1) "Trading securities"
Not applicable.
(2) "Held-to-maturity debt securities" whose market price or quotations are available.

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

	Millions of yen		
March 31, 2011	Book carrying amount	Fair value	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
(i) Government bonds, Municipal bonds, etc.	¥ –	¥ –	¥ –
(ii) Corporate bonds	1,150	1,160	10
(iii) Others	–	–	–
	1,150	1,160	10
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Government bonds, Municipal bonds, etc.	–	–	–
(ii) Corporate bonds	3,208	2,685	(523)
(iii) Others	–	–	–
	3,208	2,685	(523)
Total	¥4,358	¥3,845	¥(513)

	Thousands of U.S. dollars		
March 31, 2011	Book carrying amount	Fair value	Unrealized gains (losses)
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
(i) Government bonds, Municipal bonds, etc.	$ –	$ –	$ –
(ii) Corporate bonds	13,830	13,953	123
(iii) Others	–	–	–
	13,830	13,953	123
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Government bonds, Municipal bonds, etc.	–	–	–
(ii) Corporate bonds	38,576	32,286	(6,290)
(iii) Others	–	–	–
	38,576	32,286	(6,290)
Total	$52,406	$46,239	$(6,167)

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

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

March 31, 2011	Market value (= Book carrying amount)	Acquisition cost	Unrealized gains (losses)
	Millions of yen		
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
(i) Share stocks	¥2,077	¥ 1,646	¥ 431
(ii) Bond certificate	–	–	–
(iii) Others	–	–	–
	2,077	1,646	431
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Share stocks	3,737	6,525	(2,788)
(ii) Bond certificate	–	–	–
(iii) Others	3,805	4,229	(424)
	7,542	10,754	(3,212)
Total	¥9,619	¥12,400	¥(2,781)

March 31, 2011	Market value (= Book carrying amount)	Acquisition cost	Unrealized gains (losses)
	Thousands of U.S. dollars		
Other securities whose market price or quotations exceed their book carrying amount on the consolidated balance sheet			
(i) Share stocks	$ 24,989	$ 19,792	$ 5,197
(ii) Bond certificate	–	–	–
(iii) Others	–	–	–
	24,989	19,792	5,197
Other securities whose market price or quotations do not exceed their book carrying amount on the consolidated balance sheet			
(i) Share stocks	44,942	78,477	(33,535)
(ii) Bond certificate	–	–	–
(iii) Others	45,760	50,861	(5,101)
	90,702	129,338	(38,636)
Total	$115,691	$149,130	$(33,439)

Investments held in unlisted stocks with acquisition book value of ¥2,405 million and ¥1,713 million (US$20,599 thousand) as at March 31, 2010 and 2011, respectively are not included in the above disclosures of fair value since no quoted market prices are available meaning that ascertaining fair values is considered to be extremely difficult.

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

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

March 31, 2011	Millions of yen Proceeds from sales of "Other securities"	Gain on sales of "Other securities"	Loss on sales of "Other securities"
(i) Share stocks	¥79	¥32	¥0
(ii) Others	–	–	–
Total	¥79	¥32	¥0

March 31, 2011	Thousands of U.S. dollars Proceeds from sales of "Other securities"	Gain on sales of "Other securities"	Loss on sales of "Other securities"
(i) Share stocks	$945	$381	$1
(ii) Others	–	–	–
Total	$945	$381	$1

(5) "Loss on valuation of investment securities"
The Company recognized impairment loss on other securities of ¥474 million and others of ¥15 million for the fiscal year ended March 31, 2010 and other securities of ¥663 million (US$7,972 thousand) and others of ¥1 million (US$14 thousand) for the fiscal year ended March 31, 2011.

12 DERIVATIVE FINANCIAL INSTRUMENTS

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

As of March 31, 2010 and 2011, there was no contract outstanding for derivatives.

13 PENSION AND SEVERANCE PLANS

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

The pension liabilities for employees as of March 31, 2010 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
(1) Projected benefit obligation	¥(29,969)	¥(30,398)	$(365,585)
(2) Plan assets at fair value	22,301	22,242	267,497
(3) Unfunded benefit obligation (1) + (2)	(7,668)	(8,156)	(98,088)
(4) Unrecognized actuarial gains/(losses)	8,645	8,871	106,691
(5) Unrecognized prior service costs	(3,867)	(3,519)	(42,320)
(6) Provision for retirement benefit (3) + (4) + (5)	¥ (2,890)	¥ (2,804)	$ (33,717)

The Company contributed certain marketable equity securities in 2001 to the employee retirement benefit trust as plan assets, the fair value of which amounted to ¥1,355 million and ¥1,356 million (US$16,304 thousand) as of March 31, 2010 and 2011, respectively.

The components of the net periodic pension cost for the fiscal years ended March 31, 2010 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
(1) Service costs	¥1,341	¥1,534	$18,447
(2) Interest costs	672	556	6,688
(3) Expected return on plan assets	(674)	(607)	(7,305)
(4) Expense for actuarial losses	860	804	9,663
(5) Amortization of prior service costs	(348)	(348)	(4,182)
(6) Net periodic pension cost (1) + (2) + (3) + (4) + (5)	¥1,851	¥1,939	$23,311

The assumptions used as of March 31, 2010 and 2011 were as follows:

	2010	2011
(1) Discount rate	1.9%	1.9%
(2) Expected return on plan assets	2.9%	2.9%
(3) Method of attributing the projected benefits to periods of service	Straight-line basis	Straight-line basis
(4) Amortization of unrecognized prior service costs	Straight-line over 15 years	Straight-line over 15 years
(5) Amortization of unrecognized actuarial gain/loss	Straight-line over 15 years	Straight-line over 15 years

14 STOCK OPTIONS

Gain on reversal of subscription rights to share of ¥23 million is included in extraordinary gain for the fiscal year ended March 31, 2010.
The following are the number of common shares to be granted for stock options as of March 31, 2010.

	The date of ordinary shareholders' meeting	Number of common shares granted (Shares)	Exercise periods
Stock options to purchase newly issued shares	June 27, 2003	157,000	From July 1, 2004 to June 30, 2009
	June 29, 2004	182,000	From July 1, 2005 to June 30, 2010
	June 29, 2005	211,000	From July 1, 2006 to June 30, 2011
	June 28, 2006	212,000	From July 1, 2007 to June 30, 2012
	June 29, 2007	245,000	From July 1, 2008 to June 30, 2013
		1,007,000	

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

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

Gain on reversal of subscription rights to share of ¥11 million (US$128 thousand) is included in extraordinary gain for the fiscal year ended March 31, 2011.
The following are the number of common shares to be granted for stock options as of March 31, 2011.

	The date of ordinary shareholders' meeting	Number of common shares granted (Shares)	Exercise price per share (Yen / U.S. dollars)	Exercise periods
Stock options to purchase newly issued shares	June 29, 2004	182,000	¥1,575 / $18.94	From July 1, 2005 to June 30, 2010
	June 29, 2005	211,000	¥1,308 / $15.73	From July 1, 2006 to June 30, 2011
	June 28, 2006	212,000	¥1,734 / $20.85	From July 1, 2007 to June 30, 2012
	June 29, 2007	245,000	¥1,527 / $18.36	From July 1, 2008 to June 30, 2013
		850,000		

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

The date of ordinary shareholders' meeting	29-Jun-04	29-Jun-05	28-Jun-06	29-Jun-07
Exercise price per share (Yen / U.S. dollars)	¥1,575 / $18.94	¥1,308 / $15.73	¥1,734 / $20.85	¥1,527 / $18.36
Number of stock options as of March 31, 2010 (1)	86,000	119,000	145,000	183,000
Decrease on the exercise of stock options (2)	–	–	–	–
Decrease on the lapse of stock options (3)	(86,000)	(24,000)	(25,000)	(35,000)
Number of stock options as of March 31, 2011 (4) = (1) + (2) + (3)	–	95,000	120,000	148,000
Exercise periods	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

15 INCOME TAXES

The significant components of deferred tax assets and liabilities for the fiscal years ended March 31, 2010 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Deferred tax assets:			
Provision for bonuses	¥1,623	¥1,612	$19,389
Enterprise tax	243	170	2,047
Depreciation	60	60	721
Provision for retirement benefits	1,503	1,483	17,830
Provision for directors' retirement benefits	135	64	774
Allowance for doubtful accounts	66	103	1,235
Unrealized loss on investment securities	696	784	9,435
Unrealized loss on golf club membership	207	209	2,512
Asset retirement obligation	–	217	2,606
Net operating loss carry forwards of subsidiaries	268	223	2,681
Impairment loss	221	165	1,983
Others	390	532	6,408
Sub total of deferred tax assets	5,412	5,622	67,621
Valuation allowance	(275)	(690)	(8,302)
Deferred tax assets total	5,137	4,932	59,319
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	(60)	(54)	(652)
Valuation difference on available-for-sale securities	(169)	(56)	(670)
Depreciation	(84)	(66)	(794)
Others	(59)	(51)	(617)
Deferred tax liabilities total	(372)	(227)	(2,733)
Deferred tax assets, net (*)	¥4,765	¥4,705	$56,586

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

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Current assets–deferred tax assets:	¥2,140	¥2,061	$24,785
Long-term assets–deferred tax assets:	2,758	2,773	33,350
Current liabilities–other current liabilities:	(1)	–	–
Long-term liabilities–deferred tax liabilities:	(132)	(129)	(1,549)
Deferred tax assets, net	¥4,765	¥4,705	$56,586

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

The reconciliation between the statutory tax and the Company's effective tax rate for the fiscal year ended March 31, 2011 is as follows:

	2011
Statutory tax rate	40.70%
Non-deductible expenses	2.42
Non-taxable dividend income	(0.40)
Per capita portion of resident tax	0.97
Tax credit for research and development	(2.11)
Change in valuation allowance	4.81
Other	0.31
Effective tax rate	46.70%

16 ASSET RETIREMENT OBLIGATIONS

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

(2) Method of calculating asset retirement obligations
Asset retirement obligations are calculated using estimated useful life of assets and related yield on Japanese government bonds.

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

	Book carrying amount	
March 31, 2011	Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	¥ 926	$11,136
Changes due to fulfillment of asset retirement obligations	(19)	(232)
Changes arising from gain on settlement of asset retirement obligations	(180)	(2,159)
Increases (decreases) in other items	11	139
Balance at year-end	¥ 738	$ 8,884

17 SEGMENT INFORMATION

"Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan Statement No. 17, issued on March 21, 2008) and "Guideline on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Implementation Guideline No. 20, issued on March 21, 2008) have been adopted effective for the fiscal year ended March 31, 2011.
The Accounting Standard and its Implementation Guidance adopt the management approach.The implemantation was no major effect on segment information.

Segment information for the year ended March 31, 2010 is as follows:

(1) Segments by industry -

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

Note:
(a) Segment information by business activity is determined by considering the product line, the product market, and the management control of the business.
(b) The main products of each business segment are as follows:
i) Printing business: Printing of business forms and data printing services.
ii) Merchandise business: Sales of supplies and equipment related to the printing business, business information operating services and other.
(c) Unallocated operating expenses included in "elimination / corporate" is ¥1,313 million for the fiscal year ended March 31, 2010.
(d) Corporate assets which consist mainly of "short-term deposits" and "long-term investments" are ¥36,757 million for the fiscal year ended March 31, 2010.
(e) Accounting changes
"Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No. 15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Guidance No. 18 on December 27, 2007) have been adopted effective from the fiscal year ended March 31, 2010. The implementation had no major effect on operating income, ordinary income and income before income taxes and minority interests.

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

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

Segment information for the year ended March 31, 2011 is as follows:

(1) Outline of reporting segments -
The Company's reporting segments are composed of those individual business units for which separate financial information is available, which are used by members of the Board of Directors at decisions making regarding the allocation of management resources, evaluation of operating performance, allowing them to be examined periodically.

The Company has planning departments in place at its headquarters to make overall planning by product and service.

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

Printing business is printing of business forms and data printing services. Merchandise business is sales of supplies and equipment related to the printing business, business information operating services and other.

(2) Methods of calculating sales, income or losses, assets, liabilities and other items by reporting segment -
Accounting policies and procedure followed by reporting segments are in principal same as those indicated in "Note 2. Summary of significant accounting policies." Income or losses of reporting segments are based on operating income.

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

	Millions of yen				
March 31, 2011	Printing business	Merchandise business	Total	Adjustment (*1)	Consolidated (*2)
Net sales:					
Outside customers	¥174,235	¥50,070	¥224,305	¥ –	¥224,305
Inter-segment	584	1,426	2,010	(2,010)	–
Total	174,819	51,496	226,315	(2,010)	224,305
Segment profits	9,014	2,644	11,658	(1,350)	10,308
Segment assets	¥137,646	¥15,789	¥153,435	¥33,141	¥186,576
Others:					
Depreciation	¥ 8,292	¥ 193	¥ 8,485	¥ 27	¥ 8,512
Amortization of goodwill	0	–	0	–	0
Increase of "Property, plant and equipment" and "Intangible assets"	11,241	20	11,261	–	11,261

	Thousands of U.S. dollars				
March 31, 2011	Printing business	Merchandise business	Total	Adjustment (*1)	Consolidated (*2)
Net sales:					
Outside customers	$2,095,438	$602,163	$2,697,601	$ –	$2,697,601
Inter-segment	7,015	17,154	24,169	(24,169)	–
Total	2,102,453	619,317	2,721,770	(24,169)	2,697,601
Segment profits	108,409	31,800	140,209	(16,238)	123,971
Segment assets	$1,655,390	$189,884	$1,845,274	$398,584	$2,243,858
Others:					
Depreciation	$ 99,729	$ 2,321	$ 102,050	$ 323	$ 102,373
Amortization of goodwill	1	–	1	–	1
Increase of "Property, plant and equipment" and "Intangible assets"	135,193	240	135,433	–	135,433

*1 Adjustment to segment profits of negative ¥1,350 million (US$16,238 thousand) includes corporate level expenses that are not allocated to individual reporting segments. Such expenses comprise mainly non-segment specific general and administrative expenses. Adjustment to segment assets include corporate level assets of ¥33,141 million (US$398,584 thousand), which consist principally of surplus investment funds (term deposits and demand deposits) and long-term investment funds (such as marketable securities) which are non-segment specific.
*2 Segment profit is reconciled to the operating income in the consolidated statements of income.

(4) Related information-
(a) Products and service:
Information of each products and service is presented above (3).
(b) Geographic region:
(i) Sales
Information of sales is not presented since sales to customers located in Japan exceed 90% of net sales in the consolidated statements of income.
(ii) Property, plant and equipment
Information of property, plant and equipment is not presented since property, plant and equipment located in Japan exceed 90% of property, plant and equipment in the consolidated balance sheets.
(c) Main customers:
Information of main customers is not presented since no individual customer is more than 10% of net sales in the consolidated statements of income.

(5) Impairment loss on assets by reportable segment -
Not applicable.

(6) Amortization of goodwill and unamortized balance by reportable segment -

	Millions of yen				
March 31, 2011	Printing business	Merchandise business	Subtotal	Elimination/ Corporate	Total
Amortization	¥0	¥–	¥0	¥–	¥0
Balance at year-end	–	–	–	–	–

	Thousands of U.S. dollars				
March 31, 2011	Printing business	Merchandise business	Subtotal	Elimination/ Corporate	Total
Amortization	$1	$–	$1	$–	$1
Balance at year-end	–	–	–	–	–

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

18 RELATED PARTY TRANSACTIONS

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

Sales to Toppan Printing Co., Ltd. for the fiscal years ended March 31, 2010 and 2011 amounted to ¥9,900 million and ¥10,663 million ($128,233 thousand), respectively. The balance of accounts receivable from Toppan Printing Co., Ltd. as of March 31, 2010 and 2011 amounted to ¥3,286 million and ¥3,510 million ($42,208 thousand), respectively.

19 EARNINGS PER SHARE INFORMATION

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

	Yen		U.S. dollars
March 31	2010	2011	2011
Net assets per share	¥1,245.62	¥1,263.23	$15.19
Net income per share	67.68	45.32	0.55
Diluted net income per share	–	–	–

Basic net income per share

	Millions of yen		Thousands of U.S. dollars
March 31	2010	2011	2011
Net income	¥ 7,512	¥ 5,030	$60,493
Net income not available to common shareholders	–	–	–
Net income available to common shareholders	7,512	5,030	60,493
Weighted-average number of shares outstanding (thousand shares)	110,997	110,997	–

20 SCHEDULE OF BONDS

			Beginning balance		Ending balance				
Company	Type of bond	Date of issuance	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars	Interest rate	Collateral	Date of maturity
TOSCO CORPORATION	The 7th unsecured bond	May 26, 2008	200	2,405	200	2,405	1.8	–	May 25, 2011
Total			200	2,405	200	2,405			

The projected repayment amount of bonds within five years is as follows:

Less than one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Less than one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years
Millions of yen					Thousands of U.S. dollars				
200	–	–	–	–	2,405	–	–	–	–

21 SCHEDULE OF BORROWINGS

	Millions of yen 2010	Millions of yen 2011	Thousands of U.S. dollars 2011	Average interest rate (%)	Due date of payment
Short-term loans payable	¥ 368	¥355	$4,266	1.27	–
Current portion of long-term loans payable	700	181	2,179	1.72	–
Lease obligations	43	38	454	–	–
Long-term loans payable (without current portion)	279	51	619	2.18	From 2012 to 2013
Lease obligations (without current portion)	68	61	730	–	From 2012 to 2016
Other	–	–	–	–	–
	¥1,458	¥686	$8,248		

(1) "Average interest rate" presents the weighted average interest rate against the term-end balance of borrowings.
(2) As interest included in lease payment is allocated on the straight-line method to each fiscal year, average interest rate of lease obligation is omitted.
(3) The projected repayment amount of long-term debt (excluding debt scheduled to be repaid within one year) within five years after the consolidated balance sheet date (i.e. March 31, 2011) is as follows:

	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years
	Millions of yen				Thousands of U.S. dollars			
Long-term loans payable	51	–	–	–	619	–	–	–
Lease obligations	33	16	8	4	395	186	105	44

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

June 29, 2011

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

We have audited the accompanying consolidated balance sheet of TOPPAN FORMS CO., LTD. ("the Company") and its consolidated subsidiaries as of March 31, 2011, and the related consolidated statements of income, statements of comprehensive 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 consolidated subsidiaries as of March 31, 2011, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 3 to the consolidated financial statements, the Company adopted "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21, issued on March 31, 2008) have been adopted effective from the fiscal year ended March 31, 2011.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 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.

Corporate Information

As of March 31, 2011

Company Name
TOPPAN FORMS CO.,LTD.

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

Founded
May 1955

Number of Employees
7,598 (Consolidated)
2,382 (Non-Consolidated)

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

Contact
Public Relations Department
Phone: 81-3-6253-5730
Fax: 81-3-6253-5619

Principal Subsidiaries and Affiliates

As of March 31, 2011

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 Logistics and Services Co., Ltd.	Japan	Delivery and keeping consignment of products	¥ 50,000	100.0
Toppan Forms Kansai Co., Ltd.	Japan	Distribution, delivery, and storage services Manufacture of business forms	¥ 50,000	100.0
Toppan Forms Nishinihon Co., Ltd.	Japan	Distribution, delivery, and storage services Manufacture of business forms	¥ 30,000	100.0
Toppan Forms (Sanyo) Co., Ltd.	Japan	Manufacture of business forms	¥ 50,000	100.0
TOSCO CORPORATION	Japan	Capital alliance and business tie up	¥213,000	69.7
Toppan Forms (Hong Kong) Ltd.	Hong Kong	Manufacture of business forms Sale of plastic cards, computer supplies, DPS, and office automation machines	HK$ 35,000	100.0*1
Toppan Forms (S) Pte. Ltd.	Singapore	Manufacture and sale of business forms, DPS, Sale of machines for processing business forms	$ 1,226	100.0*2

Total number of subsidiaries: 21
Total number of affiliates: 7

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

Investor Information

As of March 31, 2011

Stock Listing
Tokyo Stock Exchange

Stock Code
7862

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

Stock Transaction Unit
100 shares

Independent Certified Public Accountant
PricewaterhouseCoopers Aarata
(Member Firm of PricewaterhouseCoopers LLP)

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation

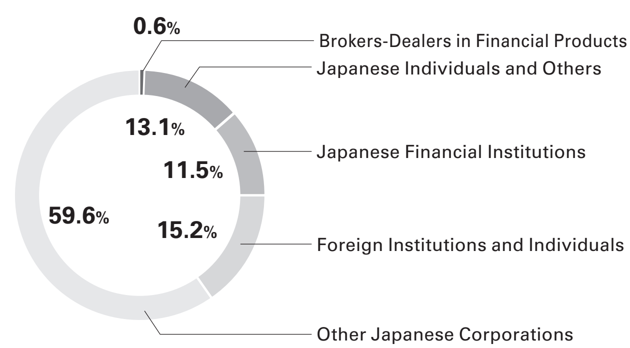
Number of Shareholders
10,278

MAJOR SHAREHOLDERS

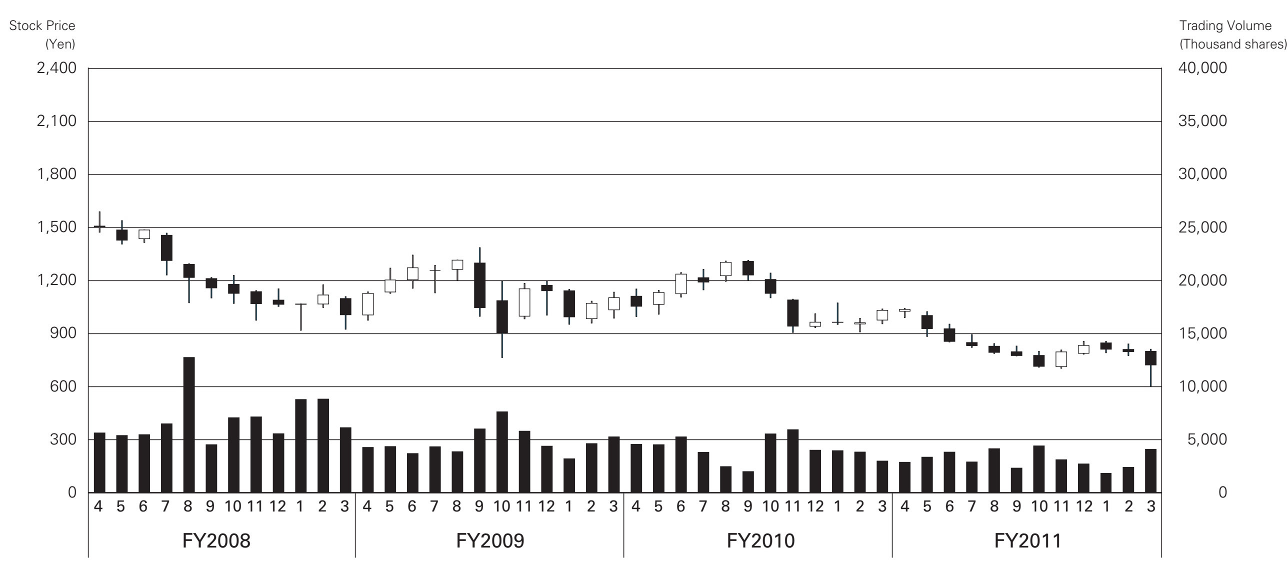
Name	Number of shares held (Thousands)	Percentage of share ownership (%)
TOPPAN PRINTING CO., LTD.	67,419	60.7
Japan Trustee Services Bank, Ltd.	4,513	4.1
The Master Trust Bank of Japan, Ltd.	2,873	2.6
Trust & Custody Services Bank, Ltd.	2,447	2.2
Toppan Forms Employees Shareholding Association	2,309	2.1
State Street Bank and Trust Company	1,491	1.3
State Street Bank and Trust Company 505103	1,238	1.1
Goldman Sachs International	1,146	1.0
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	1,067	1.0
State Street Bank and Trust Company 505019	814	0.7

Note: Figures in the chart above do not include the 4,003 thousand shares of treasury stock held by the Company on March 31, 2011. These shares were also excluded when calculating percentages of share ownership.

SHAREHOLDINGS BY TYPE OF SHAREHOLDER



STOCK PRICE RANGE AND TRADING VOLUME



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