Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Financial Statements for the Years Ended March 31, 2011 and 2010, and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fuji Seal International, Inc.:

We have audited the accompanying consolidated balance sheets of Fuji Seal International, Inc. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the consolidated statements of changes in equity and cash flows for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Seal International, Inc. and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 15, 2011

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets
March 31, 2011 and 2010

ASSETS	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT ASSETS:			
Cash and bank deposits (Notes 13 and 19)	¥ 7,881	¥ 5,455	$ 94,781
Receivables (Note 13):			
Trade	20,414	22,079	245,508
Associated company	171	155	2,057
Other	1,222	904	14,696
Allowance for doubtful receivables	(56)	(77)	(673)
Inventories (Note 4)	7,134	6,255	85,797
Deferred tax assets (Note 10)	1,136	745	13,662
Other current assets	309	260	3,715
Total current assets	38,211	35,776	459,543
PROPERTY, PLANT AND EQUIPMENT:			
Land	5,012	4,571	60,277
Buildings and structures (Note 5)	15,019	14,731	180,625
Machinery and equipment (Note 5)	42,974	43,333	516,825
Furniture and fixtures	2,217	2,329	26,663
Lease assets (Note 12)	236	238	2,838
Construction in progress	1,265	2,469	15,213
Total	66,723	67,671	802,441
Accumulated depreciation	(35,095)	(33,681)	(422,068)
Net property, plant and equipment	31,628	33,990	380,373
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 13)	1,092	1,188	13,133
Investment in associated company	1,611	1,782	19,375
Goodwill	74	133	890
Software	489	652	5,881
Deferred tax assets (Note 10)	641	699	7,709
Other assets	631	807	7,588
Total investments and other assets	4,538	5,261	54,576
TOTAL	¥ 74,377	¥ 75,027	$ 894,492

LIABILITIES AND EQUITY	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT LIABILITIES:			
Short-term bank loans (Notes 6 and 13)	¥ 2,854	¥ 4,231	$ 34,324
Current portion of long-term debt (Notes 6 and 13)	610	636	7,336
Current portion of long-term lease obligations (Note 12)	56	49	673
Payables (Note 13):			
Trade	14,081	14,533	169,345
Associated company	27	2	325
Other	2,767	3,136	33,277
Income taxes payable (Note 13)	838	1,429	10,078
Accrued expenses	1,557	1,361	18,725
Deferred tax liabilities (Note 10)	-	2	-
Other current liabilities	580	868	6,977
Total current liabilities	23,370	26,247	281,060
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 13)	1,670	950	20,084
Long-term lease obligations (Note 12)	88	102	1,058
Liability for retirement benefits (Note 7)	1,256	1,443	15,105
Deferred tax liabilities (Note 10)	966	202	11,618
Other long-term liabilities (Note 8)	106	51	1,275
Total long-term liabilities	4,086	2,748	49,140
COMMITMENTS AND CONTINGENT LIABILITIES (Note 12)			
EQUITY (Notes 9 and 20):			
Common stock, authorized,100,000,000 shares; issued, 30,080,978 shares in 2011 and 2010	5,990	5,990	72,038
Capital surplus	6,233	6,233	74,961
Retained earnings	45,921	42,311	552,267
Treasury stock - at cost: 1,946,821 shares in 2011 and 2,008,662 shares in 2010	(3,839)	(3,982)	(46,170)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	4	74	48
Deferred gain on derivatives under hedge accounting	4	-	48
Foreign currency translation adjustments	(6,691)	(3,769)	(80,469)
Minimum pension liability adjustment (Note 7)	(701)	(825)	(8,431)
Total equity	46,921	46,032	564,292
TOTAL	¥ 74,377	¥ 75,027	$ 894,492

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	¥ 87,068	¥ 86,377	$ 1,047,120
COST OF SALES (Note 11)	68,054	67,642	818,449
Gross profit	19,014	18,735	228,671
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 11 and 17)	11,219	10,922	134,925
Operating income	7,795	7,813	93,746
OTHER INCOME (EXPENSES):			
Interest and dividend income	63	34	758
Interest expense	(104)	(166)	(1,251)
Foreign exchange loss - net	(66)	(303)	(794)
Equity in earning (loss) of associated company	(78)	165	(938)
Losses from natural disaster (Note 18)	(338)	-	(4,065)
Gain on sales of property, plant and equipment	2	23	24
Loss on sales and disposals of property, plant and equipment	(424)	(297)	(5,099)
Other - net	76	(327)	914
Other expenses - net	(869)	(871)	(10,451)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	6,926	6,942	83,295
INCOME TAXES (Note 10):			
Current	2,030	2,370	24,414
Deferred	396	(521)	4,762
Total income taxes	2,426	1,849	29,176
NET INCOME BEFORE MINORITY INTERESTS	4,500	5,093	54,119
MINORITY INTERESTS IN NET INCOME	-	-	-
NET INCOME	¥ 4,500	¥ 5,093	$ 54,119

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.r and 16):			
Basic net income	¥160.16	¥181.40	$1.93
Cash dividends applicable to the year	35.00	30.00	0.42

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
NET INCOME BEFORE MINORITY INTERESTS	¥ 4,500	$ 54,119
OTHER COMPREHENSIVE INCOME (LOSS) (Note 15):		
Unrealized loss on available-for-sale securities	(70)	(842)
Deferred gain on derivatives under hedge accounting	4	48
Foreign currency translation adjustments	(2,847)	(34,239)
Share of other comprehensive loss in associated company	(75)	(902)
Minimum pension liability adjustment	124	1,491
Total other comprehensive loss	(2,864)	(34,444)
COMPREHENSIVE INCOME (Note 15)	¥ 1,636	$ 19,675
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 15):		
Owners of the parent	¥1,636	$19,675
Minority interests	-	-

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2011 and 2010

	Number of Shares of Common Stock Outstanding	Millions of Yen								
						Accumulated Other Comprehensive Income				
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Minimum Pension Liability Adjustment	Total Equity
BALANCE, APRIL 1, 2009	28,072,556	¥ 5,990	¥ 6,233	¥ 38,060	¥ (3,982)	¥ 1	¥ -	¥ (4,405)	¥ (842)	¥ 41,055
Net income	-	-	-	5,093	-	-	-	-	-	5,093
Cash dividends, ¥30 per share	-	-	-	(842)	-	-	-	-	-	(842)
Purchase of treasury stock	(240)	-	-	-	-	-	-	-	-	-
Net change in the year	-	-	-	-	-	73	-	636	17	726
BALANCE, MARCH 31, 2010	28,072,316	5,990	6,233	42,311	(3,982)	74	-	(3,769)	(825)	46,032
Net income	-	-	-	4,500	-	-	-	-	-	4,500
Cash dividends, ¥30 per share	-	-	-	(847)	-	-	-	-	-	(847)
Purchase of treasury stock	(259)	-	-	-	(1)	-	-	-	-	(1)
Sale of treasury stock	62,100	-	(26)	-	144	-	-	-	-	118
Other	-	-	26	(43)	-	-	-	-	-	(17)
Net change in the year	-	-	-	-	-	(70)	4	(2,922)	124	(2,864)
BALANCE, MARCH 31, 2011	28,134,157	¥ 5,990	¥ 6,233	¥ 45,921	¥ (3,839)	¥ 4	¥ 4	¥ (6,691)	¥ (701)	¥ 46,921

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Minimum Pension Liability Adjustment	Total Equity
BALANCE, MARCH 31, 2010	$ 72,038	$ 74,961	$ 508,851	$ (47,888)	$ 890	$ -	$ (45,328)	$ (9,922)	$ 553,602
Net income	-	-	54,119	-	-	-	-	-	54,119
Cash dividends, $0.36 per share	-	-	(10,186)	-	-	-	-	-	(10,186)
Purchase of treasury stock	-	-	-	(14)	-	-	-	-	(14)
Sale of treasury stock	-	(313)	-	1,732	-	-	-	-	1,419
Other	-	313	(517)	-	-	-	-	-	(204)
Net change in the year	-	-	-	-	(842)	48	(35,141)	1,491	(34,444)
BALANCE, MARCH 31, 2011	$ 72,038	$ 74,961	$ 552,267	$ (46,170)	$ 48	$ 48	$ (80,469)	$ (8,431)	$ 564,292

See notes to consolidated financial statements

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 6,926	¥ 6,942	$ 83,295
Adjustments for:			
Income taxes - paid	(2,822)	(2,118)	(33,939)
Depreciation and amortization	4,638	4,508	55,779
Gain on sales of property, plant and equipment	(2)	(23)	(24)
Loss on sales and disposals of property, plant and equipment	424	281	5,099
Equity in earning (loss) of associated company	78	(165)	938
Changes in assets and liabilities:			
(Increase) decrease in receivables	761	(942)	9,152
(Increase) decrease in inventories	(1,344)	695	(16,164)
Decrease in payable	(6)	(761)	(72)
Increase (decrease) in liability for retirement benefits	(52)	301	(625)
Other - net	(226)	605	(2,717)
Total adjustments	1,449	2,381	17,427
Net cash provided by operating activities	8,375	9,323	100,722
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(4,605)	(4,269)	(55,382)
Purchases of software and other assets	(138)	(156)	(1,660)
Purchases of investment securities	(22)	(120)	(265)
Other - net	74	(67)	891
Net cash used in investing activities	(4,691)	(4,612)	(56,416)
FINANCING ACTIVITIES:			
Decrease in short-term bank loans - net	(1,368)	(3,788)	(16,452)
Proceeds from long-term debt	1,500	-	18,040
Repayments of long-term debt	(670)	(749)	(8,058)
Dividends paid	(847)	(842)	(10,186)
Other - net	64	(50)	769
Net cash used in financing activities	(1,321)	(5,429)	(15,887)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(117)	28	(1,407)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,246	(690)	27,012
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,847	5,537	58,292
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 19)	¥ 7,093	¥ 4,847	$ 85,304

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income (loss) is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 15.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Fuji Seal International, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 19 (18 in 2010) subsidiaries (collectively, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in an associated company is accounted for by the equity method.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 5 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements -*** In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if included.

The Company applied this accounting standard effective April 1, 2008. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. ***Cash Equivalents -*** Cash equivalents presented in the consolidated statements of cash flows are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include deposits in banks and other short-term investments which mature or become due within twelve months of the date of acquisition.

d. ***Inventories -*** Inventories are stated at the lower of cost, determined by the average method principally for finished products and work in process and by the most recent purchase price principally for raw materials and supplies, or net selling value.

e. ***Marketable and Investment Securities -*** Available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. ***Allowance for Doubtful Accounts -*** The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. ***Property, Plant and Equipment -*** Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998. Depreciation of property, plant and equipment of consolidated foreign subsidiaries is computed substantially by the straight-line method. The range of useful lives is from 2 to 50 years for buildings and structures, and from 2 to 15 years for machinery and equipment.

Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

h. ***Long-lived Assets -*** The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. ***Software -*** Software for internal use is amortized by the straight-line method over the estimated usable years. The estimated usable years are principally five years.

j. ***Liability for Retirement Benefits -*** The Company and certain consolidated domestic subsidiaries have defined contribution pension plan and defined benefit lump-sum payment plan for employees, and certain consolidated foreign subsidiaries also have defined benefit pension plans. The liability for employees' retirement benefits is accounted for based on projected benefit obligations at the balance sheet date.

"Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, issued on July 31, 2008) become effective from the fiscal year beginning on and after April 1, 2009. Accordingly, the Company applied the amendment to the standard from the fiscal year ended March 31, 2010. This accounting method had no impact on the consolidated financial statements for the fiscal year ended March 31, 2010.

k. ***Asset Retirement Obligations -*** In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥4 million ($48 thousand) and income before income taxes and minority interests by ¥21 million ($253 thousand) for the year ended March 31, 2011.

l. ***Research and Development -*** Research and development costs are charged to income as incurred.

m. ***Leases -*** In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and what do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and what do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

n. ***Income Taxes -*** The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently-enacted tax laws to the temporary differences.

o. ***Foreign Currency Transactions -*** All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

p. ***Foreign Currency Financial Statements -*** The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income (loss) in a separate component of equity.

Effective the year ended March 31, 2011, the Company changed the method for translation of revenues and expenses of foreign subsidiaries to yen from one using the current exchange rate at the end of the fiscal year to one using the average rate for the fiscal year. This change was made to report revenues and expenses more appropriately by eliminating the effects of exchange rate fluctuations.

As a result, net sales increased by ¥1,839 million ($22,117 thousand), operating income increased by ¥166 million ($1,996 thousand), and income before income taxes increased by ¥139 million ($1,672 thousand), compared to the amounts that would have been reported if the previous method had been applied.

q. ***Derivatives and Hedging Activities -*** The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

For derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. Designation transactions are applied to debts and credits in foreign currency which conform to the requirements of hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

r. ***Per Share Information -*** Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance), with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Diluted net income per share is not disclosed since there is no dilution of stock.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

s. ***Accounting for Trust-type Employee Stock Ownership Incentive Plan -*** The Company introduced an employee incentive plan, "Employee Stock Ownership Plan Trust" for the purpose of enhancing mid- and long-term corporate value by promoting motivation and corporate management participation by employees. In addition, the plan aims to contribute to the enhancement of the Company's stock value. Under this plan, the money trust (the "Trust") was set up and the employees who participated in the Fuji Seal Group Employee Stock Ownership Group and who met certain criteria became beneficiaries of the Trust. In a related move, the Company transferred 315,600 shares of treasury stock to a dedicated account (the "Trust Account") on June 8, 2010. The Company guarantees the losses in the Trust Account at Mitsubishi UFJ Trust Banking Corporation resulting from the purchase and sale of the Company's stock and accounts for the transactions involving the Trust Account as its own. Accordingly, shares of the Company held in the Trust Account, as well as the assets, liabilities, expenses and income of the Trust Account were recorded in the accompanying consolidated financial statements. As of March 31, 2011, the shares of the Company held by the ESOP Trust was 253,500 shares.

t. ***New Accounting Pronouncements***

Accounting Changes and Error Corrections - In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior Period Errors - When an error in prior period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on April 1, 2011.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Non-current:			
Marketable equity securities	¥ 888	¥ 984	$ 10,680
Unquoted equity securities	204	204	2,453
Total	¥ 1,092	¥ 1,188	$ 13,133

The costs and aggregate fair values of investment securities at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 870	¥ 147	¥ (129)	¥ 888
Total	¥ 870	¥ 147	¥ (129)	¥ 888

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 848	¥ 214	¥ (78)	¥ 984
Total	¥ 848	¥ 214	¥ (78)	¥ 984

	Thousands of U.S. Dollars			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 10,463	$ 1,768	$ (1,551)	$ 10,680
Total	$ 10,463	$ 1,768	$ (1,551)	$ 10,680

The information for available-for-sale securities which were sold during the year ended March 31, 2010 was as follows:

	Millions of Yen		
March 31, 2010	Proceeds	Realized Gains	Realized Loss
Available-for-sale:			
Equity securities	¥ 9	¥ 0	¥ -
Total	¥ 9	¥ 0	¥ -

There were no sales of securities for the year ended March 31, 2011.

4. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Merchandise and finished products	¥ 3,382	¥ 2,924	$ 40,673
Work in process	1,529	1,282	18,388
Raw materials and supplies	2,223	2,049	26,736
Total	¥ 7,134	¥ 6,255	$ 85,797

5. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2010. As a result, the Group recognized an impairment loss of ¥67 million as other expense and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2010. No impairment loss was recognized for the year ended March 31, 2011.

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2011 and 2010 mainly consisted of bank overdrafts. The weighted average per annual interest rates applicable to the short-term bank loans at March 31, 2011 and 2010 were 0.9% and 0.8%, respectively.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Loans from banks, due serially to 2016	¥ 2,280	¥ 1,586	$ 27,420
Less current portion, with weighted average per annum interest rate of 3.4% for 2011 (3.6% for 2010)	610	636	7,336
Long-term debt, less current portion, with weighted average per annum interest rate of 1.6% for 2011 (4.0% for 2010)	¥ 1,670	¥ 950	$ 20,084

Annual maturities of long-term debt, excluding finance leases (see Note 12), at March 31, 2011, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 610	$ 7,336
2012	462	5,556
2013	922	11,088
2014	122	1,467
2015 and thereafter	164	1,973
Total	¥ 2,280	$ 27,420

7. RETIREMENT BENEFITS

The Company and certain of its subsidiaries have retirement benefit plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥ (3,285)	¥ (3,441)	$ (39,506)
Fair value of plan assets	1,675	1,569	20,144
Unrecognized actuarial loss	818	988	9,838
Unrecognized service cost	237	266	2,850
Minimum pension liability adjustment	(701)	(825)	(8,431)
Net liability	¥ (1,256)	¥ (1,443)	$ (15,105)

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 108	¥ 144	$ 1,299
Interest cost	148	161	1,779
Expected return on plan assets	(109)	(130)	(1,311)
Recognized actuarial loss	76	90	914
Amortization of prior service cost	28	16	337
Loss on termination of retirement benefit plans	-	360	-
Defined contribution pension plan cost	100	-	1,203
Net periodic retirement benefit costs	¥ 351	¥ 641	$ 4,221

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	Domestic: 2.00% Foreign: Mainly 5.80%	Domestic: 2.00% Foreign: Mainly 5.80%
Expected rate of return on plan assets	Foreign: Mainly 8.50%	Domestic: 1.00% Foreign: Mainly 6.25%
Amortization period of prior service cost	10 years	10 years
Recognition period of actuarial gain/loss	Mainly 10 years	Mainly 10 years

8. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations included in other long-term liabilities in the consolidated balance sheets for the year ended March 31, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 48	$ 577
Reconciliation associated with the passage of time	1	12
Balance at end of year	49	589

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a board of directors, (2) having independent auditors, (3) having a board of corporate auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The board of directors of companies with board committees (an appointment committee, compensation committee and audit committee) can also do so because such companies with board committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of a board of corporate auditors. The Company is organized as a company with board committees.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.63% for the years ended March 31, 2011 and 2010. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets:			
Accrued enterprise taxes	¥ 72	¥ 115	$ 866
Accrued bonuses	307	284	3,692
Allowance for doubtful receivables	58	24	698
Liability for retirement benefits	471	555	5,664
Tax loss carryforwards	1,383	2,009	16,633
Depreciation	140	156	1,684
Unrealized intercompany profits	334	321	4,017
Preferential taxation for investments	1,269	1,567	15,262
Other	362	434	4,352
Less valuation allowance	(1,273)	(1,854)	(15,310)
Total	¥ 3,123	¥ 3,611	$ 37,558
Deferred tax liabilities:			
Reserve for special depreciation	¥ (161)	¥ (23)	$ (1,936)
Reserve for advanced depreciation of property, plant and equipment	(151)	(160)	(1,816)
Net unrealized gain on available-for-sale securities	(14)	(63)	(168)
Depreciation	(1,998)	(2,073)	(24,029)
Other	12	(52)	144
Total	¥ (2,312)	¥ (2,371)	$ (27,805)
Net deferred tax assets	¥ 811	¥ 1,240	$ 9,753

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	40.63%	40.63%
Per capital inhabitants tax	0.49	0.50
Expenses not deductible for income tax purposes	0.42	0.37
Research and development tax credits	(0.97)	(0.65)
Tax loss carryforwards	(7.58)	(6.03)
Different tax rates applied to foreign subsidiaries	(1.74)	(1.46)
Equity in (earning) loss of associated company	0.40	(1.02)
Preferential taxation for investments	(1.17)	(1.16)
Change in valuation allowance	3.80	(5.42)
Other - net	0.75	0.88
Actual effective tax rate	35.03%	26.64%

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,106 million ($25,328 thousand) and ¥1,771 million for the years ended March 31, 2011 and 2010, respectively.

12. LEASES

The Group leases certain machinery, computer equipment, office space and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2011 and 2010 were ¥117 million ($1,407 thousand) and ¥150 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		2011	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 56	¥ 51	¥ 49	¥ 54	$ 673	$ 613
Due after one year	88	132	102	137	1,058	1,588
Total	¥ 144	¥ 183	¥ 151	¥ 191	$ 1,731	$ 2,201

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen					
	2011			2010		
	Machinery and Equipment	Furniture and Fixtures	Total	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	¥ 7	¥ 15	¥ 22	¥ 7	¥ 29	¥ 36
Accumulated depreciation	6	13	19	5	23	28
Net leased property	¥ 1	¥ 2	¥ 3	¥ 2	¥ 6	¥ 8

	Thousands of U.S. Dollars		
	2011		
	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	$ 84	$ 181	$ 265
Accumulated depreciation	72	157	229
Net leased property	$ 12	$ 24	$ 36

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥ 2	¥ 5	$ 24
Due after one year	1	3	12
Total	¥ 3	¥ 8	$ 36

Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Depreciation expense	¥ 5	¥ 17	$ 60
Lease payments	5	17	60

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight-line method.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 10, 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group invests cash surpluses in low-risk financial assets, mainly short-term deposits, and uses financial instruments, mainly short-term bank loans, for funding. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments

Receivables for trade are exposed to customer credit risk. Receivables and payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Marketable and investment securities, mainly listing shares, are exposed to the risk of market price fluctuations.

Payment terms of payables for trade are mostly less than six months.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to fluctuations in foreign currency exchange and interest rate. Please see Note 13 for more detail about instruments, hedged items and policy for hedge accounting and assessment procedures of hedge effectiveness.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers in the early stages. The credit risk regarding subsidiaries is also managed in the same manner. Credit risk from derivatives is minimized because the group deals only with large financial institutions.

Market risk management (foreign exchange risk)

Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk, which is recognized with respect to each currency and each month, is hedged principally by forward foreign currency contracts. Forward foreign currency contracts are used when foreign currency trade receivables are expected with certainty from forecasted transactions according to conditions in exchange fluctuations.

Marketable and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis.

Derivative transactions have been approved by a pre-defined decision maker based on internal guidelines which prescribe both the authority and the limit and are managed by regularly confirming the balance each day by the Finance Department.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets in view of business income and expenditure and equipment investment spending plan, along with adequate financial planning by the Corporate Treasury Department. Subsidiaries also report their financial plans to the group. The Finance Department manages liquidity risk by obtaining information of cash flows of the whole group.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. The techniques include some changing factors and the fair values may be changed by adopting different assumptions. In addition, the contract amounts of derivatives in Note 14 "DERIVATIVES" do not directly indicate the market risk of derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values and unrealized gain/loss as of March 31, 2011 and 2010 are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (See (b)).

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain(Loss)
Cash and bank deposits	¥ 7,881	¥ 7,881	¥ -
Receivables:			
Trade	20,414	20,414	-
Associated company	171	171	-
Investment securities:			
Available-for-sale securities	888	888	-
Total	¥ 29,354	¥ 29,354	¥ -
Short-term bank loans	¥ 2,854	¥ 2,854	¥ -
Current portion of long-term debt	610	643	(33)
Payables:			
Trade	14,081	14,081	-
Associated company	27	27	-
Other	2,767	2,767	-
Income taxes payable	838	838	-
Long-term debt	1,670	1,660	10
Total	¥ 22,847	¥ 22,870	¥ (23)
Derivatives (*1)	¥ 2	¥ 2	¥ -

March 31, 2010	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain(Loss)
Cash and bank deposits	¥ 5,455	¥ 5,455	¥ -
Receivables:			
Trade	22,079	22,079	-
Associated company	155	155	-
Investment securities:			
Available-for-sale securities	984	984	-
Total	¥ 28,673	¥ 28,673	¥ -
Short-term bank loans	¥ 4,231	¥ 4,231	¥ -
Current portion of long-term debt	636	674	(38)
Payables:			
Trade	14,533	14,533	-
Associated company	2	2	-
Other	3,136	3,136	-
Income taxes payable	1,429	1,429	-
Long-term debt	950	935	15
Total	¥ 24,917	¥ 24,940	¥ (23)
Derivatives (*1)	¥ (12)	¥ (12)	¥ -

March 31, 2011	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain(Loss)
Cash and bank deposits	$ 94,781	$ 94,781	$ -
Receivables:			
Trade	245,508	245,508	-
Associated company	2,057	2,057	-
Investment securities:			
Available-for-sale securities	10,680	10,680	-
Total	$ 353,026	$ 353,026	$ -
Short-term bank loans	$ 34,324	$ 34,324	$ -
Current portion of long-term debt	7,336	7,733	(397)
Payables:			
Trade	169,345	169,345	-
Associated company	325	325	-
Other	33,277	33,277	-
Income taxes payable	10,078	10,078	-
Long-term debt	20,084	19,964	120
Total	$ 274,769	$ 275,046	$ (277)
Derivatives (*1)	$ 21	$ 21	$ -

Notes:

*1. Derivative assets and liabilities are presented on a net basis.

Assets

Cash and bank deposits

The carrying values are adopted for cash and bank deposits as they approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for marketable and investment securities by classification is included in Note 3.

Receivables and payables

The fair values of receivables and payables are measured at the amount to be received or paid at maturity discounted at the Group's assumed corporate discount rate.

Short-term bank loans

The carrying values of short-term bank loans approximate fair value because of their short maturities.

Income taxes payable

The carrying values of income taxes payable approximate fair value because of their short maturities.

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

The information of the fair value for derivatives is included in Note 14.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments in equity instruments that do not have a quoted market price in an active market	¥204	¥204	$2,453

(5) Maturity analysis for financial assets and securities with contractual maturities

March 31, 2011	Millions of Yen Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and bank deposits	¥ 7,881	¥ -	¥ -	¥ -
Receivables:				
Trade	20,414	-	-	-
Associated company	171	-	-	-
Total	¥ 28,466	¥ -	¥ -	¥ -

March 31, 2010	Millions of Yen Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and bank deposits	¥ 5,455	¥ -	¥ -	¥ -
Receivables:				
Trade	22,079	-	-	-
Associated company	155	-	-	-
Total	¥ 27,689	¥ -	¥ -	¥ -

March 31, 2011	Thousands of U.S. Dollars Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and bank deposits	$ 94,781	$ -	$ -	$ -
Receivables:				
Trade	245,508	-	-	-
Associated company	2,057	-	-	-
Total	$ 342,346	$ -	$ -	$ -

Please see Note 12 "LEASES" for future payments of lease obligations.

14. DERIVATIVES

The Group enters into foreign currency forward contracts and foreign currency option contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
At March 31, 2011	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Euro	¥441	¥ -	¥0	¥0

	Millions of Yen			
At March 31, 2010	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency options:				
Selling Option Put, Euro	¥ 218	¥ -	¥ (10)	¥ (10)
Buying Option Call, Euro	218	-	3	3
Foreign currency forward contracts:				
Selling Euro	235	-	(6)	(6)

	Thousands of U.S. Dollars			
At March 31, 2011	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Euro	$5,304	$ -	$0	$0

Derivative transactions to which hedge accounting is applied

At March 31, 2011	Hedged Item	Millions of Yen Contract Amount	 Contract Amount Due after One Year	 Fair Value
Principal method:				
Foreign currency forward contracts:				
Selling Euro	Forecasted transaction	¥ 91	¥ -	¥ 5
Selling U.S.$	Forecasted transaction	66	-	2
Conventional method:				
Foreign currency forward contracts:				
Selling Euro	Receivables	28	-	(1)
Selling U.S.$	Receivables	6	-	(0)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt	379	-	(5)

At March 31, 2010	Hedged Item	Millions of Yen Contract Amount	 Contract Amount Due after One Year	 Fair Value
Foreign currency forward contracts:				
Selling Euro	Receivables	¥ 6	¥ -	¥ (0)
Selling U.S.$	Receivables	8	-	(0)

At March 31, 2011	Hedged Item	Thousands of U.S. Dollars Contract Amount	 Contract Amount Due after One Year	 Fair Value
Principal method:				
Foreign currency forward contracts:				
Selling Euro	Forecasted transaction	$ 1,094	$ -	$ 60
Selling U.S.$	Forecasted transaction	794	-	24
Conventional method				
Foreign currency forward contracts:				
Selling Euro	Receivables	337	-	(12)
Selling U.S.$	Receivables	72	-	(0)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt	4,558	-	(60)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

15. COMPREHENSIVE INCOME

Total comprehensive income for the year ended March 31, 2010 was the following:

	Millions of Yen
Total comprehensive income attributable to:	
Owners of the parent	¥ 5,819
Minority interests	-
Total comprehensive income	¥ 5,819

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥ 73
Foreign currency translation adjustments	573
Share of other comprehensive income in associates	63
Minimum pension liability adjustment	17
Total other comprehensive income	¥ 726

16. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2011:				
Basic EPS				
Net income available to common shareholders	¥ 4,500	28,098	¥160.16	$1.93

Diluted net income per share is not disclosed because there is no dilution of stock.

	Millions of Yen	Thousands of Shares	Yen
	Net Income	Weighted Average Shares	EPS
For the year ended March 31, 2010:			
Basic EPS			
Net income available to common shareholders	¥ 5,093	28,072	¥181.40

Diluted net income per share is not disclosed because there is no dilution of stock.

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The main components of selling, general and administrative expenses for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Employees' salary	¥ 4,017	¥ 4,044	$ 48,310
Freight charges	1,351	1,316	16,248

18. LOSSES FROM NATURAL DISASTER

The losses caused by the Great East Japan Earthquake are as follows:

	2011	
	Millions of Yen	Thousands of U.S. Dollars
Restoration expenses of production facilities	¥ 123	$ 1,479
Fixed expense for the period of shutdown and business suspension	115	1,383
Loss on inventory	73	878
Others	27	325
Total	¥ 338	$ 4,065

19. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliations between cash and cash equivalents on the consolidated statements of cash flows and cash and bank deposits on the consolidated balance sheets at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Cash and bank deposits	¥ 7,881	¥ 5,455	$ 94,781
Bank overdraft	(788)	(608)	(9,477)
Cash and cash equivalents	7,093	4,847	85,304

20. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the meeting of the Board of Directors of the Company held on May 23, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥20 ($0.24) per share	¥568	$6,831

21. SEGMENT INFORMATION

For the years ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures", and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

Although the segment information for the year ended March 31, 2010 under the revised accounting standard is also required, the information is omitted since the similar information for the year ended March 31, 2010 is disclosed in the section "For the year ended March 31, 2010" below.

1. Description of reportable segments

   The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group conducts packaging business, which consists of mainly shrink-label and tack-label in Japan, Americas and Europe. Each of the regions are independent management units which can conduct production and sales in their respective region.

   Therefore, the Group consists of geographical segments based on production and sales structures, which are "Japan", "Americas", and "Europe".

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

   The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".

3. Information about sales, profit (loss), assets, liabilities and other items is as follows.

	Millions of Yen					
	2011					
	Reportable Segment					
	Japan	Americas	Europe	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	¥ 61,595	¥ 15,379	¥ 10,094	¥ 87,068	¥ -	¥ 87,068
Intersegment sales or transfers	900	27	1,107	2,034	(2,034)	-
Total	62,495	15,406	11,201	89,102	(2,034)	87,068
Segment profit	5,440	1,543	820	7,803	(8)	7,795
Segment assets	73,661	13,704	12,169	99,534	(25,157)	74,377
Segment liabilities	20,909	4,045	3,080	28,034	(578)	27,456
Other:						
Depreciation	2,626	1,085	851	4,562	-	4,562
Amortization of goodwill	59	-	-	59	-	59
Investment in equity method affiliated company	1,611	-	-	1,611	-	1,611
Increase in property, plant and equipment and intangible assets	3,225	1,178	354	4,757	-	4,757

	Thousands of U.S. Dollars					
	2011					
	Reportable Segment					
	Japan	Americas	Europe	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	$ 740,770	$ 184,955	$ 121,395	$ 1,047,120	$ -	$ 1,047,120
Intersegment sales or transfers	10,824	325	13,313	24,462	(24,462)	-
Total	751,594	185,280	134,708	1,071,582	(24,462)	1,047,120
Segment profit	65,424	18,557	9,861	93,842	(96)	93,746
Segment assets	885,881	164,811	146,350	1,197,042	(302,550)	894,492
Segment liabilities	251,461	48,647	37,042	337,150	(6,950)	330,200
Other:						
Depreciation	31,581	13,049	10,235	54,865	-	54,865
Amortization of goodwill	710	-	-	710	-	710
Investment in equity method affiliated company	19,375	-	-	19,375	-	19,375
Increase in property, plant and equipment and intangible assets	38,785	14,167	4,258	57,210	-	57,210

Note: Reconciliation amount of segment assets of ¥25,157 million ($302,550 thousand) was mainly composed of intersegment receivable of ¥25,224 million ($303,355 thousand).

4. Information about products and services

	Millions of Yen						
	2011						
	Shrink Label	Other Label	Tack Label	Soft Pouch	Machinery	Others	Total
Sales to external customers	¥56,639	¥2,155	¥9,382	¥3,834	¥6,737	¥8,321	¥87,068

	Thousands of U.S. Dollars						
	2011						
	Shrink Label	Other Label	Tack Label	Soft Pouch	Machinery	Others	Total
Sales to external customers	$681,167	$25,917	$112,832	$46,109	$81,022	$100,073	$1,047,120

5. Information about geographical areas

(1) Sales

Millions of Yen				
2011				
Japan	Americas	Europe	Other	Total
¥60,408	¥15,389	¥10,005	¥1,266	¥87,068

Thousands of U.S. Dollars				
2011				
Japan	Americas	Europe	Other	Total
$726,494	$185,075	$120,325	$15,226	$1,047,120

Note: Sales are classified in countries or regions based on location of customers.

(2) Property, plant and equipment

Millions of Yen			
2011			
Japan	Americas	Europe	Total
¥16,846	¥8,868	¥5,914	¥31,628

Thousands of U.S. Dollars			
2011			
Japan	Americas	Europe	Total
$202,598	$106,651	$71,124	$380,373

6. Information about major customers

Information is not disclosed because there is no customer who accounts for 10% or more of total sales to external customers in the consolidated statements of income.

7. Information about goodwill

	Millions of Yen				
	2011				
	Japan	Americas	Europe	Other	Total
Amortization of goodwill	¥ 59	¥ -	¥ -	¥ -	¥ 59
Goodwill at March 31, 2011	74	-	-	-	74

	Thousands of U.S. Dollars				
	2011				
	Japan	Americas	Europe	Other	Total
Amortization of goodwill	$ 710	$ -	$ -	$ -	$ 710
Goodwill at March 31, 2011	890	-	-	-	890

For the year ended March 31, 2010

Information about geographical segments and sales to foreign customers of the Group for the year ended March 31, 2010 is as follows:

(1) Geographical Segments

The geographical segments of the Company and its subsidiaries for the year ended March 31, 2010 are summarized as follows:

	Millions of Yen					
	Japan	Americas	Europe	Total	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 61,565	¥ 13,795	¥ 11,017	¥ 86,377	¥ -	¥ 86,377
Interarea transfer	1,098	9	1,313	2,420	(2,420)	-
Total sales	62,663	13,804	12,330	88,797	(2,420)	86,377
Operating expenses	56,734	12,775	11,500	81,009	(2,445)	78,564
Operating income	¥ 5,929	¥ 1,029	¥ 830	7,788	¥ 25	¥ 7,813
Total assets	¥ 72,160	¥ 13,528	¥ 13,411	¥ 99,099	¥ (24,072)	¥ 75,027

(2) Sales to Foreign Customers

Sales to foreign customers for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
Americas	¥ 14,249
Europe	10,033
Others	1,794
Total	¥ 26,076

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