Fuji Seal International, Inc. and Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2012, and Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S 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 subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Seal International, Inc. and subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 20 to the consolidated financial statements, on May 31, 2012, the board of directors of the Company resolved that the Company enter into the Share Purchase Agreement dated May 31, 2012, with the shareholders of Pago Holding AG to acquire 100% of its shares.

Convenience Translation

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 21, 2012

Member of
Deloitte Touche Tohmatsu Limited

Fuji Seal International, Inc. and Subsidiaries

Consolidated Balance Sheets
March 31, 2012 and 2011

ASSETS	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
CURRENT ASSETS:			
Cash and bank deposits (Notes 13 and 19)	¥ 7,682	¥ 7,881	$ 93,466
Receivables (Note 13):			
Trade	23,670	20,414	287,991
Associated company	136	171	1,655
Other	1,109	1,222	13,493
Allowance for doubtful receivables	(28)	(56)	(341)
Inventories (Note 4)	8,470	7,134	103,054
Deferred tax assets (Note 10)	760	1,136	9,247
Other current assets	264	309	3,213
Total current assets	42,063	38,211	511,778
PROPERTY, PLANT, AND EQUIPMENT:			
Land	4,784	5,012	58,207
Buildings and structures (Note 5)	15,518	15,019	188,806
Machinery and equipment	43,225	42,974	525,916
Furniture and fixtures	2,209	2,217	26,877
Lease assets (Note 12)	260	236	3,163
Construction in progress	1,630	1,265	19,832
Total	67,626	66,723	822,801
Accumulated depreciation	(37,198)	(35,095)	(452,586)
Net property, plant, and equipment	30,428	31,628	370,215
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 13)	1,379	1,092	16,778
Investment in associated company	1,718	1,611	20,903
Goodwill	15	74	183
Software	346	489	4,210
Deferred tax assets (Note 10)	499	641	6,071
Other assets	828	631	10,074
Total investments and other assets	4,785	4,538	58,219
TOTAL	¥ 77,276	¥ 74,377	$ 940,212

LIABILITIES AND EQUITY	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
CURRENT LIABILITIES:			
Short-term bank loans (Notes 6 and 13)	¥ 1,854	¥ 2,854	$ 22,557
Current portion of long-term debt (Notes 6 and 13)	397	610	4,830
Current portion of long-term lease obligations (Note 12)	58	56	706
Payables (Note 13):			
Trade	15,281	14,081	185,923
Associated company	57	27	694
Other	2,842	2,767	34,578
Income taxes payable (Note 13)	1,324	838	16,109
Accrued expenses	1,531	1,557	18,628
Other current liabilities	923	580	11,230
Total current liabilities	24,267	23,370	295,255
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 13)	1,760	1,670	21,414
Long-term lease obligations (Note 12)	85	88	1,034
Liability for retirement benefits (Note 7)	1,525	1,256	18,555
Deferred tax liabilities (Note 10)	775	966	9,429
Other long-term liabilities (Note 8)	185	106	2,251
Total long-term liabilities	4,330	4,086	52,683
COMMITMENTS AND CONTINGENT LIABILITIES (Note 12)			
EQUITY (Notes 9 and 20):			
Common stock, authorized,100,000,000 shares; issued, 30,080,978 shares in 2012 and 2011	5,990	5,990	72,880
Capital surplus	6,233	6,233	75,836
Retained earnings	49,175	45,921	598,309
Treasury stock - at cost: 1,861,501 shares in 2012 and 1,946,821 shares in 2011	(3,617)	(3,839)	(44,008)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities (Note 10)	85	4	1,034
Deferred gain on derivatives under hedge accounting	-	4	-
Foreign currency translation adjustments	(8,355)	(6,691)	(101,655)
Minimum pension liability adjustment (Note 7)	(832)	(701)	(10,122)
Total equity	48,679	46,921	592,274
TOTAL	¥77,276	¥74,377	$ 940,212

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET SALES	¥88,374	¥87,068	$1,075,240
COST OF SALES (Note 11)	69,733	68,054	848,436
Gross profit	18,641	19,014	226,804
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Notes 11 and 17)	11,112	11,219	135,199
Operating income	7,529	7,795	91,605
OTHER INCOME (EXPENSES):			
Interest and dividend income	85	63	1,034
Interest expense	(70)	(104)	(852)
Foreign exchange loss - net	(45)	(66)	(548)
Equity in earning (loss) of associated company	151	(78)	1,837
Losses from natural disaster (Note 18)	-	(338)	-
Gain on sales of property, plant, and equipment	8	2	97
Loss on sales and disposals of property, plant, and equipment	(303)	(424)	(3,687)
Other - net (Note 5)	(149)	76	(1,811)
Other expenses - net	(323)	(869)	(3,930)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	7,206	6,926	87,675
INCOME TAXES (Note 10):			
Current	2,452	2,030	29,833
Deferred	389	396	4,733
Total income taxes	2,841	2,426	34,566
NET INCOME BEFORE MINORITY INTERESTS	4,365	4,500	53,109
MINORITY INTERESTS IN NET INCOME	-	-	-
NET INCOME	¥ 4,365	¥ 4,500	$ 53,109

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.s and 16):			
Basic net income	¥154.94	¥160.16	$1.89
Cash dividends applicable to the year	35.00	35.00	0.43

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET INCOME BEFORE MINORITY INTERESTS	¥ 4,365	¥ 4,500	$ 53,109
OTHER COMPREHENSIVE INCOME (Note 15):			
Unrealized gain (loss) on available-for-sale securities	81	(70)	986
Deferred loss on derivatives under hedge accounting	(4)	4	(49)
Foreign currency translation adjustments	(1,622)	(2,847)	(19,735)
Share of other comprehensive income in associates	(43)	(75)	(523)
Minimum pension liability adjustment	(131)	124	(1,594)
Total other comprehensive loss	(1,719)	(2,864)	(20,915)
COMPREHENSIVE INCOME (Note 15)	¥ 2,646	¥ 1,636	$ 32,194
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 15):			
Owners of the parent	¥2,646	¥1,636	$32,194
Minority interests	-	-	-

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2012 and 2011

	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 (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Minimum Pension Liability Adjustment	Total Equity
BALANCE, APRIL 1, 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
Net income	-	-	-	4,365	-	-	-	-	-	4,365
Cash dividends, ¥35 per share	-	-	-	(1,051)	-	-	-	-	-	(1,051)
Purchase of treasury stock	(180)	-	-	-	(0)	-	-	-	-	(0)
Sale of treasury stock	85,500	-	(60)	-	222	-	-	-	-	162
Other	-	-	60	(60)	-	-	-	-	-	-
Net change in the year	-	-	-	-	-	81	(4)	(1,664)	(131)	(1,718)
BALANCE, MARCH 31, 2012	28,219,477	¥5,990	¥6,233	¥49,175	¥(3,617)	¥ 85	¥ -	¥(8,355)	¥(832)	¥48,679

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Minimum Pension Liability Adjustment	Total Equity
BALANCE, MARCH 31, 2011	$72,880	$75,836	$558,718	$(46,709)	$ 49	$ 49	$ (81,409)	$ (8,529)	$570,885
Net income	-	-	53,109	-	-	-	-	-	53,109
Cash dividends, $0.43 per share	-	-	(12,788)	-	-	-	-	-	(12,788)
Purchase of treasury stock	-	-	-	(0)	-	-	-	-	(0)
Sale of treasury stock	-	(730)	-	2,701	-	-	-	-	1,971
Other	-	730	(730)	-	-	-	-	-	-
Net change in the year	-	-	-	-	985	(49)	(20,246)	(1,593)	(20,903)
BALANCE, MARCH 31, 2012	$72,880	$75,836	$598,309	$(44,008)	$1,034	$ -	$(101,655)	$(10,122)	$592,274

See notes to consolidated financial statements

Fuji Seal International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 7,206	¥ 6,926	$ 87,675
Adjustments for:			
Income taxes - paid	(2,085)	(2,822)	(25,368)
Depreciation and amortization	4,502	4,638	54,776
Gain on sales of property, plant, and equipment	(8)	(2)	(97)
Loss on sales and disposals of property, plant, and equipment	303	424	3,687
Equity in loss (earning) of associated company	(151)	78	(1,837)
Changes in assets and liabilities:			
(Increase) decrease in receivables	(3,594)	761	(43,728)
Increase in inventories	(1,560)	(1,344)	(18,980)
Increase (decrease) in payable	1,031	(6)	12,544
Increase (decrease) in liability for retirement benefits	142	(52)	1,728
Other - net	1,065	(226)	12,956
Total adjustments	(355)	1,449	(4,319)
Net cash provided by operating activities	6,851	8,375	83,356
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(4,471)	(4,605)	(54,398)
Purchases of software and other assets	(273)	(138)	(3,322)
Purchases of investment securities	(165)	(22)	(2,008)
Other - net	102	74	1,242
Net cash used in investing activities	(4,807)	(4,691)	(58,486)
FINANCING ACTIVITIES:			
Decrease in short-term bank loans - net	(1,122)	(1,368)	(13,651)
Proceeds from long-term debt	800	1,500	9,734
Repayments of long-term debt	(903)	(670)	(10,987)
Dividends paid	(1,050)	(847)	(12,775)
Other - net	98	64	1,192
Net cash used in financing activities	(2,177)	(1,321)	(26,487)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(209)	(117)	(2,544)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(342)	2,246	(4,161)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,093	4,847	86,300
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 19)	¥ 6,751	¥ 7,093	$ 82,139

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF 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 the application and disclosure requirements of International Financial Reporting Standards.

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 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82.19 to $1, the approximate rate of exchange at March 31, 2012. 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, 2012, include the accounts of the Company and its 19 (19 in 2011) 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 acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized using the straight-line method over five 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 also 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 that: (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 the 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: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c. *Business Combinations* - In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

   In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed; (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination is capitalized as an intangible asset; (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

d. *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 12 months of the date of acquisition.

e. *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.

f. *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.

g. *Allowance for Doubtful Receivables* - The allowance for doubtful receivables 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.

h. *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 under lease is depreciated by the straight-line method over the respective lease period.

i. *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.

j. *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.

k. *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.

l. *Asset Retirement Obligations* - In March 2008, the ASBJ published 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 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.

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

n. *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 be capitalized to recognize lease assets and lease obligations in the consolidated balance sheets.

In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements.

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 which do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

o. *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.

p. *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 statement of income to the extent that they are not hedged by forward exchange contracts.

q. *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 are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income (loss) in a separate component of equity.

r. *Derivatives and Hedging Activities* - The Group uses derivative financial instruments to manage its 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.

s. *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.

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.

t. *Accounting for Trust-type Employee Stock Ownership Incentive Plan* - The Company introduced an employee incentive plan, "Employee Stock Ownership Plan Trust" for purposes of enhancing the medium- to 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. For the Trust Account at Mitsubishi UFJ Trust Banking Corporation, the Company guarantees the losses 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, 2012, the shares of the Company held by the Trust was 168,000 shares.

u. *Accounting Method of Stock Grant ESOP Trust* - The Company resolved at its board of directors meeting held on February 7, 2012, to adopt the "Stock Grant ESOP Trust" as an incentive plan for employees for purposes of enhancing the medium- to long-term corporate value of the Company. Accordingly, Mitsubishi UFJ Trust Banking Corporation (Stock Grant ESOP Trust Account) acquired 100,000 shares of the Company's stock in March 2, 2012. The Company, in light of the economic substance of the plan, accounts for the Stock Grant ESOP Trust by considering the Company and the Stock Grant ESOP Trust Account as a single entity, and has thus included the Company's stock owned by the Stock Grant ESOP Trust Account, and the assets and liabilities, and expenses and income thereof in the consolidated balance sheets, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows. Therefore, in terms of treasury stock, the Company's stock has been included in the number of treasury stock. As of March 31, 2012, the number of treasury stock held by the Stock Grant ESOP Trust Account is 100,000 shares.

v. *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.

w. *New Accounting Pronouncements*

Accounting Standard for Retirement Benefits - On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000 and the other related practical guidance, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) *Treatment in the statement of income and the statement of comprehensive income*

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Non-current:			
Marketable equity securities	¥1,175	¥ 888	$14,296
Unquoted equity securities	204	204	2,482
Total	¥1,379	¥1,092	$16,778

The costs and aggregate fair values of investment securities at March 31, 2012 and 2011, were as follows:

	Millions of Yen			
	2012			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥1,035	¥233	¥(93)	¥1,175
Total	¥1,035	¥233	¥(93)	¥1,175

	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

	Thousands of U.S. Dollars			
	2012			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$12,593	$2,835	$(1,132)	$14,296
Total	$12,593	$2,835	$(1,132)	$14,296

There were no sales of the available-for-sale securities for the years ended March 31, 2012 and 2011.

4. INVENTORIES

Inventories at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Merchandise and finished products	¥3,495	¥3,382	$ 42,523
Work in process	2,234	1,529	27,181
Raw materials and supplies	2,741	2,223	33,350
Total	¥8,470	¥7,134	$103,054

5. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2012. As a result, the Group recognized an impairment loss of ¥66 million ($803 thousand) as other expense and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2012. 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, 2012 and 2011, mainly consisted of bank overdrafts. The weighted average annual interest rates applicable to the short-term bank loans at March 31, 2012 and 2011, were 1.0% and 0.9%, respectively.

Long-term debt at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Loans from banks, due serially to 2017	¥2,157	¥2,280	$26,244
Less current portion, with weighted average per annum interest rate of 1.8% for 2012 (3.4% for 2011)	397	610	4,830
Long-term debt, less current portion, with weighted average per annum interest rate of 0.9% for 2012 (1.6% for 2011)	¥1,760	¥1,670	$21,414

Annual maturities of long-term debt, excluding finance leases (see Note 12), at March 31, 2012, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 397	$ 4,830
2014	1,080	13,140
2015	280	3,407
2016	320	3,893
2017	80	974
Total	¥2,157	$26,244

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, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥(3,448)	¥(3,285)	$(41,952)
Fair value of plan assets	1,560	1,675	18,980
Unrecognized actuarial loss	1,010	818	12,289
Unrecognized prior service cost	209	237	2,543
Minimum pension liability adjustment	(938)	(701)	(11,412)
Net liability	¥(1,607)	¥(1,256)	$(19,552)

The components of net periodic retirement benefit costs for the years ended March 31, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥ 109	¥ 108	$ 1,326
Interest cost	142	148	1,728
Expected return on plan assets	(104)	(109)	(1,265)
Recognized actuarial loss	64	76	779
Amortization of prior service cost	28	28	341
Defined contribution pension plan cost	110	100	1,337
Net periodic retirement benefit costs	¥ 349	¥ 351	$ 4,246

Assumptions used for the years ended March 31, 2012 and 2011, are set forth as follows:

	2012	2011
Discount rate	Domestic: 2.0 % Foreign: Mainly 5.5%	Domestic: 2.0% Foreign: Mainly 5.8%
Expected rate of return on plan assets	Foreign: Mainly 8.0%	Foreign: Mainly 8.5%
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 for the years ended March 31, 2012 and 2011, were as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Balance at beginning of year	¥49	¥48	$ 596
Reconciliation associated with passage of time	1	1	12
Others (*1)	40	-	487
Balance at end of year	¥90	¥49	$1,095

Notes:

*1. An asset retirement obligation was recognized due to the commitment to demolish an existing building as part of the sale and purchase agreement for properties owned by a subsidiary.

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 that was charged upon the payment of such dividends until the 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, 2012 and 2011. 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, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Accrued enterprise taxes	¥ 108	¥ 72	$ 1,314
Accrued bonuses	287	307	3,492
Allowance for doubtful receivables	20	58	243
Liability for retirement benefits	558	471	6,789
Tax loss carryforwards	716	1,383	8,712
Depreciation	120	140	1,460
Unrealized intercompany profits	394	334	4,794
Preferential taxation for investments	978	1,269	11,899
Other	397	362	4,830
Less valuation allowance	(1,028)	(1,273)	(12,508)
Total	¥ 2,550	¥ 3,123	$ 31,025
Deferred tax liabilities:			
Reserve for special depreciation	¥ (124)	¥ (161)	$ (1,509)
Reserve for advanced depreciation of property, plant, and equipment	(127)	(151)	(1,544)
Net unrealized gain on available-for-sale securities	(55)	(14)	(669)
Depreciation	(1,770)	(1,998)	(21,535)
Other	10	12	121
Total	¥(2,066)	¥(2,312)	$(25,136)
Net deferred tax assets	¥ 484	¥ 811	$ 5,889

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2012, is not presented because the difference between the actual effective tax rate and the normal effective statutory tax rate was less than 5% of the statutory tax rate.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2011, is as follows:

Normal effective statutory tax rate	40.63%
Per capita inhabitants tax	0.49
Expenses not deductible for income tax purposes	0.42
Research and development tax credits	(0.97)
Tax loss carryforwards	(7.58)
Different tax rates applied to foreign subsidiaries	(1.74)
Equity in loss of associated company	0.40
Preferential taxation for investments	(1.17)
Change in valuation allowance	3.80
Other - net	0.75
Actual effective tax rate	35.03%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.63% to 37.96% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.59% afterwards. The effect of this change was to decrease deferred taxes by ¥56 million ($681 thousand) in the consolidated balance sheet as of March 31, 2012, and to increase unrealized gain on available-for-sale securities by ¥8 million ($97 thousand) in the consolidated balance sheet as of March 31, 2012, and income taxes - deferred by ¥64 million ($779 thousand) in the consolidated statement of income for the year then ended.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,119 million ($25,782 thousand) and ¥2,106 million for the years ended March 31, 2012 and 2011, 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, 2012 and 2011, were ¥103 million ($1,253 thousand) and ¥117 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	
	2012		2011		2012	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 58	¥ 43	¥ 56	¥ 51	$ 706	$ 523
Due after one year	85	110	88	132	1,034	1,339
Total	¥143	¥153	¥144	¥183	$1,740	$1,862

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 consolidated balance sheets. However, ASBJ Statement No. 13 permits leases that do not transfer ownership of the leased property to the lessee and 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 note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008, and continued to account for such leases as operating lease transactions.

Pro forma information of leased property whose lease inception was before March 31, 2008, on an "as if capitalized" basis was as follows:

	Millions of Yen					
	2012			2011		
	Machinery and Equipment	Furniture and Fixtures	Total	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	¥ 3	¥ 3	¥ 6	¥ 7	¥15	¥22
Accumulated depreciation	3	3	6	6	13	19
Net leased property	¥ 0	¥ 0	¥ 0	¥ 1	¥ 2	¥ 3

	Thousands of U.S. Dollars		
	2012		
	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	$37	$36	$73
Accumulated depreciation	37	36	73
Net leased property	$ 0	$ 0	$ 0

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥1	¥2	$12
Due after one year	-	1	-
Total	¥1	¥3	$12

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

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Depreciation expense	¥2	¥5	$24
Lease payments	2	5	24

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 listed 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 Notes 2.r and 14 for more details about hedging instruments, hedged items, and policy for hedge accounting and assessment procedures for 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 at early stages. The credit risk regarding subsidiaries is also managed in the same manner.

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 and subject to exchange fluctuations.

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

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on its 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 on cash flows of the whole group.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is 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, 2012 and 2011, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (See (b)).

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain(Loss)
Cash and bank deposits	¥ 7,682	¥ 7,682	¥ -
Receivables:			
Trade	23,670	23,670	-
Associated company	136	136	-
Investment securities:			
Available-for-sale securities	1,175	1,175	-
Total	¥32,663	¥32,663	¥ -
Short-term bank loans	¥ 1,854	¥ 1,854	¥ -
Current portion of long-term debt	397	397	-
Payables:			
Trade	15,281	15,281	-
Associated company	57	57	-
Other	2,842	2,842	-
Income taxes payable	1,324	1,324	-
Long-term debt	1,760	1,760	-
Total	¥23,515	¥23,515	¥ -
Derivatives (*1)	¥(18)	¥(18)	¥ -

	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	¥ -

	Thousands of U.S. Dollars		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain(Loss)
Cash and bank deposits	$ 93,466	$ 93,466	$ -
Receivables:			
Trade	287,991	287,991	-
Associated company	1,655	1,655	-
Investment securities:			
Available-for-sale securities	14,296	14,296	-
Total	$397,408	$397,408	$ -
Short-term bank loans	$ 22,557	$ 22,557	$ -
Current portion of long-term debt	4,830	4,830	-
Payables:			
Trade	185,923	185,923	-
Associated company	694	694	-
Other	34,578	34,578	-
Income taxes payable	16,109	16,109	-
Long-term debt	21,414	21,414	-
Total	$286,105	$286,105	$ -
Derivatives (*1)	$(219)	$(219)	$ -

Notes:

*1. Derivative assets and liabilities are presented on a net basis. Negative balances indicate the derivative liabilities.

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

Receivables and Payables

The carrying values of receivables and payables approximate fair value because of their short maturities.

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

Fair value information 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
	2012	2011	2012
Investments in equity instruments that do not have a quoted market price in an active market	¥204	¥204	$2,482

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

	Millions of Yen			
March 31, 2012	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	¥ 7,682	¥ -	¥ -	¥ -
Receivables:				
Trade	23,670	-	-	-
Associated company	136	-	-	-
Total	¥31,488	¥ -	¥ -	¥ -

	Millions of Yen			
March 31, 2011	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	¥ -	¥ -	¥ -

	Thousands of U.S. Dollars			
March 31, 2012	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	$ 93,466	$ -	$ -	$ -
Receivables:				
Trade	287,991	-	-	-
Associated company	1,655	-	-	-
Total	$383,112	$ -	$ -	$ -

Please see Note 6 for annual maturities of long-term debt and Note 12 for obligation under finance leases.

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, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Euro	¥314	¥ -	¥(18)	¥(18)

	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

	Thousands of U.S. Dollars			
At March 31, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling Euro	$3,820	$ -	$(219)	$(219)

Derivative Transactions to Which Hedge Accounting Is Applied

At March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
	Millions of Yen			
Conventional method:				
Foreign currency forward contracts:				
Selling Euro	Receivables	¥97	¥ -	¥(2)
Selling U.S.$	Receivables	15	-	(1)

At March 31, 2011	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
	Millions of Yen			
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, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
	Thousands of U.S. Dollars			
Conventional method				
Foreign currency forward contracts:				
Selling Euro	Receivables	$1,180	$ -	$(24)
Selling U.S.$	Receivables	183	-	(12)

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

15. COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrealized gain (loss) on available-for-sale securities:		
Gains arising during the year	¥ 122	$ 1,484
Reclassification adjustments to profit or loss	-	-
Amount before income tax effect	122	1,484
Income tax effect	(41)	(498)
Total	¥ 81	$ 986
Deferred gain (loss) on derivatives under hedge accounting:		
Loss arising during the year	¥ (2)	$ (24)
Reclassification adjustments to profit or loss	(4)	(49)
Amount before income tax effect	(6)	(73)
Income tax effect	2	24
Total	¥ (4)	$ (49)
Foreign currency translation adjustments:		
Loss arising during the year	¥(1,622)	$(19,735)
Share of other comprehensive income in associates:		
Loss arising during the year	¥ (43)	$ (523)
Minimum pension liability adjustment:		
Loss arising during the year	¥ (314)	$ (3,820)
Reclassification adjustments to profit or loss	53	644
Amount before income tax effect	(261)	(3,176)
Income tax effect	130	1,582
Total	¥ (131)	$ (1,594)
Total other comprehensive loss	¥(1,719)	$(20,915)

The corresponding information for the year ended March 31, 2011, was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

16. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2012 and 2011, is calculated as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	¥4,365	28,173	¥154.94	$1.89

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, 2011:			
Basic EPS			
Net income available to common shareholders	¥4,500	28,098	¥160.16

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, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Employees' salary	¥3,996	¥4,017	$48,619
Freight charges	1,413	1,351	17,192

18. LOSSES FROM NATURAL DISASTER

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

	Millions of Yen
	2011
Restoration expenses of production facilities	¥123
Fixed expense for the period of shutdown and business suspension	115
Loss on inventories	73
Others	27
Total	¥338

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, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cash and bank deposits	¥7,682	¥7,881	$ 93,466
Bank overdraft	(931)	(788)	(11,327)
Cash and cash equivalents	¥6,751	¥7,093	$ 82,139

20. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2012 was approved at the meeting of the board of directors of the Company held on May 22, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥18 ($0.22) per share	¥513	$6,242

Acquisition of shares of PAGO Holding AG, Switzerland

On May 31, 2012, the board of directors of the Company resolved that the Company enter into the Share Purchase Agreement dated May 31, 2012, with the shareholders of PAGO Holding AG, a Swiss corporation, (hereafter referred to as "PAGO" or "PAGO Group" collectively) to acquire 100% of its shares. PAGO Group is engaged in the business of manufacture, sales, and development of self adhesive labels and its labeling systems in Europe.

1. Purpose of Acquisition

   The Group is engaged in the business of planning, development, manufacturing and sales of packaging systems, such as shrink labels, self adhesive labels, soft pouches, and packaging machinery targeting global brand owners of food, beverage, and FMCG in Japan, Americas, Europe, and the ASEAN countries.

   PAGO Group, headquartered in Switzerland, is engaged in the sale and manufacturing of self adhesive labels and labeling systems with its main markets in Switzerland, Germany, and other European countries, where they are based and have strong business basis and reputation for the PAGO brand. PAGO Group enjoys very high confidence from customers for its technology, quality, and services. As the Group is expanding the global operations and deployment in the packaging business, the acquisition of PAGO will contribute to the achievement of the Group's mid-term business plan by the use and fusion of brand values, technology quality and services of the Group and PAGO.

2. Profile of shareholders whom the shares are acquired from

   Rodolfo Saluz, the Saluz family, and the management of PAGO Group.

3. Outline of PAGO Holding AG

   (1) Corporate name: PAGO Holding AG

   (2) Head Office: Grabs, Switzerland

   (3) Representative: Markus Schildknecht (Chairman)

   (4) Description of business: Holding company of business group that is engaged in the sale and manufacturing of self adhesive labels and labeling systems.

   (5) Sales Turnover (Consolidated basis): CHF179,822 thousand for the fiscal year ended December 31, 2011.

   (6) Share Capital: CHF2,000 thousand as of December 31, 2011

   (7) Number of employees (Consolidated basis): 955 as of December 31, 2011

4. Date of Acquisition

   July 1, 2012

5. Numbers and Status of Shares to acquire

   (1) Number of shares before the acquisition: 0 shares (shareholding ratio: 0.0%)

   (2) Number of shares to acquire: 200,000 shares (shareholding ratio: 100.0%)

   (3) Number of shares to own after the acquisition: 200,000 shares (shareholding ratio: 100.0%)

6. Fund arrangement

   The total cost of acquisition will amount to CHF120,900 thousand (approximately JPY9,826 million ($119,552 thousand) at the rate of JPY81.28 to CHF1, the approximate rate of exchange at May 31, 2012). The cash on hand and loans will be used to finance this acquisition.

21. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information, Disclosures" 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.

(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, Europe, and Asean. Each of the regions is an independent management unit that can conduct production and sales in their respective region. From the fiscal year ended March 31, 2012, with development of business at Asean Market, the Group adds "Asean" as a new reportable segment.

(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 with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Sales, Profit (Loss), Assets, Liabilities, and Other Items

	Millions of Yen						
	2012						
	Reportable Segment						
	Japan	Americas	Europe	Asean	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥62,195	¥15,007	¥10,123	¥1,049	¥ 88,374	¥ -	¥88,374
Intersegment sales or transfers	1,552	24	1,063	158	2,797	(2,797)	-
Total	63,747	15,031	11,186	1,207	91,171	(2,797)	88,374
Segment profit (loss)	5,507	1,518	537	(81)	7,481	48	7,529
Segment assets	77,896	13,508	11,367	1,967	104,738	(27,462)	77,276
Segment liabilities	22,624	3,096	3,179	793	29,692	(1,095)	28,597
Other:							
Depreciation	2,640	1,055	753	1	4,449	(10)	4,439
Amortization of goodwill	59	-	-	-	59	-	59
Investment in equity method affiliated company	1,718	-	-	-	1,718	-	1,718
Increase in property, plant, and equipment and intangible assets	2,303	922	903	435	4,563	-	4,563

	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						
	2012						
	Reportable Segment						
	Japan	Americas	Europe	Asean	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	$756,722	$182,589	$123,166	$12,763	$1,075,240	$ -	$1,075,240
Intersegment sales or transfers	18,884	292	12,933	1,922	34,031	(34,031)	-
Total	775,606	182,881	136,099	14,685	1,109,271	(34,031)	1,075,240
Segment profit	67,004	18,469	6,534	(986)	91,021	584	91,605
Segment assets	947,756	164,351	138,301	23,932	1,274,340	(334,128)	940,212
Segment liabilities	275,265	37,669	38,679	9,648	361,261	(13,323)	347,938
Other:							
Depreciation	32,121	12,836	9,162	12	54,131	(122)	54,009
Amortization of goodwill	718	-	-	-	718	-	718
Investment in equity method affiliated company	20,903	-	-	-	20,903	-	20,903
Increase in property, plant, and equipment and intangible assets	28,020	11,218	10,987	5,293	55,518	-	55,518

Note: Reconciliation amount of segment assets of ¥27,462 million ($334,128 thousand) and ¥25,157 million was mainly composed of intersegment receivable of ¥27,487 million ($334,432 thousand) and ¥25,224 million, respectively, for the years ended March 31, 2012 and 2011.

1. Information about products and services

	Millions of Yen						
	2012						
	Shrink Label	Other Label	Tack Label	Soft Pouch	Machinery	Others	Total
Sales to external customers	¥57,517	¥1,889	¥9,696	¥4,392	¥7,409	¥7,471	¥88,374

	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						
	2012						
	Shrink Label	Other Label	Tack Label	Soft Pouch	Machinery	Others	Total
Sales to external customers	$699,805	$22,983	$117,971	$53,437	$90,145	$90,899	$1,075,240

2. Information about geographical areas

a. Sales

Millions of Yen				
2012				
Japan	Americas	Europe	Other	Total
¥62,209	¥15,027	¥9,723	¥1,415	¥88,374

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

Thousands of U.S. Dollars				
2012				
Japan	Americas	Europe	Other	Total
$756,893	$182,832	$118,299	$17,216	$1,075,240

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

b. Property, plant, and equipment

Millions of Yen				
2012				
Japan	Americas	Europe	Asean	Total
¥16,355	¥8,058	¥5,245	¥770	¥30,428

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

Thousands of U.S. Dollars				
2012				
Japan	Americas	Europe	Asean	Total
$198,989	$98,041	$63,816	$9,369	$370,215

3. Information about impairment losses of assets

	Millions of Yen					
	2012					
	Japan	Americas	Europe	Asean	Other	Total
Impairment losses of assets	¥66	¥ -	¥ -	¥ -	¥ -	¥66

	Thousands of U.S. Dollars					
	2012					
	Japan	Americas	Europe	Asean	Other	Total
Impairment losses of assets	$803	$ -	$ -	$ -	$ -	$803

4. 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.

5. Information about goodwill

	Millions of Yen					
	2012					
	Japan	Americas	Europe	Asean	Other	Total
Amortization of goodwill	¥59	¥ -	¥ -	¥ -	¥ -	¥59
Goodwill at March 31, 2012	15	-	-	-	-	15

	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					
	2012					
	Japan	Americas	Europe	Asean	Other	Total
Amortization of goodwill	$718	$ -	$ -	$ -	$ -	$718
Goodwill at March 31, 2012	183	-	-	-	-	183

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