Always Innovating with the Customer

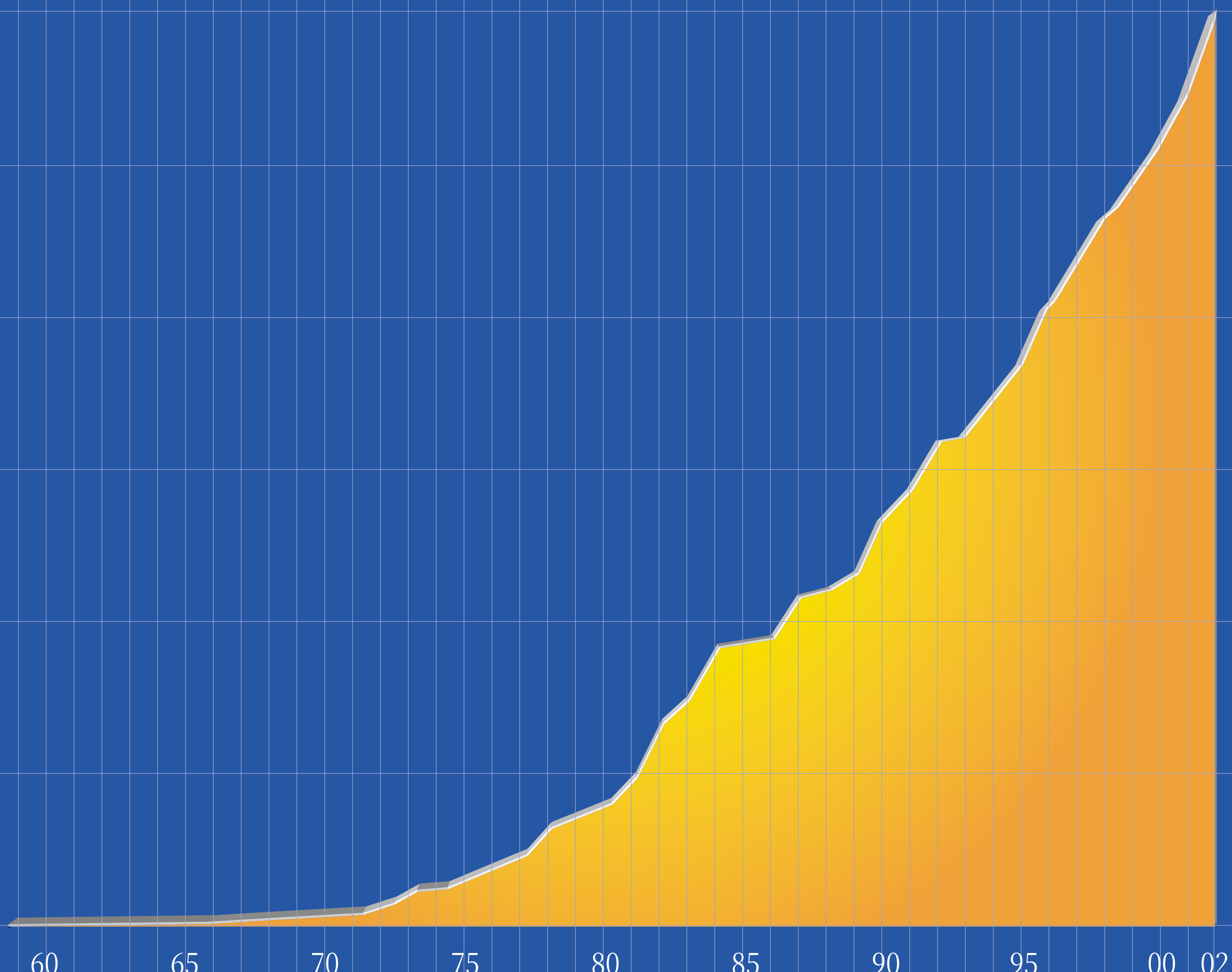
Annual Report 2002

Fuji Seal

P r o f i l e

Since its founding in 1897, the Fuji Seal Group has built a reputation as the leading international packaging solutions company. Central to our product line is the shrink label, which can be fitted to the contours of containers of any shape. Our bases in the United States, Europe, and Southeast Asia enable us to provide customers worldwide with the latest global packaging trends and market information.

We offer a comprehensive system that integrates all processes from developing materials to design, printing, production and machine installation. Under this system, we create new packaging together with our customers. At the same time, we deliver solutions for customer needs, even as far as helping customers increase manufacturing efficiency and reduce costs. We are indeed a comprehensive global packaging solutions company.



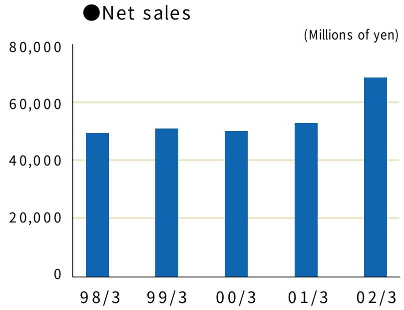
Consolidated Financial Highlights

FUJI SEAL INC. and subsidiaries
Years ended March 31

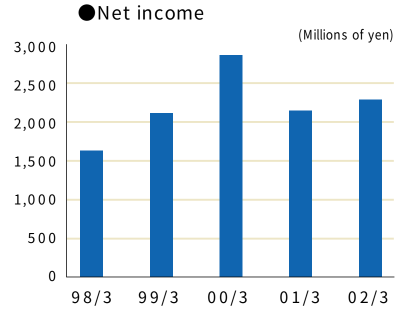
	1998/3	1999/3	2000/3	2001/3	2002/3	2002/3
	Millions of yen, except where noted					Thousands of U.S. dollars, except where noted
For the year:						
Net sales	¥50,169	¥51,497	¥51,326	¥53,896	**¥67,717**	**$508,196**
Operating income	4,033	4,875	5,442	4,442	**5,278**	**39,607**
Ordinary income	3,811	4,888	5,378	4,673	**5,227**	**39,227**
Net income	1,590	2,182	2,862	2,197	**2,279**	**17,105**
At the year-end:						
Total assets	33,695	35,675	38,650	48,116	**57,728**	**433,232**
Shareholders' equity	10,412	14,057	17,127	18,368	**21,557**	**161,782**
Number of shares issued (shares)	7,309,500	7,609,500	15,219,000	15,219,000	**15,219,000**	
Per share amounts (in yen and U.S. dollars):						
Shareholders' equity per share	¥1,424.42	¥1,847.30	¥1,125.34	¥1,206.91	**¥1,416.49**	**$ 10.63**
Net income per share (basic)	232.72	290.64	188.04	144.34	**149.77**	**1.12**
Net income per share (diluted)	—	—	—	—	**140.92**	**1.06**
Other:						
Return on equity (%)	18.34%	17.83%	18.35%	12.38%	**11.42%**	
Earnings before interest and taxes/total assets (%)	11.7%	14.1%	14.5%	10.8%	**9.9%**	
Number of employees (persons)	1,259	1,355	1,398	1,767	**1,909**	

Notes:
1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25 =US$1, the rate of exchange on March 31, 2002, has been used in translation.
2. Net sales excludes consumption tax.
3. On May 16, 1997, the Company split its common stock 1.5-for-1.0. On August 1, 1997, the Company changed the par value of its common stock from ¥500 to ¥50, which represents a 10-for-1 stock split. Net income per share for the fiscal year ended March 31, 1998 is calculated based on the average number of shares during the fiscal year, retroactively adjusted for stock splits to the beginning of the year.
4. On November 19, 1999 the Company split its common stock 2-for-1. Net income per share for the fiscal year ended March 31, 2000 is calculated based on the average number of shares during the fiscal year, retroactively adjusted for stock splits to the beginning of the year.
5. Diluted net income per share for the fiscal years ending March 31, 1999, March 31, 2000, and March 31, 2001 is not reported since the Company did not have outstanding warrant bonds or convertible bonds.
6. The number of employees from the fiscal year ended March 31, 2000 onward shows the total number of employees.
7. The number of employees for the fiscal year ended March 31, 2000 increased by 369 compared with the previous fiscal year. Of the total, 332 are employees of American Fuji Seal, Inc., the former Owens-Illinois Labels and Carriers Inc. acquired by the Company.

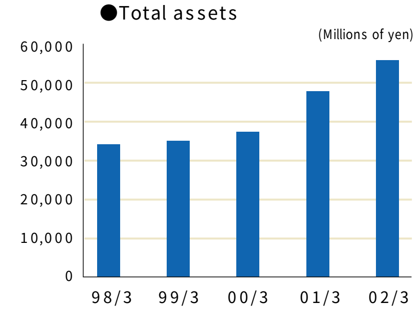
●Net sales



●Net income



●Total assets



CONTENTS

Disclaimer Regarding Forward-Looking Statements

Any statements in this annual report that are concerned with future industrial performance and information about our customers are based on management assumptions and decisions in light of information currently available. Actual results may differ from these forecasts because of unforeseen internal factors and outside influences on company operations. We hope you will understand that the Company cannot guarantee that these statements will remain valid because of future uncertainties.

To Our Shareholders

In an ever-expanding packaging market, our company is striving to develop labels that enhance the value of a product. "Creating new value through wrapping" is our management philosophy, which is bringing changes to the market. We aim to be a company that can offer total packaging solutions by forming partnerships with our customers and working together to solve problems that arise during the development of new products.

Results and Market Trends

Heat-Resistant PET Bottles and Can-to-Bottle Migration

The first year of the five-year medium-term management plan was a banner year for Fuji Seal, with net sales rising 25.6% (10.8% if the results of Owens-Illinois Labels and Carriers Inc. are not taken into consideration), to ¥67,717 million. Operating income climbed 19.3% to ¥5,278 million, ordinary income rose 11.9% to ¥5,227 million and net income increased 3.8% to ¥2,279 million. These positive results can be attributed partly to aggressive proposal-driven business approaches based on marketing activities intimately tailored to customers' requirements.

Domestic Market

Domestic sales, which account for 77% of net sales, benefited from the strong performance of the beverage segment as a result of very hot summer weather as well as the emergence of the hot PET bottle segment. In the new hot PET bottle segment, Fuji Seal enjoys a 90% market share.

In shrink labels, Fuji Seal's core product, labels for PET bottles are recording double-digit sales growth. Small-size containers of up to 500 milliliters, presently the subject of much attention in the industry, are expected to replace cans as the container of choice for vending machine sales. As such, the strong performance of PET bottle shrink labels can be expected to continue into the future. Fuji Seal's share of this market is in the region of 60%, and increases in demand are sure to result in commensurate growth in sales.

Heat-resistant PET bottles were introduced in the autumn of 2001 for use with RTD teas. Coffee beverages are also expected to become available in these PET bottles in the next fiscal year, and shrink labels are to be used in their production, as well. The market for heat-resistant PET bottles is projected to post significant growth in the future. The hot PET bottles will complement cold beverage PET bottles to perform strongly all year-round and cover sales in the winter period when shrink label sales normally tend to fall off slightly. Fuji Seal expects to take positive advantage of this market expansion.

Adapting to the Maturing Market by Developing New Applications for Existing Products

Some argue that the Japanese PET bottle market has already reached maturity in some respects. However, we believe that by creating new market segments we will continue to carve out new growth possibilities. Releasing new products during the winter, traditionally considered to be the weak spot of the PET bottle business due to seasonality in sales, is one such example of innovative new product development.

At present, the can coffee business witnesses the annual shipping of some nine billion cans. If 20% to 30% of this volume could be converted to PET bottles, a major new market would be created for Fuji Seal. Furthermore, the beverage market has recently seen the arrival of a new container, the bottle-can, some types of which make use of shrink labels to differentiate themselves from competing products. Fuji Seal is well aware of the market potential inherent in this new container.

In 2001, Fuji Seal purchased U.S.–based Owens-Illinois Labels and Carriers Inc. to gain access to its outstanding technological assets. These assets have already been put to use in new labeling technologies in Japan and other markets. We have implemented the insulated labels in Japan and other markets by proactively offering hypothesis-driven proposals to clients with a high provisional market need. We are conducting wide-ranging customer preference surveys to most effectively implement the new technologies. Immediate applications for heat-resistant labels are evident in canned goods and beverages, and microwavable items. These heat-resistant labels can simultaneously be used as cold-resistant labels, and Fuji Seal hopes to develop new applications for these labels on this basis.

Group Strategies

Steady Successes in Selling Customers' Products

The Fuji Seal Group's central strategy emphasizes nurturing packaging for three key business areas: (1) beverages, (2) food and (3) daily goods, pharmaceuticals and miscellaneous goods. Expanding each of these areas has been our major focus to date. In the future, Fuji Seal will take care not to become too reliant on the beverage market, which has seen drastic growth in recent years. To maintain a healthy balance among these business areas, we will decrease the proportion of sales accounted for by beverages while focusing anew on spurring growth in other areas.

In pursuing group strategies, Fuji Seal has always aimed to support all three aspects of the corporate activities of its customers: creation, production and sales. Of late, however, the Company has dedicated particular efforts to enhancing the ways in which it supports sales. The innovative Fuji Seal Information Technology (FIT) sales promotion system has done much to boost progress here. (See page 11 for details.)

The Fuji Seal Group is presently undergoing an information-driven global expansion. The Company analyzes information from all around the world to understand where the global packaging market is heading and uses these data to guide the expansion of its various business operations. This informational excellence also allows the Company to help its customers in a way that the simple transmission of information cannot. Relevant data are processed to best reflect the pertinent characteristics of the region in question, and solutions are implemented based on the foundation provided. Fuji Seal is able to produce innovative packaging solutions by combining global analysis with regional application of high-tech processes based on market research.

Use of Hypothesis-Based R&D to Analyze Market Trends and Propose Optimal Solutions

Analyzing all available information to respond appropriately to market changes is an obvious step for any company. However, actually using it to predict how markets will move, and tying these predictions into effective technical development, remain key issues.

When the Marketing Division obtains new data, it gathers a wide range of related information, and uses it to make hypotheses about potentially successful product lines. The R&D Division then conducts preliminary investigations on the basis of these predictions, produces test products and sends them off to the customers to be exhaustively tested. This process is repeated over and over, and constitutes Fuji Seal's "hypothesis-driven R&D activities."

Both the Marketing Division and the R&D Center forward predictions. Needless to say, the pride each division takes in its performance sometimes gives rise to marked disagreements. To resolve such issues, Fuji Seal has recently started establishing project teams under the control of the Marketing Division. Six or seven such teams are assigned to each developmental theme, and include staff from such diverse divisions as the R&D Center and Group Marketing. This cross-functional sampling of views is central to the teams' efficacy.

In addition, it must be noted that the Fuji Seal Group does not conduct its business without support and cooperation from other companies, but is surrounded by a group of subsidiaries, referred to as "satellites." Each satellite is also in possession of its own group of partners. This extended network allows the Group to solve problems that would present too great a challenge for Fuji Seal on its own.

Status of the Five-Year Medium-Term Management Plan

Sales Are Favorable, with Maintaining Profit Levels a Key Issue

The five-year medium-term management plan that Fuji Seal embarked upon in the fiscal year ended March 31, 2002 takes the following as its targets for the fiscal year ending March 31, 2006: consolidated net sales of ¥100 billion (¥70 billion from domestic sales and ¥30 billion from overseas sales), and an ordinary income to sales ratio of 10%. As mentioned earlier, net sales have climbed in line with targets. However, ordinary income for the fiscal year under review was 93% of the target value. Boosting this figure therefore constitutes a central issue for Fuji Seal. Since 1970, the Company has succeeded in pushing up sales figures at an average annual rate of 15%. This outstanding performance has been a result of always setting ever-higher targets, and refusing to accept the status quo. Hence the demanding targets of the current management plan.

Moving into New Businesses While Continuing to Expand the Shrink Label Market

In terms of business strategies, Fuji Seal plans to reinforce its position in its core shrink label market. At present, this market is undergoing rapid expansion in the United States, Europe and Asia. Gaining a larger share of this growth is the most pressing issue facing Fuji Seal's management.

The next issue for management is that of expanding budding new business areas. One such area is the "standing pouch," a flexible package business that Fuji Seal will endeavor to develop on a global scale.

Upon considering future business development, it is immediately clear just how much importance M&A will assume in making possible speedy responses to changes in operating environments. Maintaining appropriate personnel resources is another aim of M&A activities, and as such, personnel will be retained on completion of a given M&A. Simply buying other companies will not allow Fuji Seal to achieve its goals in this respect.

Return on Shareholders' Investment

Increasing Internal Reserves, and Improving Our Ability to Respond Flexibly to Change

Fuji Seal attaches particular importance to free cash flow as a performance indicator. Capital expenditures tend to consist either of research-related investments to create new markets, or, more traditionally, investments to reduce costs and boost productivity. "Select and focus" in this important area will result in efficiency in the use of capital.

Fuji Seal is still very much a developing company, and therefore places great emphasis on the following two areas: maintaining adequate levels of internal reserves and developing a flexible structure capable of responding rapidly via M&A, when required, to changes in the operating environment. Decisions regarding the redistribution of profits to shareholders are based on these considerations.

Striving Passionately

Aiming for the No. 1 Spot in Each Business Category

Fuji Seal constantly strives to be the best in a broad spectrum of different areas. Not content just to be the overall market leader, the Company will maintain its efforts to carve out the No. 1 position in each of the business areas in which it is active.

The R&D seeds Fuji Seal has planted in the past are now beginning to bear fruit. We ask for the continued support of our shareholders in allowing us to found our R&D efforts on capital procured directly from capital markets, as we nurture these seeds further and incorporate them into viable products, boosting corporate value in the process.

Ken Takeda, President and
Chief Operating Officer

The Secrets behind Our Growth

Since 1970, Fuji Seal has maintained an average annual growth rate of 15%. During this period, the Japanese economy has faced such difficulties as the oil shock, the drastic appreciation of the yen and the end of the bubble economy. However, not a single one of these factors has slowed Fuji Seal's growth.

There are several reasons for this startling performance. The following section introduces these reasons from the perspective of the following three themes: business domains, strengths and markets.

Business Domains

Fuji Seal's business domains are all related to packaging for beverages, food, everyday goods and pharmaceuticals. The Company is involved in all activities bearing on these domains, including production (in the form of the development of films and inks, design, gravure-cylinder engraving and printing) and the development and manufacture of packaging machinery. It is no exaggeration to say that Fuji Seal is in a position to handle all aspects of the packaging business. The Company is particularly strong in the shrink label market, boasting a top market share in domestic and global markets.

Strengths

One of Fuji Seal's major strengths lies in the fact that the majority of its customers are major brand companies with leading shares of their respective markets around the world. Conducting transactions with such companies allows Fuji Seal to gain direct access to the most up-to-date information, which in turn makes it possible to predict market trends. The Company's new product development activities take these predictions as their starting point.

In addition, Fuji Seal possesses the superlative customer support systems and capabilities required to back up customers in the three key aspects of their business: creation, production and sales.

Markets

Fuji Seal is active on a global scale, with Japan, the United States, Europe and Asia (excluding Japan) making up its four main markets. This breadth of activity can be attributed largely to the steadily advancing global adoption of plastic for use in beverage container applications. Growth projections for such plastic containers (including both PET bottles and blow-mold bottles) up until the fiscal year ending March 31, 2006 suggest that annual growth will be between 10% and 30%. In response to this, Fuji Seal will tailor its business more closely to the characteristics of each of the packaging markets. Steady business expansion will surely follow as a result.

Business Domains

Creating New Value through Wrapping

A Partner in All Aspects of the Packaging Business

Fuji Seal's business is the packaging of containers for food, beverages, and everyday goods. The breadth of the Company's business is significant, ranging from production (in the form of the development of films and inks, design, print plate production and printing) and the development and manufacture of packaging machinery. This multitude of roles has allowed Fuji Seal to carve out a position as a comprehensive, leading maker in the packaging industry. Seeking to anticipate demand in its chosen business areas to enhance its role as a partner, Fuji Seal always delivers the highest levels of customer satisfaction.

The main role of container packaging is to protect containers and their contents. However, packaging also has important roles to play in terms of catching consumers' eyes and providing them with product information. The shrink labels that Fuji Seal offers are an ideal way to create added value by providing a communication space that may contain a long-term branded or a short-term informative message.

Leading the Way with Shrink Labels

Shrink labels are pieces of plastic film stretched beyond their normal length that shrink back to that length when heated to a certain temperature. This property allows them to be used to accurately and reliably label even the most irregularly shaped containers. Shrink labels can also be fully incorporated into information provision and design considerations. The customer satisfaction derived from this functionality is supporting considerable market growth.

Fuji Seal was quick to realize the potential possessed by shrink labels, and has led the market since its inception due to its history of timely R&D in this area. Estimated domestic market share was 56% as of December 2001. Fuji Seal also made a total of 64 publicly announced patent applications relating to shrink labels and cap seals in the period from January 1993 to December 2001. This is by far the highest total in the industry, with the second most prolific developer having made six such applications.

One of the main reasons behind the drastic growth in the shrink label market has been the increasing adoption of PET bottles for use as beverage containers (see Chart 1). PET bottles are easily processed, light and do not break, and these characteristics have seen them rapidly attain a high market share against the backdrop of the recent boom in bottled water. These market trends are expected to tie into even higher demand for shrink labels, not only in Japan but also around the world. Further developing its global business network, Fuji Seal aims to reaffirm its position as the top maker in this market and improve on its current market share.

Continued Growth in Expectations for Container Packaging

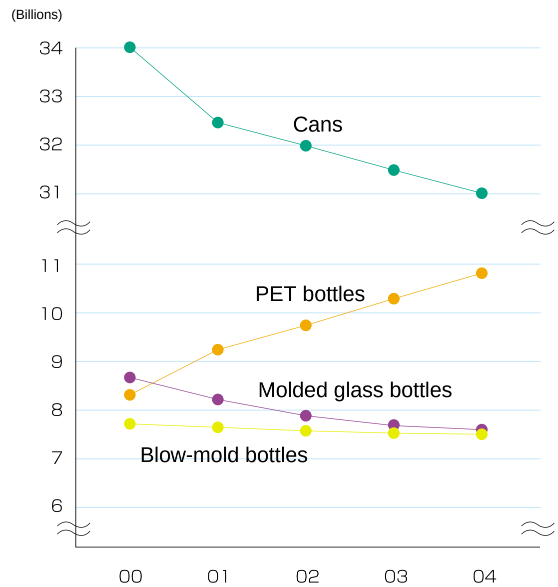
As consumers' awareness of environmental problems heightens, the Council for PET Bottle Recycling (a related industry body) decided in the fiscal year ended March 31, 2002 to lead the way in abolishing colored containers. However, tinted plastic also played an important role in shielding beverages from sunlight helping to maintain desired properties of taste, color, freshness and the like. In this respect, shrink labels are thought to be an alternative product to the tinted bottles and demand is consequently expected to rise.

Moves toward thinner PET bottles, a response to environmental issues, will also necessitate new types of labels. The design potential of bottle-cans and the rising demand for pouch-containers brought on by the introduction of charges for the disposal of household refuse are other trends in the container industry of late. Packaging technology is set to make major contributions to both supplementing the functionality of and adding new value to containers.

On a different note, television, the archetypal advertising medium, is thought to have reached a plateau in terms of numbers of viewers (see Chart 2). As such, awareness of the importance of direct advertising via packaging has returned to the fore. Needless to say, this is an extremely favorable trend for the label industry.

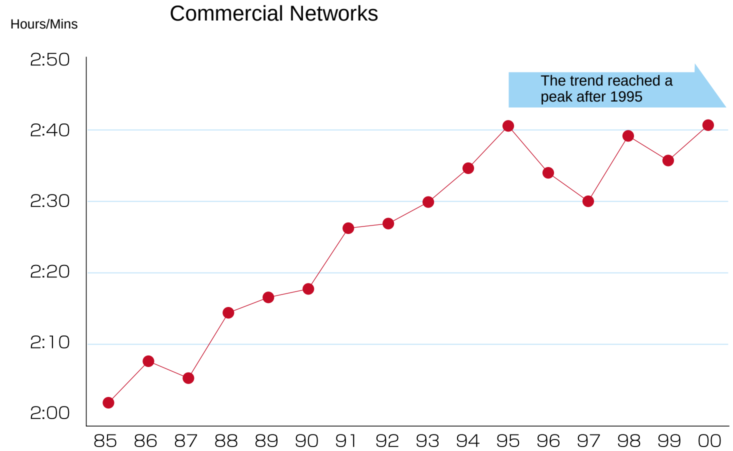
The above should give some idea of the new needs appearing all the time in the packaging industry. Meeting them will enable continued growth for Fuji Seal.

Chart 1 Market Trends for Beverage Containers



Source: Figures were based on results tabulated by Fuji Seal together with figures obtained from Fuji Camera Research's *Package Materials 2001*.

Chart 2 Average Daily Viewing Time Trend for Commercial Networks



Note: Figures for 1985-88 were for ground-based broadcasts made from 6 a.m. until midnight. Figures from 1989 included 24-hour satellite broadcasts.
Survey period: The data for 1990-2000 were based on analysis of individual nationwide viewer surveys conducted during June.
Source: NHK Literature Poll File No. 20 (January 11, 2001).

Strengths

Fuji Seal's "Customer First" Policy Aims to Meet All Customer Requirements

Solutions to Problems at All Stages of Business Cycles

Fuji Seal is responsive to the problems customers face at every stage of their business cycles, whether they are related to creation, production or sales (see Chart 3).

In "creation," Fuji Seal's main strength lies in its ability to develop new products that anticipate emerging customer needs. An example of this ability is afforded by the recent appearance on the market of hot PET bottle beverages, the labels for which Fuji Seal developed ahead of all its competitors. As of the fiscal 2001 year-end, the Company enjoyed a market share in the region of 90% due to this speed in development.

Moving on to "production," Fuji Seal consults with companies and provides customized solutions to the problems faced in this area by its involvement in the development and manufacture of packaging machinery. (Machinery is one example.) On one occasion, Fuji Seal developed a customized high-speed labeling machine in response to the requirements of the high-speed manufacturing line of a U.S. customer. On another occasion, the Company created an Electronic Ordering System (EOS). This system continuously monitors the amount of packaging used in production operations at customers' plants via an online connection, automatically placing orders when stocks run low.

Lastly, in "sales," Fuji Seal boasts customer support functions far beyond those of any normal label maker. In addition to suggestions for advertising campaigns, the company has also developed the "FIT system" (see Chart 4), which uses IT to support customers' efforts to form direct relationships with consumers.

The above constitute Fuji Seal's key strengths with regards to each of the three main stages of customer operations. These strengths derive from the Company's unique mindset, whereby it strives to base its solutions to customer problems on accurate predictions of market trends.

Chart 3 Business Cycle

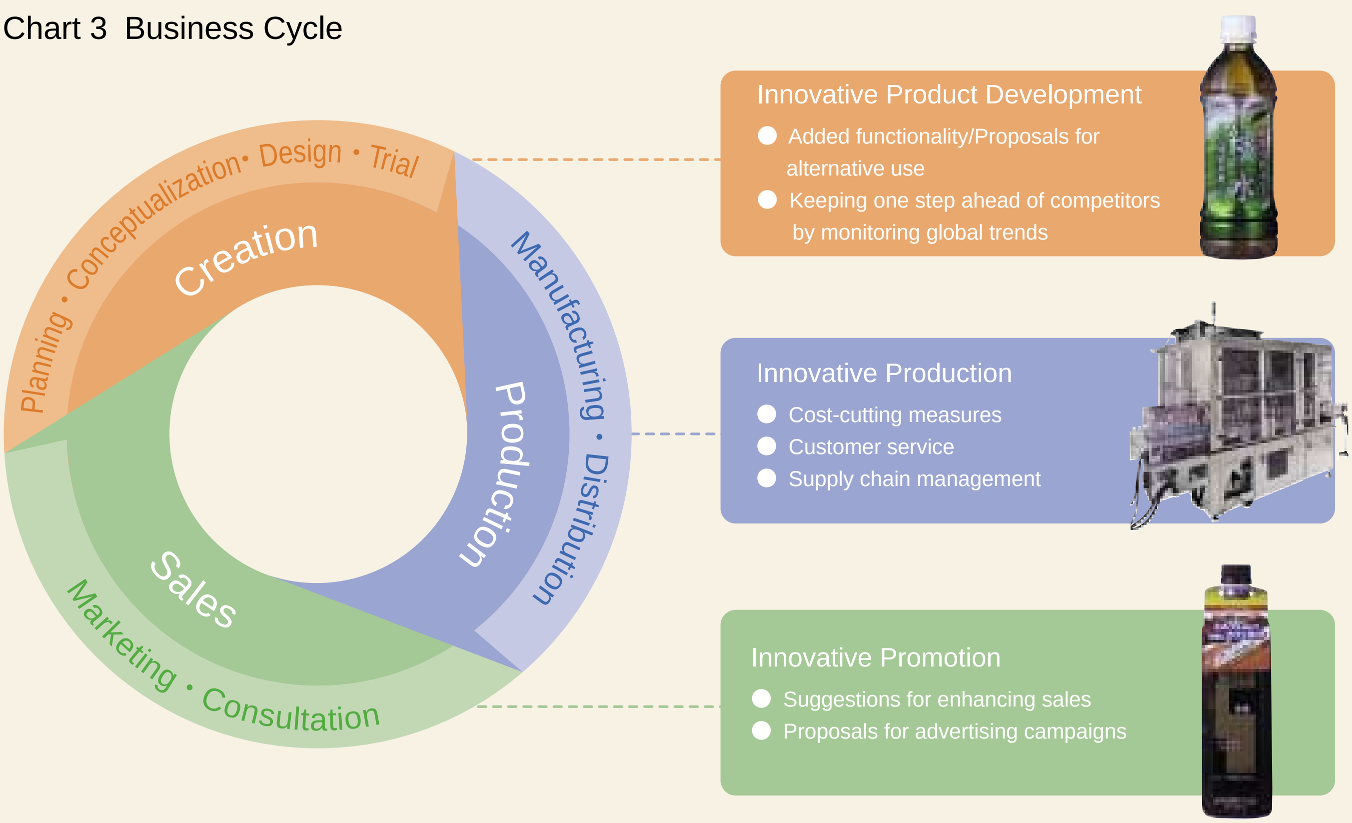
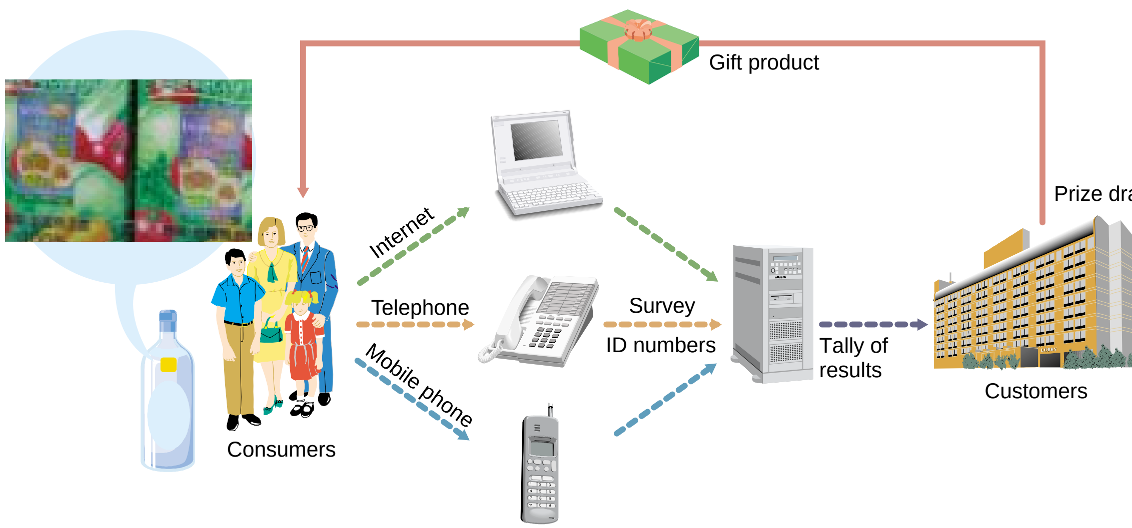


Chart 4 FIT System



Under FIT, the Fuji Seal Information Technology system, ID numbers, free-dial numbers and gift product information are printed on the seals attached to product labels. Customers can then access the FIT system by telephone or the Internet to take part in quizzes and surveys. The system is ideally suited to those customers who wish to make direct contact with consumers rather than relying on distributors, and offers a higher response rate than postcards and similar feedback devices. Cost-effectiveness is also extremely high, and the speed with which consumers can begin using the system is another specific advantage.

Market-Leading Customers

Fuji Seal's second strength is its global-brand customer base (see Chart 5). Aside from steady income, the most important effect of this is the direct, daily access it provides to cutting-edge design trends and market strategies. This in turn allows the Company to gain a head start in development. Furthermore, global companies naturally demand the very highest standards from transaction partners, and meeting the challenges they present allows Fuji Seal to maintain the competitiveness required to be a top maker.

In short, the transactions conducted and partnerships forged with globally competitive companies are a vital component of Fuji Seal's ability to stay one step ahead of the times—and the competition.

Chart 5 Trading with the World's Top 29 Food, Beverage and Toiletries Companies

1	Unilever	16	General Mills
2	Nestle	17	Cadbury Schweppes
3	GSK	18	Campbell Soup
4	P&G	19	Henkel
5	COCA	20	Suiza Foods
6	PepsiCo	21	Lactalis
7	Diageo	22	S.C. Johnson
8	Danone	23	Hormel Foods
9	Novartis	24	Parmalat
10	J&J	25	Avon
11	KIRIN	26	Reckitt Benckiser
12	Asahi	27	Bristol-Myers
13	Sara Lee	28	Brown-Forman
14	H.J. Heinz	29	U.S.A. D
15	Colgate		

Source: Fuji Seal Group Internal Marketing Archives.

Delivering Indispensable Daily Products

Fuji Seal's third strength lies in the fact that the goods to which its packaging operations apply, such as food, beverages and everyday goods, are all indispensable to everyday life. This fact renders the Company's business relatively immune to certain risks facing other industries, such as unexpected drops in demand. As such, steady, long-term business development can be expected with some degree of confidence.

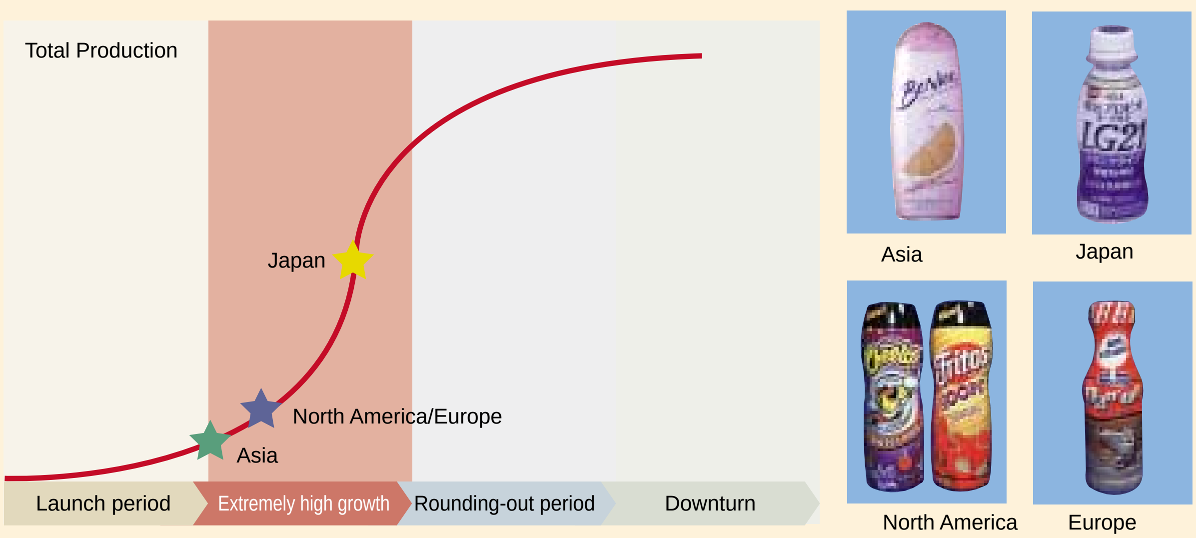
Markets

Steady Growth Expected to Continue in the Global Shrink Label Market

Expanding Our Four Key Markets

Fuji Seal believes that the shrink label markets in Japan, United States, Europe and Asia still possess enough untapped potential to enable long-term growth. The trends for adoption of shrink labels in each of these markets indicate a period of extremely high growth (see Chart 6), and as such, renewed market expansion can be safely predicted, assuming that Fuji Seal succeeds in bringing out innovative additions to product lineups. Based on an awareness of this potential, Fuji Seal plans to utilize core products such as shrink labels to realize new, efficient business expansion based on strategies carefully tailored to the unique characteristics and growth potential of each target market.

Chart 6 Shrink Label Growth



1. The Japanese Market

The Japanese market is characterized by steady demand for shrink labels for PET bottle applications. Furthermore, with the advance of full-sleeve labeling, steady growth can be expected to continue into the future. New developments influencing this market include the adoption of shrink labels for use with bottle-cans, shrink labels for use with PET bottles for hot beverages, and labels for use with environmentally friendly containers. As a result of these trends, the market for shrink labels overall looks set to expand in the years ahead.

2. The U.S. Market

A number of new container shapes designed both to attract consumers' attention and boost convenience have started to appear in the U.S. market of late. These trends look likely to spur new growth in the shrink label market. More than one market projection has suggested that the shrink film market will evidence an annual growth rate of 10% between now and fiscal 2004. For its part, the shrink sleeve market is predicted to grow at an annual rate of between 15% and 20% up until fiscal 2005 (see Chart 7).

Another factor worthy of attention is the growth of the U.S. convenience store industry. Recent years have witnessed a rapid increase in the number of such stores established alongside gasoline stands, and an attendant rise in demand for handy-sized beverages to retail from them. U.S. shrink label sales look set to expand rapidly in line with these positive developments.

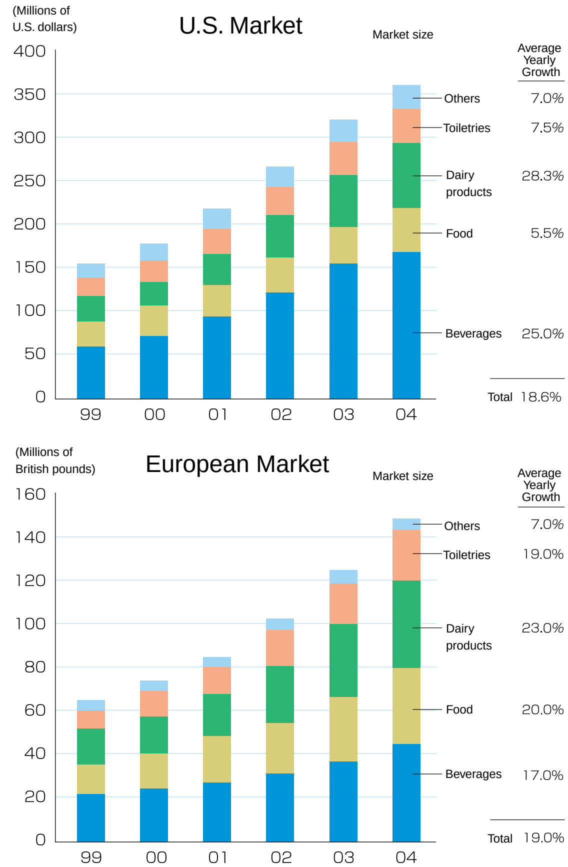
3. The European Market

The European market is expected to see use of paper containers plateau out, with PET bottles and blow-mold bottles becoming more widely accepted in their place. The importance attached to sophistication of and variety in design also sets this market apart, necessitating as it does greater attention to the aesthetic aspects of products. Another factor affecting operations in this market is that, as a result of the growing environmental protection movement, the highly advanced German market began to refrain from using polyvinyl chloride (PVC) in packaging (see Chart 8).

4. The Asian Market

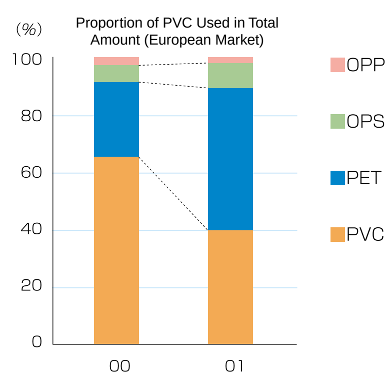
Fuji Seal attaches great importance to the Asian packaging market due to the abundant growth potential it possesses. The market includes many countries of fantastic future growth potential, such as major AFTA countries like Thailand and Indonesia, and China, whose entry to the WTO has now been confirmed and which is sure to stimulate massive economic growth in the years to come. Moreover, the product copying problems often encountered in developing countries can be minimized by the proper application of advanced packaging technologies, and risks to consumers can be reduced.

Chart 7



Source: Based on Freedonia Group Packing Strategy Market Research Report and Fuji Seal Research estimates.

Chart 8 Plan for Reducing Amount of PVC



Source: Internal materials and analysis of Fuji Seal.

Global Operations Tying into Global Growth

The Fuji Seal Group is constantly obtaining the most up-to-date market information from its transactions with leading companies Japan, the United States, Europe and Asia. By making optimal use of its IT, information network and common production technology resources, the Group is able to help solve the problems faced by customers in each of these four markets. Once found, given solutions can then be adapted and applied to similar problems in other countries.

A concrete example will serve to clarify the key concept here. Fuji Seal has aggressively marketed insulated heat-resistant labels developed for the U.S. market in Japan as well. After having built up a customer base in Japan, the Company markets the same products again in the European and Asian markets. Deriving synergies of this type was Fuji Seal's strategic goal in purchasing Owens-Illinois Labels and Carriers Inc., a subsidiary of the major U.S. manufacturer of glass and plastic packaging products as well as wrap-round labels for beverages.

Strategically combining the characteristics of both shrink and heat-resistant labels, the Fuji Seal Group will continue to boost its ability to respond to customer needs in the packaging industry. Group-wide problem-solving capabilities will also be further enhanced with respect to the entire packaging business. These initiatives will underlie Fuji Seal's drive to meet the sophisticated requirements of its customers as a full-fledged partner.

Consolidated Financial Review

Net Sales

During the fiscal year ended March 31, 2002, consolidated net sales increased 25.6% to ¥67,717 million. American Fuji Seal, Inc. (the former Owens-Illinois Labels and Carriers Inc.), which was acquired on February 1, 2001 and is based in the U.S. state of Kentucky, had net sales of ¥7,197 million. Furthermore, the weakening of the yen during the fiscal year caused net sales to increase ¥827 million. Excluding these two items, there was an effective year-to-year increase of 10.8% in net sales.

Net sales by region are as follows.

Japan

Net sales in Japan increased 10.8% to ¥53,164 million, mainly the result of higher shrink label sales. Demand rose chiefly because of rising use of full-sleeve labels, which surround an entire container, on small PET bottles and the full-scale introduction of PET bottles for hot beverages.

North America

Net sales in this region increased 251.7% to ¥10,860 million. Excluding American Fuji Seal (the former Owens-Illinois Labels and Carriers Inc.), which was acquired on February 1, 2001, regional sales were up 18.6% to ¥3,662 million as solid growth in sales of machinery offset the impact on shrink label sales of delays in the introduction of new products by beverage companies.

Europe

Sales in Europe were up 31.0% to ¥4,748 million. There was a rapid recovery from the brief instability of the previous fiscal year as a new management team was named and initiatives were taken to restore the trust of customers. Orders rose steadily, including a long-term order from a large customer in the United Kingdom that returned Fuji Seal to the No. 1 position in this market.

Cost of Sales, Selling, General and Administrative Expenses and Operating Income

Cost of sales increased 28.3% to ¥53,724 million, rising 1.6 percentage points to 79.3% of net sales. This was due to the switch to full-sleeve shrink labels.

Selling, general and administrative expenses increased 14.6% to ¥8,714 million and declined 1.2 percentage points to 12.9% of net sales. Although growth in these expenses reflected the higher sales, cost reductions conducted in all areas attained success.

Operating income increased 19.3% to ¥5,277 million.

In Japan, operating income increased 10.6% to ¥5,450 million due to the growth in sales and cost-reduction efforts, such as the use of thinner films.

In North America, there was an operating loss of ¥269 million. Although there were signs of an upturn in the persistently weak shrink label sales in this region, earnings were impacted by higher manufacturing **investment related to** fixed costs, the result of steps to prepare for a rapid market rebound, and increases in other operating expenses related to investments made to prepare for the integration of the operations of American Fuji Seal.

In Europe, steady growth in sales resulted in operating income of ¥61 million as operations in this region staged a V-shaped recovery from the prior fiscal year.

Net Income

In the category of other income (expenses), the Company recorded net other expenses of ¥365 million, compared with net other income of ¥235 million a year earlier. A major factor behind the shift to a net expense for the year was the sharp decline in the net foreign exchange gain to ¥6 million, compared with the prior year's gain of ¥310 million, which was related to the acquisition of Owens-Illinois Labels and Carriers Inc. Other expenses included interest expenses of ¥291 million.

Reflecting these factors, income before income taxes and minority interests rose 5.5% to ¥4,912 million. Net income rose 3.8% to ¥2,279 million. Net income per share was ¥149.77.

Financial Position

Total assets as of March 31, 2002 were ¥57,728 million, 20.0% higher than a year earlier.

Current assets totaled ¥31,794 million. This was mainly due to a 38.0% increase in cash and cash equivalents to ¥1,185 million for consolidation adjustment and a 15.7% or ¥2,794 million, increase in trade receivables.

Fixed assets increased 18.1% to ¥25,933 million. Property, plant and equipment, less accumulated depreciation, was up 27.5% to ¥22,928 million. This growth reflected the increase in the market value of American Fuji Seal stock held by the Company.

Investments and other assets decreased 24.4% to ¥3,005 million. The decline was mainly due to the absence during the fiscal year under review of consolidation adjustments, which had amounted to ¥1,313 billion a year earlier.

Total liabilities increased 17.7% to ¥35,016 million, mainly due to a ¥7,000 million convertible bond issue. As we paid back interest-bearing debt using the funds raised through the convertible bond issue, short-term borrowings declined ¥4,982 million to ¥1,381 million. Long-term debt expanded ¥5,588 million to ¥10,786 million.

Total shareholders' equity increased 17.4% to ¥21,557 million.

Cash Flows

Consolidated cash and cash equivalents at the end of the fiscal year expanded ¥1,185 million or 38.0% from the previous fiscal year-end, to ¥4,303 million. The principal use of cash was repayment of short-term borrowings and payments for the purchase of property, plant and equipment. These expenses were, however, offset by increases in income before income taxes and minority interests, depreciation and proceeds from the issuance of long-term debt.

The principal sources and uses of cash were as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities was up 83.9% to ¥3,559 million. Although there was a rise in notes and accounts receivable, it was offset by higher income before income taxes and minority interests, depreciation in addition to an increase in notes and accounts payable.

Cash Flows from Investing Activities

Net cash used in investing activities decreased 66.6% to ¥3,319 million. This comprised ¥4,261 million in payments for the purchase of property, plant and equipment, mainly in Japan, and proceeds from other.

Cash Flows from Financing Activities

Net cash provided by financing activities decreased 88.0% to ¥874 million. Cash provided by the issuance of long-term debt was offset, in part, by repayment of short-term debt.

Capital Expenditures

Expenditures to increase capacity to meet growing demand represented the bulk of capital investment. In addition, capital expenditures include cyclic investments and strategic investments. Expenditures are made for regular investment projects and strategically phased projects. During the fiscal year under review, Fuji Seal made capital expenditures totaling ¥4,758 million to increase production capacity and improve product quality. Principal items included installation of shrink label production and printing equipment at our Tsukuba Plant and the installation of shrink label production equipment at American Fuji Seal.

Research and Development

The Fuji Seal Group's research and development activities focus on constantly creating new markets. The R&D Center is the nucleus of the Group's research and development activities. Based on frontline information gathered from around the globe and by continually putting forward new ideas to our customers' planning, production and marketing divisions, our R&D Center develops new products, technologies and materials to meet diversifying customer needs. R&D expenditures for the year ended March 31, 2002 totaled ¥1,114 million.

Consolidated Balance Sheets

FUJI SEAL, INC. and Subsidiaries
March 31, 2002 and 2001

	Thousands of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2002**	2001	**2002**
Current assets:			
Cash and cash equivalents	**¥ 4,303,066**	¥ 3,117,781	**$ 32,293**
Notes and accounts receivable:			
Trade	**20,585,682**	17,791,999	**154,489**
Other	**115,378**	35,862	**866**
Allowance for doubtful accounts	**(182,304)**	(231,864)	**(1,368)**
	20,518,756	17,595,997	**153,987**
Inventories (Note 4)	**6,338,884**	5,001,872	**47,571**
Deferred income taxes (Note 14)	**293,961**	236,490	**2,206**
Other current assets	**339,620**	200,199	**2,549**
Total current assets	**31,794,287**	26,152,339	**238,606**
Property, plant and equipment (Note 5):			
Land	**3,295,989**	3,072,733	**24,735**
Buildings and structures	**8,421,800**	9,866,094	**63,203**
Machinery and equipment	**28,013,632**	27,402,411	**210,234**
Construction in progress	**1,488,221**	495,313	**11,169**
	41,219,642	40,836,551	**309,341**
Less – accumulated depreciation	**(18,291,331)**	(22,849,830)	**(137,271)**
	22,928,311	17,986,721	**172,070**
Investments and other assets:			
Investments in securities (Note 3)	**577,518**	654,322	**4,334**
Investments in affiliates	**834,393**	626,941	**6,262**
Computer software costs, net	**308,796**	343,039	**2,317**
Consolidation adjustments (Note 7)	**—**	1,313,013	**—**
Deferred income taxes (Note 14)	**282,950**	147,151	**2,123**
Other	**1,221,800**	1,150,203	**9,171**
Allowance for doubtful accounts	**(219,950)**	(257,402)	**(1,651)**
	3,005,507	3,977,267	**22,556**
	¥ 57,728,105	¥ 48,116,327	**$ 433,232**

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Thousands of yen 2002	 2001	Thousands of U.S. dollars (Note 1) 2002
Current liabilities:			
Short-term bank loans (Note 5)	**¥ 1,381,151**	¥ 6,363,140	**$ 10,365**
Current portion of long-term debt (Note 5)	**1,868,913**	957,912	**14,026**
Notes and accounts payable:			
Trade	**13,187,562**	12,069,425	**98,969**
Construction	**441,528**	77,870	**3,314**
Other	**2,835,401**	1,981,749	**21,279**
Accrued income taxes (Note 14)	**1,401,157**	1,204,789	**10,515**
Accrued expenses	**1,190,228**	895,970	**8,932**
Other current liabilities	**1,470,504**	562,214	**11,035**
Total current liabilities	**23,776,444**	24,113,069	**178,435**
Long-term debt (Note 5)	**10,786,501**	5,198,358	**80,949**
Accrued retirement benefits (Note 6)	**405,154**	437,038	**3,041**
Other liabilities	**48,611**	—	**365**
Total liabilities	**35,016,710**	29,748,465	**262,790**
Minority interests	**1,153,897**	—	**8,660**
Shareholders' equity (Note 10):			
Common stock,			
Authorized 25,000,000 shares			
Issued:			
2002 – 15,219,000 shares	**2,301,850**	—	**17,275**
2001 – 15,219,000 shares	**—**	2,301,850	**—**
Additional paid-in capital	**2,544,000**	2,544,000	**19,092**
Retained earnings	**16,392,902**	14,270,256	**123,024**
Net unrealized holding gains on securities	**59,829**	102,493	**448**
Foreign currency translation adjustments	**259,143**	(850,451)	**1,945**
	21,557,724	18,368,148	**161,784**
Less – treasury stock, at cost:			
2002 –	**(226)**	—	**(2)**
2001 –	**—**	(286)	**—**
	21,557,498	18,367,862	**161,782**
	¥ 57,728,105	¥ 48,116,327	**$ 433,232**

Consolidated Statements of Income

FUJI SEAL, INC. and Subsidiaries
Years Ended March 31, 2002 and 2001

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	**2002**
Net sales	**¥67,717,128**	¥53,895,845	**$508,196**
Cost of sales (Note 12)	**53,724,915**	41,871,185	**403,189**
Gross profit	**13,992,213**	12,024,660	**105,007**
Selling, general and administrative expenses (Note 11, 12)	**8,714,556**	7,602,435	**65,400**
Operating income	**5,277,657**	4,422,225	**39,607**
Other income (expenses) (Note 13):			
Interest and dividend income	**12,002**	27,738	**90**
Interest expenses	**(291,877)**	(265,254)	**(2,190)**
Foreign exchange gain, net	**6,497**	310,107	**49**
Equity in earnings of affiliates	**139,365**	165,761	**1,046**
Loss on sales or disposal of property, plant and equipment, net	**(59,150)**	(15,193)	**(444)**
Other, net	**(171,845)**	12,059	**(1,290)**
Income before income taxes and minority interests	**4,912,649**	4,657,443	**36,868**
Income taxes (Note 14):			
Current	**2,795,754**	2,511,313	**20,981**
Deferred	**(162,389)**	(21,224)	**(1,218)**
	2,633,365	2,490,089	**19,763**
Income before minority interests	**2,279,284**	2,167,354	**17,105**
Minority interests in subsidiaries	**—**	29,302	**—**
Net income	**¥ 2,279,284**	¥ 2,196,656	**$ 17,105**

	Yen		U.S. dollars (Note 1)
	2002	2001	**2002**
Net income per share:			
Basic	**¥149.77**	¥144.34	**$1.12**
Diluted	**140.92**	—	**1.06**
Cash dividends per share	**12.00**	12.00	**0.09**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

FUJI SEAL, INC. and Subsidiaries
Years Ended March 31, 2002 and 2001

	Number of shares issued (thaousands)	Thousands of yen					
		Common stock	Additional paid–in capital	Retained earnings	Net unrealized holding gains on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2000	15,219	¥ 2,301,850	¥ 2,544,000	¥12,280,777	¥ —	¥ —	¥ (59)
Net income for the year	—	—	—	2,196,656	—	—	—
Cash dividends	—	—	—	(182,628)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(24,549)	—	—	—
Increase in net unrealized holding gains on securities	—	—	—	—	102,493	—	—
Decrease in foreign currency translation adjustments	—	—	—	—	—	(850,451)	—
Increase in treasury stock	—	—	—	—	—	—	(227)
Balance at March 31, 2001	15,219	2,301,850	2,544,000	14,270,256	102,493	(850,451)	(286)
Net income for the year	—	—	—	2,279,284	—	—	—
Cash dividends	—	—	—	(182,627)	—	—	—
Decrease in net unrealized holding gains on securities	—	—	—	—	(42,664)	—	—
Increase in foreign currency translation adjustments	—	—	—	—	—	1,109,594	—
Decrease in treasury stock	—	—	—	—	—	—	60
Increase on merges of the consolidated subsidiaries	—	—	—	25,989	—	—	—
Balance at March 31, 2002	15,219	¥2,301,850	¥2,544,000	¥16,392,902	¥ 59,829	¥ 259,143	¥ (226)

	Thousands of U.S. dollars (Note 1)					
	Common stock	Additional paid–in capital	Retained earnings	Net unrealized holding gains on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2001	$17,275	$19,092	$107,094	$769	$(6,382)	$ (2)
Net income for the year	—	—	17,105	—	—	—
Cash dividends	—	—	(1,370)	—	—	—
Decrease in net unrealized holding gains on securities	—	—	—	(321)	—	—
Increase in foreign currency translation adjustments	—	—	—	—	8,327	—
Decrease in treasury stock	—	—	—	—	—	0
Increase on merges of the consolidated subsidiaries	—	—	195	—	—	—
Balance at March 31, 2002	$17,275	$19,092	$123,024	$448	$ 1,945	$ (2)

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

FUJI SEAL, INC. and Subsidiaries
Years Ended March 31, 2002 and 2001

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	**2002**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥4,912,649**	¥4,657,443	**$36,868**
Adjustments for:			
Depreciation	**2,519,101**	1,824,553	**18,905**
Provision for doubtful accounts	**26,141**	36,634	**196**
Provision for accrued retirement benefits	**16,809**	(36,293)	**126**
Interest and dividend income	**(12,002)**	(27,738)	**(90)**
Interest expenses	**291,877**	265,254	**2,190**
Equity in earnings of affiliates	**(139,365)**	(165,761)	**(1,046)**
Loss on sales or disposal of property, plant and equipment, net	**59,150**	15,193	**444**
Increase in notes and accounts receivable	**(2,632,430)**	(1,530,702)	**(19,756)**
Increase in inventories	**(872,777)**	(147,020)	**(6,550)**
Increase in notes and accounts payable	**1,089,869**	255,426	**8,179**
Other	**1,186,618**	(257,429)	**8,907**
Sub total	**6,445,640**	4,889,560	**48,373**
Interest and dividend income received	**13,853**	25,779	**104**
Interest expenses paid	**(300,464)**	(247,184)	**(2,255)**
Income taxes paid	**(2,599,446)**	(2,732,094)	**(19,508)**
Net cash provided by operating activities	**3,559,583**	1,936,061	**26,714**
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	**(4,261,091)**	(2,588,186)	**(31,978)**
Proceeds from sales of property, plant and equipment	**11,886**	4,643	**89**
Payments for purchase of investments in securities	**(17,039)**	(17,188)	**(128)**
Payments for acquisition of shares of new consolidated subsidiaries, net	**—**	(7,067,186)	**—**
Payments for loans receivable	**(6,200)**	(9,700)	**(47)**
Collections of loans receivable	**28,939**	29,083	**217**
Other	**924,335**	(279,869)	**6,938**
Net cash used in investing activities	**(3,319,170)**	(9,928,403)	**(24,909)**
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans, net	**(5,173,999)**	5,647,282	**(38,829)**
Proceeds from issuance of long-term debt	**7,196,321**	3,500,000	**54,006**
Repayment of long-term debt	**(965,405)**	(1,703,768)	**(7,245)**
Cash dividends paid	**(182,627)**	(182,628)	**(1,371)**
Other	**—**	(167)	**—**
Net cash provided by financing activities	**874,290**	7,260,719	**6,561**
Effect of exchange rate changes on cash and cash equivalents	**70,582**	30,574	**529**
Net increase (decrease) in cash and cash equivalents	**1,185,285**	(701,049)	**8,895**
Cash and cash equivalents at beginning of year	**3,117,781**	3,818,830	**23,398**
Cash and cash equivalents at end of year	**¥4,303,066**	¥3,117,781	**$32,293**

The accompanying notes are an integral part of these statements.

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by FUJI SEAL, INC. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Director of Kinki Local Finance Bureau in Japan have been reclassified for the convenience for readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25=U.S.$1, the rate of exchange on March 31, 2001, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 10 subsidiaries for the year ended March 31, 2002 and its 11 subsidiaries for the year ended March 31, 2001.

All significant inter-company accounts and transactions are eliminated in consolidation.

The consolidated subsidiaries are listed bellows:

2002		2001	
Name	Year end	Name	Year end
Fuji Tack, Inc.	March 31	Fuji Tack, Inc.	March 31
Pack Fuji, Inc.	March 31	Pack Fuji, Inc.	March 31
Fuji Logistics, Inc.	March 31	Fuji Logistics, Inc.	March 31
Fuji Technical Service, Inc.	March 31	Fuji Technical Service, Inc.	March 31
Fuji Astec, Inc.	March 31	Fuji Astec, Inc.	March 31
Fuji Alpha, Inc.	March 31	Fuji Alpha, Inc.	March 31
Suzuki Corporation	March 31	Suzuki Corporation	March 31
Fuji Seal Europe, Ltd.	December 31	Fuji Seal Europe, Ltd.	December 31
Fuji Seal Europe B.V.	December 31	Fuji Seal Europe B.V.	December 31
American Fuji Seal, Inc.	December 31	American Fuji Seal, Inc. (incorporated under the laws of the State of California)	December 31
		American Fuji Seal, Inc. (incorporated under the laws of the State of Kentucky)	December 31

American Fuji Seal, Inc. incorporated under the laws of the State of Kentucky (former Owens-Illinois Labels, Inc.) was consolidated since the year ended March 31, 2001 due to the Company's acquisition of its share on January 31, 2001. On October 31, 2001, American Fuji Seal, Inc. acquired the same name Company incorporated under the laws of the State of California.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair value.

Investments in the affiliate, Fuji Ace Co., Ltd., are accounted for by the equity method. Since Fuji Ace Co., Ltd. has changed in the date of its fiscal year end from December 31 to March 31, the Company's equity in earnings for 15 months was included in the consolidated financial statements for the year ended March 31, 2001.

The financial statements of consolidated subsidiaries, whose fiscal year-ends are December 31, are included in consolidated financial statements on the basis of their respective fiscal years after making appropriate adjustments for material transactions during the periods from their respective year-ends to the date of the accompanying consolidated financial statements.

(b) Translation of Foreign Currency

Revenue and expense items arising from transactions denominated in foreign currencies are translated into Japanese yen at the rates effective in general at the respective transaction dates.

Effective from the year ended March 31, 2001, the Company and its domestic subsidiaries have adopted the Financial Accounting Standards for Foreign Currency Transactions revised by the Business Accounting Deliberation Council, which require that all monetary assets and liabilities denominated in foreign currencies, whether short-term or long-term, are translated into Japanese yen at the current exchange rates prevailing at the balance sheet date. There was no effect of the adoption of the revised standards for the year ended March 31, 2001.

The resulting translation gains or losses are included in determination of net income for the years.

The foreign currency financial statements of overseas subsidiaries are translated into Japanese yen for consolidation purposes under the method prescribed by the Business Accounting Deliberation Council. Balance sheet accounts other than shareholders' equity translated at the historical rates, revenue and expense items are translated at current rates. Differences arising from translation stated under the section entitled "Foreign currency translation adjustments" in shareholders' equity in accordance with the revised standards as of March 31, 2001.

(c) Cash and Cash Equivalents

Cash and cash equivalents compose of cash in hand, deposits held at call with bank and all highly liquid investments with maturities of one year or less when purchased which present insignificant risk of change in value.

(d) Investments in Securities

Effective from the year ended March 31, 2001, the Company and its domestic subsidiaries have adopted the new Financial Accounting Standards for Financial Instruments issued by the Business Accounting Deliberation Council. Following the new standards, the management determines the appropriate classification of securities, and all securities other than investments in affiliates are classified as "Other securities" which represent securities other than trading securities and held-to-maturity securities. Marketable "Other securities" are stated at market value. Adjustments to market value, net of tax effect, are recorded as an increase or decrease in shareholders' equity. Such unrealized holding on "Other securities" in shareholders' equity are not available for distribution as dividends and bonuses to directors and corporate auditors under the Commercial Code. Cost of their sales is determined by the moving average method. "Other securities" which are not marketable are stated at cost, cost being determined by the moving average method.

The effect of the adoption of the new accounting standards for the year ended March 31, 2001, which includes the effect of the change in the accounting for allowance for doubtful accounts described in Note 2 (k), was to increase income before income taxes and minority interests by ¥11,274 thousand.

(e) Inventories

The Company's finished goods and work in process are stated at cost, cost being determined by the moving average method. The subsidiaries' finished goods and work in process are valued under the retail method. Raw materials and supplies are mainly valued under the last invoice cost method in accordance with accounting principles generally accepted in Japan.

(f) Property, Plant and Equipment

Depreciation of property, plant and equipment other than buildings acquired by the Company and its domestic subsidiaries on or after April 1, 1998 is mainly computed using the declining balance method. Buildings acquired on or after April 1, 1998 are depreciated based on the straight line method. The range of useful lives is principally from 3 to 50 years for buildings and structures and from 2 to 13 years for machinery and equipment.

(g) Accounting for Leases

Where the finance leases do not transfer ownership of the leased property to the lessee during the lease terms or on their terminations, the leased property is not capitalized and the relating lease expenses are charged to income in the period incurred in accordance with accounting principles generally accepted in Japan.

(h) Capitalized Computer Software Costs

Capitalized computer software costs comprise costs of software used in the Company and its consolidated subsidiaries' business. Amortization of capitalized computer software costs is computed on the straight line method over the estimated useful life of the software, 5 years.

(i) Bond Issuance Expenses

Bond issuance expenses are charged to income as incurred.

(j) Other Assets

Other in investments and other assets includes deferred charge. Amortization of deferred charge is computed on the straight line method.

(k) Allowance for Doubtful Accounts

Effective from the year ended March 31, 2001, the Company and its domestic subsidiaries have adopted the new Financial Accounting Standards for Financial Instruments and provided their allowance for doubtful accounts at the average percentage of bad debt loss on actual defaults suffered during certain past periods, together with an amount necessary to cover possible uncollectible amounts based on management's judgement.

(l) Accrued Bonuses

Accrued employees' bonuses included in accrued expenses are calculated based on the amount estimated to be paid.

(m) Accrued Retirement Benefits

Effective from the year ended March 31, 2001, the Company and its domestic subsidiaries have adopted the new Financial Accounting Standards for Retirement Benefits issued by the Business Accounting Deliberation Council. Following the new standards, the Company and its domestic subsidiaries provided accrual severance indemnities of employees based on the amount of projected benefit obligation minus pension plan assets at fair value. ¥2,615 thousand ($21 thousand) of transition amount arising from adopting the new standards was charged to income for the year ended March 31, 2001. The actuarial differences are amortized using the straight line method over ten years of certain years within the average remaining service period counting from the next year in which they arise.

The effect of the adoption of the new standards for the year ended March 31, 2001 was to decrease income before income taxes and minority interests by ¥2,615 thousand.

The accrued retirement benefits include retirement allowance for the Company's directors and corporate auditors, which are the amount estimated by the Company that would be paid at the balance sheet date in accordance with the Company's internal regulations if all directors and corporate auditors retired at that date. Amounts payable to directors and corporate auditors on retirement are subject to the approval of shareholders.

(n) Income Taxes

Accrued income taxes are provided at the amount currently payable.

The Company and its consolidated subsidiaries adopt the interperiod income tax allocation accounting, using the assets and liabilities method in which deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements.

(o) Net Income and Dividend Per Share

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

Diluted net income per share assumes full conversion of outstanding convertible bonds at the beginning of the year (or at the time of issuance, if after the beginning of the year) with an applicable adjustment for related net-of-tax interest expense. The average number of share used in the computation was 16,170,027 for the year ended March 31, 2002.

Cash dividends per share represent interim dividends paid and annual dividends declared as applicable to the respective years.

(p) Appropriation of Retained Earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, a proposal by the Board of Directors for the appropriation of retained earnings (principally the payment of annual cash dividends) should be approved by a shareholders' meeting which must be held within three months after the end of each financial year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements for each financial year represents the appropriation which was approved by the shareholders' meeting and disposed of during that year but which related to the immediately preceding financial year.

The payment of bonuses to directors and corporate auditors is made out of retained earnings instead of being charged to income for the year and constitutes a part of the appropriation referred to the above.

(q) Hedging Activities

The Company enters into interest rate swap agreement, hedging instruments, to convert variable interest rates on the principal amount of certain debts, positions hedged, to fixed interest rates. The Company adopted the exceptional treatment in respect of accounting for the swap agreements prescribed under the new Financial Accounting Standards for Financial Instruments, which permit not to evaluate the swap agreements outstanding at fair value as of March 31, 2001.

3. Investments in Securities

"Other securities" as of March 31, 2002 and 2001 are analyzed as follows:

	Thousands of yen						Thousands of U.S. dollars		
	2002			2001			2002		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Market value available									
Securities whose book value exceeds their acquisition cost									
Equity securities	¥ 367,803	¥ 256,071	¥ 111,732	¥ 443,323	¥ 301,378	¥ 141,945	$ 2,760	$ 1,922	$ 838
Bonds and debentures									
Public bonds	—	—	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—
	367,803	256,071	111,732	443,323	301,378	141,945	2,760	1,922	838
Securities whose book value does not exceed their acquisition cost									
Equity securities	45,865	54,261	(8,596)	46,282	92,507	(46,225)	344	407	(63)
Bonds and debentures									
Public bonds	—	—	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—
	45,865	54,261	(8,596)	46,282	92,507	(46,225)	344	407	(63)
	¥ 413,468	¥ 310,332	¥ 103,136	¥ 489,605	¥ 393,885	¥ 95,720	$ 3,104	$ 2,329	$ 775
Market value not available									
Equity securities	164,050			164,717			1,231		
Total	¥ 577,518			¥ 654,322			$ 4,335		

4. Inventories

Inventories as of March 31, 2002 and 2001 comprised the following:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Finished goods	**¥ 3,672,596**	¥ 2,405,300	**$ 27,562**
Work in process	**1,206,468**	1,088,367	**9,054**
Raw materials and supplies	**1,459,820**	1,508,205	**10,955**
	¥ 6,338,884	¥ 5,001,872	**$ 47,571**

5. Short-term Bank Loans and Long-term Debt

The annual average interest rate applicable to short-term bank loans as of March 31, 2002 and 2001 were 4.3% and 3.5%.

Long-term debt as of March 31, 2002 and 2001 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Domestic unsecured convertible bonds, due 2006 at a rate of 0%	**¥ 7,000,000**	¥ —	**$ 52,533**
Bank loans, due 2003–2016:			
Secured	**964,918**	1,284,513	**7,241**
Unsecured	**4,683,682**	4,822,261	**35,150**
Obligation under capitalized lease, due 2001	**6,814**	49,496	**51**
	12,655,414	6,156,270	**94,975**
Less, current portion	**1,868,913**	957,912	**14,026**
	¥10,786,501	¥ 5,198,358	**$ 80,949**

The convertible bonds, due 2006 are redeemable from 2001 at the option of the Company and are currently convertible into approximately 951,108 shares of common stock at ¥4,920 ($37) per share.

Aggregate annual maturities of long-term debt subsequent to March 31, 2002 were as follows:

Year ending March 31	Thousands of yen	Thousands of U.S. dollars
2003	¥ 1,868,913	$14,026
2004	857,878	6,438
2005	722,923	5,425
2006	674,068	5,059
2007 and thereafter	8,531,632	64,027
	¥12,655,414	$94,975

The annual average interest rates applicable to long-term bank loans as of March 31, 2002 and 2001 were 2.8% and 3.3%, respectively.

Assets pledged as collateral for long-tem debt, including the current portion of long-term debt, as of March 31, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Land	**¥1,821,930**	¥1,985,531	**$13,673**
Buildings and structures	**1,517,196**	2,011,246	**11,386**

6. Accrued Retirement Benefits

Employees of the Company and its domestic subsidiaries with more than three years of service are entitled to receive lump-sum indemnities upon termination in accordance with their internal regulations. The amount of the benefits is determined based upon current basic rate of pay, length of service and cause of retirement. The Company and certain domestic subsidiaries have non-contributory pension plans covering a portion of their indemnities under their internal regulation for employees.

The following provided a reconciliation of projected benefit obligation to net liability for employees' retirement benefits recognized on the accompanying consolidated balance sheet as of March 31, 2002 and 2001.

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Projected benefit obligation	**¥ (937,452)**	¥ (746,179)	**$ (7,035)**
Fair value of plan assets	**628,220**	559,408	**4,714**
Funded status	**(309,232)**	(186,771)	**(2,321)**
Unrecognized actuarial loss	**195,568**	37,593	**1,468**
Accrued retirement benefits for employees	**¥ (113,664)**	¥ (149,178)	**$ (853)**
Retirement allowance for directors and corporate auditors	**(291,490)**	(287,860)	**(2,188)**
Accrued retirement benefits	**¥ (405,154)**	¥ (437,038)	**$ (3,041)**

The projected benefit obligations of certain subsidiaries are calculated using simplified method, which is permitted to be applied by small size of companies, in conformity with the accounting standards for retirement benefits.

Components of net periodic benefit cost for the year ended March 31, 2002 and 2001 are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Service cost	**¥ 67,134**	¥ 64,881	**$ 504**
Interest cost	**24,809**	23,451	**186**
Expected return on plan assets	**(5,258)**	(4,797)	**(39)**
Amortization of actuarial differences	**3,759**	—	**28**
Transition amount recognized	—	2,615	—
Net periodic benefit cost	**¥ 90,444**	¥ 86,150	**$ 679**

The benefit obligation was determined using a discount rate of 2.0% and 3.5%, for the year ended March 31, 2002 and 2001, respectively. The expected rate of return on plan assets was 1.0%. Projected benefit obligation is attributed to periods based on years of service. Actuarial differences are amortized over 10 years.

7. Consolidation Adjustments

The decrease in consolidated adjustment for the year ended March 31, 2002 is due to reallocation of consolidated adjustment allocated on the Company's acquisition for the year ended March 31, 2001 to the individual assets revalued at their respective fair value.

8. Lease

(1) Where the financing leases do not transfer ownership of the leased property to the lessee during the lease terms or on their terminations, the leased property is not capitalized and the relating lease expenses are charged to income in the period incurred, as per the statements issued by the Business Accounting Deliberation Council.

Lease expenses for the years ended March 31, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Lease expenses	**¥314,485**	¥276,884	**$2,360**

Future lease payments, including interest, as of March 31, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Due within one year	**¥131,473**	¥204,166	**$ 987**
Due after one year	**170,305**	244,997	**1,278**
Total	**¥301,778**	¥449,163	**$2,265**

Additional information, requested by the Business Accounting Deliberation Council, to be disclosed as not included in the profit and loss accounts or balance sheets is as follows:

Notional acquisition cost and accumulated depreciation:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Notional acquisition cost:			
Machinery and equipment	**¥672,802**	¥1,290,854	**$5,049**
Other	**90,159**	44,233	**677**
Less – accumulated depreciation	**461,183**	885,924	**3,461**
	¥301,778	¥ 449,163	**$2,265**

Notional depreciation expenses for the years ended March 31, 2002 and 2001 were ¥214,485 thousand ($1,610 thousand) and ¥276,884 thousand, respectively.

Notional acquisition cost means the cost which is characterized as the total lease payment, including interest due to the immateriality of the leased property. Notional depreciation expenses are calculated by the straight-line method assuming that there is no scrap value over the term of the lease based on notional acquisition cost.

(2) Future lease payments under non-cancelable operating leases as of March 31, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Due within one year	**¥146,653**	¥ 81,496	**$1,101**
Due after one year	**195,104**	113,656	**1,464**
Total	**¥341,757**	¥195,152	**$2,565**

9. Derivative and Hedging Activities

The Company enters into interest rate swap agreements, hedging instruments, to convert variable interest rates on the principal amount of certain debts, positions hedged, to fixed interest rates. The purpose of the hedging activities is to reduce certain exposures to rapid interest rate fluctuations having impact upon net income. The Company does not hold or issue any financial instruments for trading purposes. The Company's management believes that there is no credit risk since the swaps are executed with creditworthy financial institutions.

The interest-rate swap agreements outstanding as of March 31, 2002 and 2001 were as follows:

	Thousands of yen				Thousands of U.S. dollars	
	2002		2001		**2002**	
Interest-rate swap agreements:	Notional amounts	Unrealized gain (loss)	Notional amounts	Unrealized gain (loss)	Notional amounts	Unrealized gain (loss)
Variable-rate into fixed-rate obligations	**¥1,872,952**	**¥ (28,487)**	¥1,882,200	¥(40,184)	**$14,056**	**$ (214)**

10. Shareholders' Equity

The Japanese Commercial Code provides that at least 50% of the issue price of new shares, with a minimum of the par value thereof, should be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital.

Under the Japanese Commercial Code, an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is set aside in a legal reserve until such reserve equals 25% of the amount of common stock. This reserve may be transferred to common stock by a resolution of the Board of Directors or used to reduce a deficit with the approval of a shareholders' meeting but is not available for dividend payments. The legal reserve of the Company and its consolidated subsidiaries are included in the retained earnings and are not shown separately in the accompanying consolidated Balance sheets.

Effective from October 1, 2001, the revised Commercial Code requires such appropriations until the total amount of additional paid in capital and earned reserve (collectively, "legal reserves") equals 25% of stated capital. Legal reserves may be transferred to stated capital by a resolution of the board of directors or used to reduce a deficit with the approval of a shareholders' meeting as before the revision of the Commercial Code. In addition, under the revised Commercial Code, legal reserves may be available for dividends to the extent that legal reserves do not fall below 25% of stated capital, and the Company is allowed to repurchase its own shares to the extent that the aggregate cost of treasury shares does not exceed the maximum amount available for dividends.

11. Selling, General and Administrative Expenses

Selling, general and administrative expenses in the accompanying consolidated statements of income mainly consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Employees' salaries and bonuses	**¥3,110,170**	¥2,808,912	**$23,341**
Freight charges	**943,996**	860,938	**7,084**

12. Research and Development

Research and development expenditures charged to income were ¥1,114,326 thousand ($8,363 thousand) and ¥1,076,418 thousand for the years ended March 31, 2002 and 2001, respectively.

13. Other Income (Expenses)

"Other, net" in other income (expenses) in the accompanying consolidated statements of income included ¥194,717 thousand ($1,461 thousand) of loss on prior year adjustment recognized through introduction of new accounting system for the year ended March 31, 2002.

14. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which resulted in statutory tax rate of approximately 41.99% in the aggregate. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective tax rate for the years ended March 31, 2002 and 2001 differed from the statutory tax rate for the following reasons:

	2002	2001
Statutory tax rate	**41.99%**	41.99%
Accumulated earning tax	**3.80**	3.93
Expenses not deductible for income tax purposes,entertainment expense and others	**0.36**	0.43
Aggregated net losses of the consolidated subsidiaries	**8.74**	6.54
Other	**(1.29)**	0.57
Effective tax rate	**53.60%**	53.46%

The components of the Company and its subsidiaries' deferred tax assets and liabilities as of March 31, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
Deferred tax assets:	**2002**	2001	**2002**
Allowance for doubtful accounts	**¥ 46,756**	¥ 65,261	**$ 351**
Accrued Bonuses	**168,625**	95,157	**1,265**
Enterprise tax	**114,583**	95,393	**860**
Accrued retirement benefits	**160,339**	167,833	**1,203**
Other	**214,636**	157,439	**1,611**
Total gross deferred tax assets	**704,939**	581,083	**5,290**
Deferred tax liabilities:			
Reserve for special depreciation	**(75,359)**	(81,089)	**(566)**
Unrealized holding gains on "Other securities"	**(43,307)**	(74,188)	**(325)**
Other	**(9,362)**	(42,165)	**(70)**
Total gross deferred tax liabilities	**(128,028)**	(197,442)	**(961)**
Net deferred tax assets	**¥ 576,911**	¥ 383,641	**$ 4,329**

15. Segment Information

Information about operations in industry segments, geographic segments and sales to foreign customers of the Company and its subsidiaries for the years ended March 31, 2002 and 2001 is as follows:

(1) Industry Segments

The Company's management believes that the Company and its subsidiaries operate in a single industry and there is no separated segment.

(2) Geographic Segments

The foreign operations of the Company and its subsidiaries for the years ended March 31, 2002 and 2001 are summarized as follows:

	Thousands of yen				
2002	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**¥52,780,600**	**¥10,835,464**	**¥4,101,064**	**¥ —**	**¥67,717,128**
Intersegment	**384,364**	**25,239**	**647,791**	**(1,057,394)**	**—**
Total sales	**53,164,964**	**10,860,703**	**4,748,855**	**(1,057,394)**	**67,717,128**
Operating expenses	**47,714,146**	**11,129,739**	**4,686,878**	**(1,091,292)**	**62,439,471**
Operating income	**¥ 5,450,818**	**¥ (269,036)**	**¥ 61,977**	**¥ 33,898**	**¥ 5,277,657**
Assets	**¥53,142,957**	**¥13,784,885**	**¥4,072,814**	**¥(13,272,551)**	**¥57,728,105**

	Thousands of yen				
2001	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	¥47,524,212	¥3,083,236	¥3,288,397	¥ —	¥53,895,845
Intersegment	444,936	4,767	335,369	(785,072)	—
Total sales	47,969,148	3,088,003	3,623,766	(785,072)	53,895,845
Operating expenses	43,040,497	3,269,759	3,995,529	(832,165)	49,473,620
Operating income	¥ 4,928,651	¥ (181,756)	¥ (371,763)	¥ 47,093	¥ 4,422,225
Assets	¥47,186,034	¥7,577,676	¥4,311,763	¥(10,959,146)	¥48,116,327

	Thousands of U.S. dollars				
2002	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**$396,102**	**$ 81,317**	**$30,777**	**$ —**	**$508,196**
Intersegment	**2,885**	**189**	**4,861**	**(7,935)**	**—**
Total sales	**398,987**	**81,506**	**35,638**	**(7,935)**	**508,196**
Operating expenses	**358,080**	**83,525**	**35,173**	**(8,189)**	**468,589**
Operating income	**$ 40,907**	**$ (2,019)**	**$ 465**	**$ 254**	**$ 39,607**
Assets	**$398,821**	**$103,451**	**$30,565**	**$ (99,606)**	**$433,231**

Corporate assets included in "Eliminations/Corporate" amount to ¥8,093 thousand ($61 thousand) and ¥17,876 thousand as of March 31, 2002 and 2001, respectively. The major component of corporate assets is investments in securities.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Sales to:			
North America	**¥10,835,464**	¥3,087,127	**$ 81,317**
Europe	**4,101,064**	3,288,397	**30,777**
Others	**861,831**	511,073	**6,468**
	¥15,798,359	¥6,886,597	**$118,562**

16. Subsequent Event

The following appropriation of the Company's retained earnings in respect of the year ended March 31, 2002 was proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 26, 2002:

Appropriations	Thousands of yen	Thousands of U.S. dollars
Cash dividends (¥12 per share)	¥ 182,627	$ 1,371
Transfer to reserve for special Depreciation	20,547	154
Transfer to general reserve	1,609,000	12,075
Total appropriations	¥1,812,174	$13,600

Report of Independent Accountants

The Board of Directors
FUJI SEAL, INC.

We have audited the accompanying consolidated balance sheets of FUJI SEAL, INC. and its consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of FUJI SEAL, INC. and its consolidated subsidiaries as of March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Notes 2, effective from the year ended March 31, 2001, FUJI SEAL, INC. and its subsidiaries have adopted new Japanese accounting standards for retirement benefits, financial instruments and foreign currency transactions.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Osaka, Japan
June 26, 2002

Consolidated Five-Year Summary

FUJI SEAL INC. and subsidiaries
Years ended March 31

	Millions of yen, except where noted					Thousands of U.S. dollars, except where noted
	1998/3	1999/3	2000/3	2001/3	**2002/3**	**2002/3**
For the year:						
Net sales	¥50,169	¥51,497	¥51,326	¥53,896	**¥67,717**	**$508,196**
Operating income	4,033	4,875	5,442	4,442	**5,227**	**39,227**
Ordinary income	3,811	4,888	5,378	4,673	**5,278**	**39,607**
Net income	1,590	2,182	2,862	2,197	**2,279**	**17,105**
At the year-end:						
Total assets	33,695	35,675	38,650	48,116	**57,728**	**433,232**
Shareholders' equity	10,412	14,057	17,127	18,368	**21,557**	**161,782**
Number of shares issued (shares)	7,309,500	7,609,500	15,219,000	15,219,000	**15,219,000**	
Per share data (in yen and U.S. dollars):						
Shareholders' equity per share	¥1,424.42	¥1,847.30	¥1,125.34	¥1,206.91	**¥1,416.49**	**$ 10.63**
Net income per share (basic)	232.72	290.64	188.04	144.34	**149.77**	**1.12**
Net income per share (diluted)	—	—	—	—	**140.92**	**1.06**
Other:						
Shareholders' equity ratio (%)	30.90%	39.40%	44.31%	38.17%	**37.34%**	
Return on equity (%)	18.34%	17.83%	18.35%	12.38%	**11.42%**	
Price-earnings ratio (PER) (times)	17.19	36.13	31.91	27.92	**27.11**	
Net cash provided by operating activities	—	—	5,689	1,936	**3,560**	**26,714**
Net cash used in investing activities	—	—	(2,401)	(9,928)	**(3,319)**	**(24,909)**
Net cash provided by (used in) financing activities	—	—	(866)	7,261	**874**	**6,561**
Cash and cash equivalents at end of year	—	1,459	3,819	3,118	**4,303**	**32,293**
Number of employees (persons)	1,259	1,355	1,398	1,767	**1,909**	

Notes:
1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25 =US$1, the rate of exchange on March 31, 2002, has been used in translation.
2. Net sales excludes consumption tax.
3. On May 16, 1997, the Company split its common stock 1.5-for-1.0. On August 1, 1997, the Company changed the par value of its common stock from ¥500 to ¥50, which represents a 10-for-1 stock split. Net income per share for the fiscal year ended March 31, 1998 is calculated based on the average number of shares during the fiscal year, retroactively adjusted for stock splits to the beginning of the year.
4. On November 19, 1999 the Company split its common stock 2-for-1. Net income per share for the fiscal year ended March 31, 2000 is calculated based on the average number of shares during the fiscal year, retroactively adjusted for stock splits to the beginning of the year.
5. Diluted net income per share for the fiscal years ending March 31, 1999, March 31, 2000, and March 31, 2001 is not reported since the Company did not have outstanding warrant bonds or convertible bonds.
6. The number of employees from the fiscal year ended March 31, 2000 onward shows the total number of employees.
7. The number of employees for the fiscal year ended March 31, 2000 increased by 369 compared with the previous fiscal year. Of the total, 332 are employees of American Fuji Seal, Inc., the former Owens-Illinois Labels and Carriers Inc. acquired by the Company.

Company History

1958.10	Fujio Factory Co., Ltd. (present Osaka factory) was founded to manufacture and sell “shrink capseal.”
1966. 6	Tokyo Sales Office (the present Tokyo Head Office) was established (Chuo-ku, Tokyo).
1967. 5	The company name was changed to Fuji Seal, Co., Ltd.
1973. 9	Nagoya Sales Office was established (Nishi-ku, Nagoya).
1975. 9	Undertook capital participation in Nishijima Sealing Printing Co., Ltd (the present Fuji Tack, Inc.) and it became a subsidiary.
1975.12	American Fuji Seal, Inc. was established by a joint venture between Fuji Seal Industry Co., Ltd. and Nichimen Corporation in the United States.
1981. 9	Nabari Factory was founded in Mie Prefecture.
1982.12	Osaka Sales Office (the present Osaka Head Office) was established (Chuo-ku, Osaka).
1983.11	Kyushu Sales Office was established (Higashi-ku, Fukuoka).
1985. 7	Fuji Seal, Inc. was established as a sales subsidiary.
1986. 5	Fuji Seal Europe, Ltd. was established in England.
1986.11	Tsukuba Factory was established (Ami-machi, Inashiki-gun, Ibaraki Prefecture).
1987. 8	Pack Fuji, Inc. was founded for contract packaging.
1990.10	Fuji Astec, Inc. was established.
1993.12	Undertook capital participation in Intersleeve B.V.—the present Fuji Seal Europe B.V.—in the Netherlands and it became a subsidiary.
1994. 9	Fuji Seal, Inc. was established when Fuji Seal, Co., Ltd. and Fuji Seal, Inc. were unified.
1995. 1	Fuji Ace Co., Ltd. was established (Thailand).
1995. 4	Sapporo Sales Office was established (Chuo-ku, Sapporo).
1997. 2	Made an investment in Osaka Jidoki Seisakusho, Inc., which now operates as subsidiary.
1997. 4	Fuji Alpha, Inc. was established.
1997.10	Offered stock to the public.
1998. 7	Fuji Logistics, Inc. was established.
1998.12	The former Fuji Astec, Inc. transferred its operation to Osaka Jidoki Seisakusho, Inc. and merged with both companies to establish the new Fuji Astec, Inc.
2000. 2	Undertook capital participation in Suzuki Corp. and it became a subsidiary.
2000. 3	Transferred Osaka Head Office to Yodogawa-ku, Osaka (in front of Shin-Osaka station).
2000. 8	Obtained ISO 14001 (Tokyo Factory of Pack Fuji Inc., Tsukuba Factory).
2001. 1	Undertook an investment in Owens-Illinois Labels and Carriers, Inc. (U.S.), which now operates as subsidiary. Changed its name to American Fuji Seal, Inc.
2001. 2	Operation of Suzuki Corp. was transferred to Fuji Alpha, Inc.
2001. 3	Obtained ISO 14001 (all the domestic Fuji Seal Group including Fuji Seal, Inc., Fuji Tack, Inc., Fuji Astec, Inc., Fuji Alpha, Inc., and Fuji Logistics, Inc.). R&D Center was established in Tsurumi-ku, Osaka.
2001.10	The former American Fuji Seal, Inc. merged with Owens-Illinois Labels and Carriers, Inc. and started operation as American Fuji Seal Company from January 2001.
2002. 6	Purchased Maruto Industries’ Tokyo Factory and reopened it as our Yuki Factory (Yuki City, Ibaraki Prefecture). Fuji Partners, Inc. and Fuji Flex, Inc. were established.

Board of Directors

President and Chief Operating Officer:	Ken Takeda
Executive Managing Directors:	Hiroo Okazaki (CFO, Administration)
	Shuichi Shibuya (Sales)
Directors:	Kiyoshi Ikoma (Manufacturing)
	Sukehiro Shiomi (R&D)
	Shigeko Okazaki (Corporate Planning)
Executive Advisor/Director:	Masaaki Fujio
Corporate Auditor (Full-Time):	Katsutoshi Nakano
Auditors:	Yasuhiro Kitaura
	Masanobu Nakano

Company Data

Corporate Name:	Fuji Seal, Inc.
Tokyo Head Office:	3-11-11, Nihonbashi, Honcho, Chuo-ku, Tokyo 103-0023, Japan
Osaka Head Office:	4-1-6, Miyahara, Yodogawa-ku, Osaka 532-0003, Japan
Established:	October 18, 1958
Listed on Stock Exchange:	October 28, 1997
Capital:	¥2,301 million (as of March 31, 2002)
Consolidated Net Sales:	¥67,717 million (for the year ended March 31, 2002)
Fiscal Year-End:	March 31
Plants:	Osaka (Osaka)
	Nabari (Nabari, Mie Prefecture)
	Tsukuba (Ami-machi, Inashiki-gun, Ibaraki Prefecture)
	Yuki (Yuki City, Ibaraki Prefecture)
Sales Offices:	Tokyo Head Office, Osaka Head Office, Nagoya Sales Office, Kyushu Sales Office, Sapporo Sales Office
Number of Employees:	1,909 (as of March 31, 2002)
Fuji Seal Group:	10 consolidated subsidiaries:
	Fuji Tack, Inc., Pack Fuji, Inc., Fuji Astec, Inc., Fuji Technical Service, Inc., Fuji Logistics, Inc., Fuji Partners, Inc., Fuji Flex, Inc., American Fuji Seal, Inc., Fuji Seal Europe, Ltd., Fuji Seal Europe B.V.
	1 consolidated subsidiary accounted for by the equity method:
	Fuji Ace Co., Ltd.

http://www.fujiseal.co.jp/

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