FP CORPORATION and Subsidiaries

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of FP CORPORATION:

We have audited the accompanying consolidated balance sheets of FP CORPORATION (the "Company") and subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

Deloitte Touche Tohmatsu LLC

DELOITTE TOUCHE TOHMATSU LLC
June 29, 2011

Consolidated Balance Sheets
FP CORPORATION and Subsidiaries
March 31, 2011 and 2010

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
CURRENT ASSETS:			
Cash and cash equivalents	¥ 13,273	¥ 11,103	$ 159,630
Receivables:			
Trade notes	10,992	10,852	132,190
Trade accounts	20,140	16,120	242,211
Associated companies	410	398	4,926
Other	2,752	3,767	33,094
Lease investment assets (Notes2.(n))	31	69	372
Allowance for doubtful accounts	(48)	(90)	(573)
Inventories (Notes 2.(d))	14,706	11,803	176,865
Prepaid expenses and other current assets (Note 18)	1,756	2,084	21,120
Total current assets	64,012	56,106	769,835
PROPERTY, PLANT AND EQUIPMENT (Notes 6 and 7):			
Land	26,384	23,963	317,311
Buildings and structures	69,843	61,699	839,964
Machinery and equipment	26,617	19,065	320,112
Tools, furniture and fixtures	16,119	13,585	193,853
Lease assets (Note 2.(n))	16,356	16,406	196,706
Construction in progress	1,514	1,241	18,208
Total	156,833	135,959	1,886,154
Accumulated depreciation	(73,589)	(61,843)	(885,020)
Net property, plant and equipment	83,244	74,116	1,001,134
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	2,873	3,797	34,549
Investments in and advances to associated companies	68	117	818
Long-term loans	140	448	1,689
Goodwill	2,192	325	26,366
Deferred tax assets (Note 14)	1,060	703	12,747
Other assets	2,251	2,212	27,063
Allowance for doubtful accounts	(101)	(104)	(1,215)
Total investments and other assets	8,483	7,498	102,017
TOTAL	¥ 155,739	¥ 137,720	$ 1,872,986

See notes to consolidated financial statements.

FP CORPORATION and Subsidiaries
March 31, 2011 and 2010

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
CURRENT LIABILITIES:			
Short-term bank loans (Note 8)	¥ 6,600	¥ 6,000	$ 79,375
Current portion of long-term debt (Note 8)	12,650	6,996	152,140
Payables:			
Trade notes	311		3,742
Trade accounts	18,589	13,523	223,557
Associated companies	5		62
Other	4,485	4,520	53,944
Commercial paper	15,000	10,000	180,397
Lease obligations (Note 2.(n))	2,560	2,874	30,788
Accrued income taxes	2,466	3,510	29,656
Accrued expenses	3,868	4,030	46,522
Other current liabilities	151	93	1,806
Total current liabilities	66,685	51,546	801,989
LONG-TERM LIABILITIES:			
Long-term debt (Note 8)	14,136	15,380	170,006
Lease obligations (Note 2.(n))	7,410	8,380	89,119
Liability for employees' retirement benefits (Note 9)	1,838	1,511	22,104
Retirement allowances for directors and corporate auditors (Note 10)	1,048	954	12,603
Other long-term liabilities	181	141	2,174
Total long-term liabilities	24,613	26,366	296,006
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 15 and 18)			
EQUITY (Note 11):			
Common stock,			
Authorized —60,000,000 shares in 2011 and 2010			
Issued — 22,142,106 shares in 2011 and 2010	13,151	13,151	158,155
Capital surplus	15,843	15,497	190,539
Retained earnings	40,092	34,427	482,166
Treasury stock — at cost			
1,443,850 shares in 2011 and 1,257,985 shares in 2010	(4,937)	(3,905)	(59,377)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	256	566	3,080
Total	64,405	59,736	774,563
Minority interests	36	72	428
Total Equity	64,441	59,808	774,991
TOTAL	¥ 155,739	¥ 137,720	$ 1,872,986

See notes to consolidated financial statements.

Consolidated Statements of Income
FP CORPORATION and Subsidiaries
Years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	¥ 140,721	¥ 124,919	$ 1,692,370
COST OF SALES (Note 12)	97,993	86,043	1,178,500
Gross profit	42,728	38,876	513,870
SELLING , GENERAL AND ADMINISTRATIVE EXPENSES (Note 12)	29,669	26,983	356,817
Operating income	13,059	11,893	157,053
OTHER INCOME (EXPENSES):			
Interest and dividend income	94	121	1,132
Insurance income	531		6,386
Interest expense	(499)	(610)	(6,004)
Losses from a natural disaster(Note 13)	(696)		(8,366)
Other — net	961	550	11,560
Other income — net	391	61	4,708
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	13,450	11,954	161,761
INCOME TAXES (Note 14):			
Current	5,107	5,464	61,417
Deferred	381	(641)	4,583
Total income taxes	5,488	4,823	66,000
NET INCOME BEFORE MINORITY INTERESTS	7,962		95,761
MINORITY INTERESTS IN NET INCOME	3	16	37
NET INCOME	¥ 7,959	¥ 7,115	$ 95,724

	Yen		U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 2.q):			
Basic net income	¥ 380.90	¥ 340.67	$ 4.58
Cash dividends	116.00	102.00	1.40

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income
FP CORPORATION and Subsidiaries
Year Ended March 31, 2011

	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2011
NET INCOME BEFORE MINORITY INTERESTS	¥ 7,962	$ 95,761
OTHER COMPREHENSIVE LOSS (Note 19):		
Unrealized loss on available-for-sale securities	(310)	(3,734)
Total other comprehensive loss	(310)	(3,734)
COMPREHENSIVE INCOME (Note 19)	¥ 7,652	$ 92,027
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 19):		
Owners of the parent	¥ 7,649	$ 91,990
Minority interests	3	37

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity
FP CORPORATION and Subsidiaries
Years ended March 31, 2011 and 2010

	Shares / Millions of Yen								
						Accumulated other comprehensive income			
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Total	Minority interests	Total equity
BALANCE AT APRIL 1, 2009	22,142,106	¥ 13,151	¥ 15,488	¥ 29,254	¥ (3,902)	¥ 192	¥ 54,183	¥ 65	¥ 54,248
Cash dividends, ¥93.00 per share				(1,942)			(1,942)		(1,942)
Net income				7,115			7,115		7,115
Purchase of treasury stock					(20)		(20)		(20)
Disposal of treasury stock			9		17		26		26
Net change in the year						374	374	7	381
BALANCE AT MARCH 31, 2010	22,142,106	13,151	15,497	34,427	(3,905)	566	59,736	72	59,808
Cash dividends, ¥93.00 per share				(2,294)			(2,294)		(2,294)
Net income				7,959			7,959		7,959
Purchase in treasury stock					(1,862)		(1,862)		(1,862)
Disposal of treasury stock			346		830		1,176		1,176
Net change in the year						(310)	(310)	(36)	(346)
BALANCE AT MARCH 31, 2011	22,142,106	¥ 13,151	¥ 15,843	¥ 40,092	¥ (4,937)	¥ 256	¥ 64,405	¥ 36	¥ 64,441

	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	Total	Minority interests	Total equity
BALANCE AT MARCH 31, 2010	$ 158,155	$ 186,378	$ 414,031	$ (46,964)	$ 6,813	$ 718,413	$ 874	$ 719,287
Cash dividends, $1.12 per share			(27,589)			(27,589)		(27,589)
Net income			95,724			95,724		95,724
Purchase of treasury stock				(22,389)		(22,389)		(22,389)
Disposal of treasury stock		4,161		9,976		14,137		14,137
Net change in the year					(3,733)	(3,733)	(446)	(4,179)
BALANCE AT MARCH 31, 2011	$ 158,155	$ 190,539	$ 482,166	$ (59,377)	$ 3,080	$ 774,563	$ 428	$ 774,991

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows
FP CORPORATION and Subsidiaries
Years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 13,450	¥ 11,954	$ 161,761
Adjustments for:			
Income taxes - paid	(6,192)	(4,786)	(74,468)
Depreciation and amortization	9,317	8,462	112,047
Gain on negative goodwill	(219)		(2,639)
Impairment loss		122	
(Reversal of) provision for allowance for doubtful accounts	(98)	25	(1,176)
Provision for retirement benefits	176	140	2,115
Retirement allowances for directors and corporate auditors	94	249	1,128
Loss on disposal or sale of property, plant and equipment	196	214	2,358
Insurance income	(531)		(6,386)
Losses from a natural disaster	696		8,366
Changes in operating assets and liabilities, net of effects:			
Increase in trade receivables	(1,109)	(1,416)	(13,339)
(Increase) decrease in inventories	(1,111)	881	(13,358)
Increase in other accounts receivables	(36)	(342)	(428)
Increase (decrease)trade payables	1,135	(248)	13,656
Other — net	(1,477)	1,115	(17,766)
Total adjustments	841	4,416	10,110
Net cash provided by operating activities	14,291	16,370	171,871
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(10,781)	(7,565)	(129,656)
Purchases of intangible assets	(275)	(353)	(3,306)
Proceeds from sale of investment securities	523		6,287
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	1,466		17,635
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(116)		(1,395)
Purchases of investment securities	(20)	(423)	(235)
Payments for receipt of business		(1,263)	
Payments for long-term loans	(70)	(1,911)	(842)
Proceeds from collection of long-term loans	747	1,327	8,987
Other — net	324	487	3,888
Net cash used in investing activities	(8,202)	(9,701)	(98,637)
FINANCING ACTIVITIES:			
Decrease in short-term bank loans — net	(3,140)	(15,200)	(37,764)
Increase in commercial paper — net	5,000	10,000	60,132
Proceeds from long-term debt	13,000	8,665	156,344
Repayments of long-term debt	(11,461)	(9,878)	(137,830)
Purchase of treasury stock	(1,722)	(2)	(20,725)
Dividends paid	(2,292)	(1,941)	(27,562)
Repayments of lease obligations	(3,003)	(3,341)	(36,118)
Other — net	(301)	23	(3,608)
Net cash used in financing activities	(3,919)	(11,674)	(47,131)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	2,170	(5,005)	26,103
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,103	16,108	133,527
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 13,273	¥ 11,103	$ 159,630

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of FP Corporation (the "Company") 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, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note18. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements as of March 31, 2011 and 2010 include the accounts of the Company and all subsidiaries (34 in 2011 and 31 in 2010) (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.

Investments in associated companies are stated at cost. If the equity method of accounting had been applied to the investments in those companies, the effect on the accompanying consolidated financial statements would not be material.

The significant excess of the Company's investments in consolidated subsidiaries over its equity in the net assets at the respective dates of acquisition is being amortized over five years. The insignificant excess of cost over net assets of subsidiaries acquired is charged to income when incurred.

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

(b) Business Combination

In December 2008, Accounting Standards Board of Japan (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 current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in a 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. This standard was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.
The Group adopted this revised standard from the year ended March, 2011.

(c) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.
Cash equivalents include time deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

(d) Inventories

Inventories are stated at lower of cost or net selling value. The cost is determined by following method:

- The monthly average method for merchandise, finished products, semi-finished products, work in process, and raw materials.
- The specific identification for real estate for sale.
- The last purchased cost method for supplies.

(e) Investment Securities

Investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, marketable and non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost.
Depreciation is computed substantially by the declining-balance method over the estimated useful lives of the assets. Additionally, equipment of certain consolidated subsidiaries is depreciated by the straight-line method. Machinery and equipment held for lease are depreciated by the straight-line method over the respective lease periods.

The range of useful lives are mainly as follows:

Buildings and structures ···························· 15 to 35 years
Machinery and equipment (excluding leases) ··· 4 to 8 years

(g) 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.

(h) Other Assets

Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method principally over five years.

(i) Allowance for Doubtful Accounts

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

(j) Liability for Employees' Retirement Benefits

The Company and certain consolidated subsidiaries have non-contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees which cover approximately 50% of their benefits. Most of the other consolidated subsidiaries have defined contribution annuity plans.

The Group accounts for the liability for retirement benefits based on projected benefit obligation and plan assets at the balance sheet date in conformity with the accounting standard for employees' retirement benefits.

(k) Retirement Allowances for Directors and Corporate Auditors

Retirement allowances for directors and corporate auditors of the Company and certain subsidiaries are also provided under the internal guidelines.

(l) Asset Retirement Obligations

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

Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The effect of the adoption of this accounting standard for the year ended March 31,2011 was immaterial.

(m) Research and Development Costs

Research and development costs are charged to income as incurred.

(n) Leases

The Group leases certain equipment as a lessee.
All finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

(o) Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(p) 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.

(q) 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. Diluted net income per share was not presented because there were no dilutive securities for the years ended March 31, 2011 and 2010.
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.

(r) New Accounting Pronouncements

Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies:
When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
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 or after April 1, 2011.

3. Business Combination

Business combination by business acquisition

1. Summary of business combination

(1) Name of acquirer/acquiree and description of its business

Name of acquirer :	FP Trading Co., Ltd (consolidated subsidiary)
Name of acquiree:	Yuka Trading Co., Ltd
Business description:	Wholesale business of packaging material

(2) Major reasons for the business combination
In order to enlarge and realize effective and competitive operation of packaging material business by business combination with the Company and acquired business.

(3) Date of the business combination
April 1, 2010

(4) Legal form of the business combination
Business acquisition

(5) Company name after the business combination
No change (FP Trading Co., Ltd)

(6) Percentage of voting rights held
0%

(7) Major reasons for selection of acquired business
Yuka Trading Co., Ltd was one of the substantial purchasing divisions of the Company, because the sales to the Company accounted for 95% of the annual sales. Under such business condition, the Company decided to make this acquisition by FP Trading Co., Ltd (consolidated subsidiary) which mainly operates packaging material business, from standpoint of effective consolidated operation of packaging material business.

2. Period for which operating results of the acquired business are included into consolidated results

April 1, 2010 - March 31, 2011

3. Acquisition cost and details

Acquisition cost: ¥1,082million ($13,017 thousand) by acquisition of assets and liabilities at the same amount

4. Amount of goodwill, reason for recognition, amortization method and period

	Millions of Yen	Thousands of U.S. Dollars
(1) Amount of goodwill:	¥ 634	$ 7,619

(2) Reason for recognition:
Expected earning power in the future

(3) Amortization method and period:
Straight-line method over 5 years

5. Assets acquired and liabilities assumed in the business combination

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,829	$ 34,021
Non-current assets	14	178
Total assets	2,843	34,199
Current liabilities	2,388	28,721
Long-term liabilities	7	80
Total liabilities	¥ 2,395	$ 28,801

6. Approximate impact on the consolidated statements of operations, assuming that the business combination took place at the beginning of the fiscal year ended March 31, 2010:
The impact of this business combination is reflected in the consolidated statements of income for the year ended March 31, 2011.

Business combination by share acquisition

1. Summary of business combination

(1) Name of acquiree and description of its business
Name of acquiree: Inter National Package Co.,Ltd
Business description: Wholesale business of food packaging material

(2) Major reasons for the business combination
Enlarge sales of packaging material business by applying customer network and sales power of Inter National Package Co., Ltd.

(3) Date of the business combination
October 1, 2010

(4) Legal form of the business combination
Acquisition of shares

(5) Company name after the business combination
Inter National Package Co.,Ltd

(6) Percentage of voting rights held
100%

(7) Major reasons for selection of acquired company
Inter National Package Co., Ltd operates the wholesale distribution of packaging material and articles of consumption mainly in Kanto area, Japan. The Company decided that it is necessary to add Inter National Package Co., Ltd to the Group as a consolidated subsidiary from standpoint of total effective operation of our logistic network including up-to-date infrastructure and purchasing power of the Company.

2. Period for which operating results of the acquired business are included into consolidated results
October 1, 2010 - March 31, 2011

3. Acquisition cost and details

	Millions of Yen	Thousands of U.S. Dollars
Acquisition cost: cash	¥ 515	$ 6,188
Direct expenses for acquisition: Advisory fee	24	289
Total acquisition cost	¥ 539	$ 6,477

4. **Amount of goodwill, reason for recognition, amortization method and period**

(1) Amount of goodwill:

	Millions of Yen	Thousands of U.S. Dollars
	¥ 1,600	$ 19,237

(2) Reason for recognition:
Expected earning power in the future

(3) Amortization method and period:
Straight-line method over 5 years

5. **Assets acquired and liabilities assumed in the business combination**

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 3,954	$ 47,548
Non-current assets	2,598	31,250
Total assets	6,552	78,798
Current liabilities	7,309	87,896
Long-term liabilities	243	2,919
Total liabilities	¥ 7,552	$ 90,815

6. **Approximate impact on the consolidated statements of operations, assuming that the business combination took place at the beginning of the fiscal year ended March 31, 2010:**

	Millions of Yen	Thousands of U.S. Dollars
Sales	¥ 8,850	$ 106,432
Operating income	213	2,567
Ordinary income	198	2,385
Income before income taxes and minority interests	188	2,256
Net income	¥ 104	$ 1,257

These approximate impacts are calculated based on the financial statement from April 1, 2010 to September 30, 2010 with reconciliation for consolidating.
The figures above are unaudited.

Business combination by share exchange

1. **Summary of business combination**

(1) Name of acquiree and description of its business
Name of acquiree: Diafoods Co., Ltd
Business description: Manufacturing and sales of plastic packaging for egg and other packaging materials

(2) Major reasons for the business combination
Diafoods Co., Ltd has advantage of manufacturing and sales of egg packaging and container for agriculture products. The Company strategically aims to strengthen these business area.

(3) Date of the business combination
December 1, 2010

(4) Legal form of the business combination
Share exchange

(5) Company name after the business combination
Diafoods Co., Ltd.

(6) Percentage of voting rights held
100%

(7) Major reasons for selection of acquired company
The Company decided to acquire Diafoods Co., Ltd because of the following competitive edges as follows.

- They manufactures totally sheets and packaging for egg in three-layered structure in which center layer uses amorphous polyethylene terephthalate (A-PET) resin made from post-consumer recycled PET beverage bottles or containers for egg by environmental reason in their own factory.
- They have total equipments and machines which manufacture sheets and containers which use polylactic acid resin, and they have superior customers for many years, which results in their No.2 positioning in domestic market of egg packaging.

2. Period for which operating results of the acquired business are included into consolidated results

December 1, 2010 - March 31, 2011

3. Acquisition cost and details

	Millions of Yen	Thousands of U.S. Dollars
Acquisition cost: Common share of FP Corporation	¥ 1,176	$ 14,137
Direct expenses for acquisition: Advisory fee	20	247
Total acquisition cost	¥ 1,196	$ 14,384

4. Exchange ratio for each type of shares, method of calculating the exchange ratio, and number of shares distributed

(1) Exchange ratio for each type of shares
The Company issued 6.679 common share for each common share of Diafoods Co., Ltd.

(2) Method of calculating the exchange ratio
The Company and Diafoods Co., Ltd decided on the exchange ratio after considerable study based on analysis and advice from YAMADA Business Consulting Co., Ltd as an independent advisor to calculate the share exchange ratio.

(3) Number of shares distributed
267,160 shares

5. Amount of negative goodwill, reason for recognition, and amortization method and period

(1) Amount of negative goodwill:

Millions of Yen	Thousands of U.S. Dollars
¥ 219	$ 2,639

(2) Reason for recognition:
The fair value of the net assets of the acquiree at the time of the business combination exceeded the acquisition cost, and the difference between these values was recognized as negative goodwill.

(3)Amortization method and period:
Immediate recognition

6. **Assets acquired and Liabilities assumed in the business combination**

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,114	$ 25,422
Non-current assets	1,321	15,886
Total assets	3,435	41,308
Current liabilities	1,984	23,857
Long-term liabilities	27	322
Total liabilities	¥ 2,011	$ 24,179

7. **Approximate impact on the consolidated statements of operations, assuming that the business combination took place at the beginning of the fiscal year ended March 31, 2010:**

	Millions of Yen	Thousands of U.S. Dollars
Sales	¥ 2,674	$ 32,153
Operating income	46	547
Ordinary income	38	453
Income before income taxes and minority interests	62	742
Net income	¥ 37	$ 441

These approximate impacts are calculated based on the financial statement from April 1, 2010 to November 30, 2010 with reconciliation for consolidating.
The figures above are unaudited.

4. INVESTMENT SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Non-current:			
Marketable equity securities	¥ 2,425	¥ 2,849	$ 29,157
Non-marketable equity securities	397	907	4,775
Trust fund investment and other	51	41	617
Total	¥ 2,873	¥ 3,797	$ 34,549

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

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,973	¥ 622	¥ (170)	¥ 2,425
Trust fund investments	49	2	(0)	51

	Millions of Yen			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,881	¥ 1,039	¥ (71)	¥ 2,849
Trust fund investments	34	7		41

March 31, 2011	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 23,722	$ 7,482	$ (2,047)	$ 29,157
Trust fund investments	587	34	(4)	617

The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥7 million ($81 thousand) and ¥8 million, respectively.

5. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Merchandise	¥ 1,930	¥ 701	$ 23,211
Real estate for sale	13	13	151
Finished products	10,141	9,639	121,964
Semi-finished products and work in process	646	353	7,775
Raw materials	1,437	655	17,282
Supplies	539	442	6,482
Total	¥ 14,706	¥ 11,803	$ 176,865

6. PROPERTY, PLANT AND EQUIPMENT

Under certain conditions, such as receipt of government subsidy for specific fixed assets, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section.

The reduced-value entry, which is directly deducted from machinery and equipment, amounted to ¥ 335 million ($ 4,023 thousand). The reduced-value entry is applied due to government subsidies.

Depreciation expense for the years ended March 31, 2011 and 2010 was ¥9,317 million ($112,047 thousand) and ¥8,462 million, respectively.

7. INVESTMENT PROPERTY

In November, 2008, the ASBJ issued ASBJ Statement No. 20 "Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No.23 "Guidance on Accounting Standard for Investment Property and Related Disclosures". This accounting standard and the guidance were applicable to investment property and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the accounting standard and guidance effective March 31, 2010.

The Group owns certain rental properties such as warehouses and land in Fukuyama and other areas. The net of rental income and operating expenses for those rental properties was ¥ 42 million ($ 504 thousand) and ¥50 million for the fiscal years ended March 31, 2011 and 2010 respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties at March 31, 2011 and 2010 and the years then ended are as follows.

March 31,2011	Millions of Yen		
	Carrying amount		Fair value
April 1, 2010	Increase/ Decrease	March 31, 2011	March 31, 2011
¥2,626	¥(305)	¥2,321	¥2,388

March 31,2010	Millions of Yen		
	Carrying amount		Fair value
April 1, 2009	Increase/ Decrease	March 31, 2010	March 31, 2010
¥2,581	¥45	¥2,626	¥2,926

March 31,2011	Thousands of U.S.Dollars		
	Carrying amount		Fair value
April 1, 2010	Increase/ Decrease	March 31, 2011	March 31, 2011
$ 31,583	$ (3,670)	$ 27,913	$ 28,721

Notes:

1) Carrying amount recognized in balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2) Increase during the fiscal year ended March 31, 2011 primarily represents the acquisition increase of consolidated subsidiaries for real estate for rent of ¥ 46 million ($ 550 thousand), and decrease primarily represents the disposition of real estate of ¥ 328 million ($ 3,939 thousand).
3) Fair value of properties as of March 31, 2011 is measured by the Group based on the assessed value of fixed assets and road rate.

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

Short-term bank loans at March 31, 2011 and 2010 bore interest at annual rates of 0.25 % to 0.305 % and 0.405 % to 0.546 %, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Unsecured loans from banks and other financial institutions due serially to 2016 with interest rates ranging from 0.18 % to 1.654 % (2011) and from 0.54% to 1.654% (2010)	¥ 26,786	¥ 22,376	$ 322,146
Less current portion	12,650	6,996	152,140
Long-term debt, less current portion	¥ 14,136	¥ 15,380	$ 170,006

The aggregate annual maturities of long-term debt as of March 31, 2011 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 12,650	$ 152,140
2013	8,679	104,379
2014	4,331	52,085
2015	826	9,934
2016	300	3,608
Total	¥ 26,786	$ 322,146

The Company and certain subsidiaries have entered into credit agreements with several Japanese banks under which the banks committed a maximum of ¥ 41,600 million ($ 500,301 thousand) and ¥ 36,700 million to the Company and certain subsidiaries in the form of cash borrowings at March 31, 2011 and 2010 respectively. The unused lines of credit under these agreements amounted to ¥ 35,000 million ($ 420,926 thousand) and ¥ 30,700 million at March 31, 2011 and 2010, respectively.

9. LIABILITY FOR EMPLOYEES' RETIREMENT BENEFITS

The Company and certain subsidiaries have severance payment 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. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

Most of the other subsidiaries entered into the Smaller Enterprise Retirement Allowance Mutual Aid Corporation which is a defined contribution pension plan.

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥ 3,363	¥ 2,883	$ 40,442
Fair value of plan assets	(1,448)	(1,186)	(17,409)
Unrecognized actuarial loss	(47)	(100)	(565)
Unrecognized prior service cost	(30)	(86)	(364)
Net liability	¥ 1,838	¥ 1,511	$ 22,104

The components of net periodic benefit costs for the years ended March 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 438	¥ 363	$ 5,273
Interest cost	43	41	521
Expected return on plan assets	(13)	(12)	(158)
Recognized actuarial loss	29	28	346
Amortization of prior service cost	22	29	265
Net periodic benefit costs	¥ 519	¥ 449	$ 6,247

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

	2011	2010
Discount rate	2.0 %	2.0 %
Expected rate of return on plan assets	1.5 %	1.5 %
Recognition period of actuarial gain / loss	5 years	5 years

10. RETIREMENT ALLOWANCES FOR DIRECTORS AND CORPORATE AUDITORS

Retirement allowances for directors and corporate auditors are paid subject to approval of the shareholders.

The Company and certain subsidiaries recorded a liability for their unfunded retirement allowances plan covering all of their directors and corporate auditors. The annual provisions for retirement allowances for directors and corporate auditors for the years ended March 31, 2011 and 2010 were ¥94 million ($ 1,133 thousand) and ¥ 270 million, respectively.

11. 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 the Board of Directors, (2) having independent auditors, (3) having the 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 Company meets all the above criteria.

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

Semi-annual 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 also provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

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

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of 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.

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to operating expenses were ¥1,102 million ($13,248 thousand) and ¥1,036 million for the years ended March 31, 2011 and 2010, respectively.

13. LOSSES FROM A NATURAL DISASTER

The Group recorded the amount of losses attributable to the Great East Japan Earthquake that occurred in March 2011. The details of the losses are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cost for repair of plant and equipment	¥ 409	$ 4,913
Loss for extinguishment of inventories	153	1,836
Other	134	1,617
Total	¥ 696	$ 8,366

14. INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.4% for the years ended March 31, 2011 and 2010.

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred Tax Assets:			
Tax loss carry forwards	¥ 14	¥ 15	$ 171
Accrued enterprise taxes	196	273	2,361
Accrued expenses	1,268	1,411	15,252
Inventories-intercompany profits	20	14	234
Allowance for doubtful accounts	26	59	313
Accrued pension and severance costs	739	605	8,891
Retirement allowances for directors and corporate auditors	423	385	5,086
Allowance for loss on investments	148	112	1,785
Other	473	415	5,687
Less valuation allowance	(386)	(424)	(4,648)
Amount of offset against deferred tax liabilities	513		6,176
Total	2,408	2,865	28,956
Deferred Tax Liabilities:			
Allowance for doubtful accounts-intercompany balances	(7)	(11)	(87)
Unrealized gain on available-for-sale securities	(252)	(423)	(3,030)
Insurance income	(202)		(2,430)
Other	(83)	(0)	(1,000)
Amount of offset against deferred tax assets	513		6,176
Total	(31)	(434)	(371)
Net deferred tax assets	¥ 2,377	¥ 2,431	$ 28,585

A reconciliation schedule for the years ended March 31, 2011 and 2010 was omitted because the difference between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting was less than 5% of the normal effective statutory tax rate. This treatment is permitted by the Japanese accounting regulations.

At March 31, 2011, certain subsidiaries have tax loss carryforwards aggregating approximately ¥14 million ($171 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012		
2013		
2014		
2015		
2016	¥ 1	$ 15
2017	1	6
2018	12	150
Total	¥ 14	$ 171

15. LEASES

As lessee

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

Total rental expense for the years ended March 31, 2011 and 2010 was ¥ 1,375 million ($ 16,535 thousand) and ¥ 1,200 million, respectively, including ¥ 369 million ($ 4,438 thousand) and ¥ 287 million of lease payments under finance leases.

16. RELATED PARTY DISCLOSURES

(1) Related party transactions between the Company and directors for the year ended March 31, 2011

Type	Name	Location	Principal business, or title	Capital		Equity ownership	Relationship	Transaction	Amount of transaction (Note 1)		Account	Balanced at year-end (Note 2)	
				Millions of yen	Thousands of dollars				Millions of yen	Thousands of dollars		Millions of yen	Thousands of dollars
Companies for which directors and their close relatives owned a majority interest. (Note 4)	HY Corporation Co., Ltd.	Fukuyama, Hiroshima prf.	·Lease and management of real estate	¥ 50	$ 601	–	Leasing land	Leasing land for delivery center	¥ 12	$ 139	Revenue received in advance	¥ 1	$ 12

(2) Related party transactions between the consolidated subsidiaries and directors for the year ended March 31, 2011

Type	Name	Location	Principal business, or title	Capital		Equity ownership(%)	Relationship	Transaction	Amount of transaction (Note 1)		Account	Balanced at year-end (Note 2)	
				Millions of yen	Thousands of dollars				Millions of yen	Thousands of dollars		Millions of yen	Thousands of dollars
Companies for which directors and their close relatives owned a majority interest. (Note 4)	HY Corporation Co., Ltd.	Fukuyama Hiroshima prf.	·Lease and management of real estate	¥ 50	$ 601	–	Renting premises	Renting premises for delivery center	¥ 134	$ 1,609	Prepaid expenses	¥ 12	$ 141
											Deposits	¥ 112	$ 1,341
Director of subsidiary and close relative of director	Takeshi Komatsu	–	Executive director of consolidated subsidiary for FP Trading Co.,Ltd. and son-in-law of chief executive officer	–		– 0.00	Purchase of subsidiary's shares	Purchase of investments in subsidiaries by FP Trading Co.,Ltd.	¥ 30	$ 366	–	–	–
Close relative of director	Hidemi Sato	–	Daughter of chief executive officer and Spouse of chief operating officer	–		– 0.02	Purchase of subsidiary's shares	Purchase of investments in subsidiaries by FP Trading Co.,Ltd.	¥ 30	$ 366	–	–	–

Notes :
1. Excluding consumption taxes
2. Including consumption taxes
3. FP Trading Co., Ltd. acquired the shares of subsidiary of the Company owned by Takeshi Komatsu and Hidemi Sato based on the stock price calculated by the Third Party with corporate value evaluation.
4. Yasuhiro Komatsu, who is the representative director of the Company, owns all shares of HY Corporation Co., Ltd.
5. Acquisition of subsidiary shares signifies the acquisition of shares of ALRight Co., Ltd. owned by Takeshi Komatsu and Hidemi Sato.
   This transaction results in non-ownership percentage of these two former shareholders while they had 10% ownership of subsidiary respectively before this transaction is executed.

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March, 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 guidance were applicable to financial instruments and related disclosures at the end of 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) Policy for financial instruments

The Group has adopted a policy to limit investment to short-term and low-risk financial instruments such as deposits regarding fund management. On the other hand, the Group has adopted a policy to use bank loans or to issue commercial paper regarding funding. Derivatives are used, not for speculative or trading purposes, but to manage the market risk of fluctuation in foreign currency exchange rates by using foreign currency forward contracts as described in Note 17.

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

Receivables such as trade notes and trade accounts are exposed to customer's credit risk. With respect to receivables, the Group sets limits and payment terms for each customer based on the internal customer credit management regulation in order to control customer's credit risk. Additionally, each customer's credit line status is regularly checked and monitored by using credit reports and other information.

Although stock such as investment securities are exposed to market price fluctuation, these are mainly customer's stocks. The corporate finance division of the Company monitors the fair value at the end of each month, and reports this to the top management.

Payment terms of all accounts payable are within six months.

Short-term bank loans are mainly financed for daily operating purposes and long-term debt (maturity is generally within three years), are financed for capital investment purposes. Loans with interest fluctuation are exposed to interest fluctuation risk.

The Group undertakes foreign currency forward contracts to hedge the market risk of foreign currency exchange rates fluctuations.

Derivatives are managed and controlled within approved policy. And the Group has adopted a policy of only dealing with creditworthy counterparties in order to reduce credit risk when carrying derivative transactions.

(3) Fair value of financial instruments

The contract or notional amounts of derivatives themselves which are shown in the table below do not represent or measure the Group's exposure to credit of market risk.

(a) Fair value of financial instruments

	Millions of yen		
March 31, 2011	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 13,273	¥ 13,273	
Receivables:			
Trade notes	10,992	10,982	¥ (10)
Trade accounts	20,140	20,122	(18)
Associated companies	410	410	
Other	2,752	2,754	2
Lease investment assets	31	31	
Investment securities	2,476	2,476	
Long-term loans	140	137	(3)
Total	¥ 50,214	¥ 50,185	¥ (29)
Short-term bank loans	¥ 6,600	¥ 6,600	
Current portion of long-term debt	12,650	12,765	¥ 115
Payables:			
Trade notes	311	311	
Trade accounts	18,589	18,589	
Other	4,428	4,428	
Commercial paper	15,000	15,000	
Lease obligations (current)	2,560	2,696	136
Long-term debt	14,136	14,070	(66)
Accrued income taxes	2,466	2,466	
Lease obligations (long-term)	7,410	7,430	20
Total	¥ 84,150	¥ 84,355	¥ 205

	Millions of yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 11,103	¥ 11,103	
Receivables:			
Trade notes	10,852	10,826	¥ (26)
Trade accounts	16,120	16,067	(53)
Associated companies	398	398	
Other	3,767	3,767	
Lease investment assets	69	69	
Investment securities	2,890	2,890	
Long-term loans	448	433	(15)
Total	¥ 45,647	¥ 45,553	¥ (94)
Short-term bank loans	¥ 6,000	¥ 6,000	
Current portion of long-term debt	6,996	7,179	¥ 183
Payables:			
Trade accounts	13,523	13,523	
Other	4,460	4,460	
Commercial paper	10,000	10,000	
Lease obligations (current)	2,874	3,032	158
Long-term debt	15,380	15,321	(59)
Accrued income taxes	3,510	3,510	
Lease obligations (long-term)	8,380	8,304	(76)
Total	¥ 71,123	¥ 71,329	¥ 206

March 31, 2011	Thousands of U.S. Dollars Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 159,630	$ 159,630	
Receivables:			
Trade notes	132,190	132,073	$ (117)
Trade accounts	242,211	241,998	(213)
Associated companies	4,926	4,926	
Other	33,094	33,126	32
Lease investment assets	372	372	
Investment securities	29,774	29,774	
Long-term loans	1,689	1,646	(43)
Total	$ 603,886	$ 603,545	$ (341)
Short-term bank loans	$ 79,375	$ 79,375	
Current portion of long-term debt	152,140	153,516	$ 1,376
Payables:			
Trade notes	3,742	3,742	
Trade accounts	223,557	223,557	
Other	53,252	53,252	
Commercial paper	180,397	180,397	
Lease obligations (current)	30,788	32,421	1,633
Long-term debt	170,006	169,210	(796)
Accrued income taxes	29,656	29,656	
Lease obligations (long-term)	89,119	89,351	232
Total	$ 1,012,032	$ 1,014,477	$ 2,445

Assets

As for cash and cash equivalents, receivables, lease investment assets, the Group applied the carrying value, because the carrying value of these assets approximate fair value because of their short maturities.

Investment securities

The fair value of investment securities are measured at the quoted market price of the stock exchange for the equity instruments.

Long-term loans

The Group determines the fair value of long-term loans by discounting the cash flows related to the loans at the rate assumed based on the debt's maturity and credit risk.

Liabilities

As for short-term bank loans, payables, commercial paper, accured income taxes, the Group applied the carrying value, because the carrying value of these liabilities approximate fair value because of their short maturities.

The Group determines the fair value of long-term debt with fixed interest rate by discounting the cash flows (using risk free rate plus spread as the discount rate). Regarding long-term debts with variable interest rate, the Group applies the carrying value, as the carrying value of these loans approximate fair value according to contract condition of loan interest rate which is resettled periodically.

As for lease obligation, the Group determines the fair value by discounting the cash flow, (using long-term prime rate as the discount rate).

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

	Millions of Yen		Thousands of U.S.Dollars
	2011	2010	2011
Investments in equity instruments that do not have a quoted market price in an active market	¥ 465	¥ 975	$ 5,593

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

	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 cash equivalents	¥ 13,273			
Receivables:				
Trade notes	10,992			
Trade accounts	20,140			
Associated companies	410			
Others	2,752			
Lease investment assets	31			
Investment securities		¥ 5	¥ 30	
Long-term loans		134	6	
Total	¥ 47,598	¥ 139	¥ 36	

	Thousands of U.S.Dollars			
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 cash equivalents	$ 159,630			
Receivables:				
Trade notes	132,190			
Trade accounts	242,211			
Associated companies	4,926			
Others	33,094			
Lease investment assets	372			
Investment securities		$ 64	$ 359	
Long-term loans		1,613	76	
Total	$ 572,423	$ 1,677	$ 435	

Please see Note 8 for annual maturities of long-term debt.

18. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group does not hold or issue derivatives for trading purposes.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

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

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

Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
At March 31, 2011	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / Loss
Foreign currency forward contracts:				
Buying U.S.$	¥ 189		¥ △1	¥ △1
Selling U.S.$	¥ 182		¥ △2	¥ △2

	Millions of Yen		
	2010		
At March 31, 2010	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:			
Buying U.S.$	¥ 14	¥ 1	¥ 1
Selling U.S.$	¥ 2	¥ △0	¥ △0

	Thousands of U.S. Dollars			
At March 31, 2011	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / Loss
Foreign currency forward contracts:				
Buying U.S.$	$ 2,275		$ △13	$ △13
Selling U.S.$	$ 2,193		$ △28	$ △28

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

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

19. COMPREHENSIVE INCOME

For the year ended March 31, 2010

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

	2010
Total comprehensive income attributable to:	
Owners of the parent	¥ 7,488
Minority interests	16
Total comprehensive income	¥ 7,504

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

	2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥ 374
Total other comprehensive income	¥ 374

20. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Business acquisition in the year ended March 31, 2011
The Group took over the wholesale business of packaging material from Yuka Trading Co., Ltd in the year ended March 31, 2011. On the date of the acquisition, a summary of the assets and liabilities, and the payment for acquisition were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,829	$ 34,021
Non-current assets	14	178
Goodwill	634	7,619
Current liabilities	(2,388)	(28,721)
Long-term liabilities	(7)	(80)
Amount of offset	¥ (1,082)	$ (13,017)

(b) New consolidated subsidiaries due to the acquisition of shares in the year ended March 31, 2011
Inter National Package Co., Ltd became new consolidated subsidiary of the Company due to the additional acquisition of shares in the year ended March 31, 2011.
At the start of their consolidation, a summary of their assets and liabilities, the acquisition cost of shares and the payment for acquisition were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 3,954	$ 47,548
Non-current assets	2,598	31,250
Goodwill	1,600	19,237
Current liabilities	(7,309)	(87,896)
Long-term liabilities	(243)	(2,919)
Gain on step acquisitions of consolidated subsidiary	(52)	(625)
Acquisition costs at consolidation	(9)	(118)
Cost of shares	539	6,477
Cash and cash equivalents by Inter National Package Co., Ltd	(1,195)	(14,373)
Net cash paid for investment in Inter National Package Co., Ltd business	¥ (656)	$ (7,896)

(c) Material nonmonetary transactions for the year ended March 31, 2011
(c)-1
Diafoods Co., Ltd became new consolidated subsidiary of the Company due to the additional acquisition of shares by share exchange in the year ended March 31, 2011. At the start of their consolidation, a summary of their assets and liabilities was follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,114	$ 25,422
Non-current assets	1,321	15,886
Current liabilities	(1,984)	(23,857)
Long-term liabilities	(27)	(322)
Negative goodwill	(219)	(2,639)
Minority interests	(9)	(106)
Cost of shares	1,196	14,384
Issue price of the shares issued in the exchange of stock	(1,176)	(14,137)
Cash and cash equivalents by Diafoods Co., Ltd	(830)	(9,986)
Net cash paid for investment in Diafoods Co., Ltd business	¥ (810)	$ (9,739)

(c)-2

Share exchange with Diafoods Co., Ltd,
Resulting from: Issuance of new stocks
Increase in capital surplus ¥ 346 million ($ 4,162 thousand)

21. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the board of directors meeting held on May 27, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥58.00 ($0.70) per share	¥ 1,200	$ 14,438

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