

Consolidated Financial Results for the Six Months Ended September 30, 2012

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 Stock exchange listing: Tokyo Stock Exchange, Osaka Securities Exchange
 Stock code: 7947 URL: <http://www.fpco.co.jp/>
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): November 7, 2012
 Scheduled date for commencement of dividend payments: November 27, 2012
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes

(Amounts of less than one million yen are truncated.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2012 (April 1, 2012 – September 30, 2012)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
As of September 30, 2012	79,087	2.9	7,413	7.5	7,528	8.8	4,393	16.2
September 30, 2011	76,882	16.2	6,892	0.9	6,917	1.3	3,781	-5.5

(Note) Comprehensive income: As of September 30, 2012: 4,113 million yen (7.6%)
 As of September 30, 2011: 3,824 million yen (2.1%)

	Net income per share (basic)		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
As of September 30, 2012	212.28	–	–	–
September 30, 2011	182.72	–	–	–

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
As of September 30, 2012	172,507	73,056	73,040	42.3	42.3	3,528.85	3,390.22	
March 31, 2012	165,964	70,202	70,170	42.3	42.3	3,390.22	3,390.22	

(Reference) Shareholders' equity: As of September 30, 2012: 73,040 million yen
 As of March 31, 2012: 70,170 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	–	58.00	–	60.00	118.00
Year ending March 31, 2013	–	64.00	–	–	–
Year ending March 31, 2013 (forecast)	–	–	–	60.00	124.00

Note: Revisions to dividend forecasts published most recently: Yes

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2013 (April 1, 2012 – March 31, 2013)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
Year ending March 31, 2013	165,000	6.0	15,890	7.0	16,100	7.7	9,420	16.4	455.11	455.11

Note: Revisions to consolidated business performance forecasts published most recently: No

* Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries accompanying changes in scope of consolidation): No
- (2) Application of particular accounting treatment concerning preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and accounting estimates, and restatement
- | | |
|---|-----|
| (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: | No |
| (ii) Changes other than (i): | Yes |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatement: | No |
- (Note) The Company has changed accounting methods for subsidiaries since the first quarter of the fiscal year under review.
For details, please refer to (3) Changes in Accounting Policies and Accounting Estimates, and Restatement of 2. Matters Relating to Summary Information (Notes) of Accompanying Materials on Page 4.
- (4) Number of shares outstanding (common stock):
- | | |
|---|-------------------|
| (i) Number of shares outstanding at end of period (including treasury stock) | |
| As of September 30, 2012: | 22,142,106 shares |
| As of March 31, 2012: | 22,142,106 shares |
| (ii) Number of treasury stock at end of period: | |
| As of September 30, 2012: | 1,444,114 shares |
| As of March 31, 2012: | 1,444,024 shares |
| (iii) Average number of shares outstanding during the period (consolidated cumulative period) | |
| Six months ended September 30, 2012: | 20,698,039 shares |
| Six months ended September 30, 2011: | 20,698,230 shares |

* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The forecasts and other forward-looking statements presented in this material are based on information available to the Company as of the date of publication of this material. Actual performance may differ from the forecast figures due to a variety of factors. Refer to "1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2012; (3) Qualitative Information Relating to Consolidated Financial Forecasts" on page 3 of the "Accompanying Materials" for the assumptions underlying the forecasts, notes to the use of forecasts and other related matters.

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1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2012

(1) Qualitative Information Relating to Consolidated Results of Operations

During the first six months of the current fiscal year ended September 30, 2012, the Japanese economy saw a continued gradual recovery in consumer spending, but its outlook remained uncertain, mainly reflecting the prolonged strength of the yen and the debt crisis in Europe, as well as concern over the electric power supply.

Despite these circumstances, in the first six months under review, sales of new products (approximately 2,000 items) that were introduced to the market after the FPCO Fair 2012 grew steadily. They included containers with new designs and functions, such as Multi FP (MFP; an expanded polystyrene container with cold and heat resistance of temperature between -40°C and +110°C and with superior oil and acid resistance and thermal insulation.

Responding to an increase in sales of Multi FP, the Company developed and launched Multi Solid (MSD; a non-expanded polystyrene container that is able to create sharp figures while maintaining the characteristics of Multi FP), a product that uses odd pieces of materials produced during the production process of Multi FP. The shifting of products to a transparent PET food tray, FPCO Eco APET series (registered trademark), which was launched in May 2012, also progressed well, while sales of PP heat resistance transparent containers that have the similar transparency level offered by OPS increased significantly.

Meanwhile, as the Company reviewed unprofitable transactions, mainly in general-purpose products, the volumes of products sold came to 102.3% of the level of previous fiscal year. Sales of manufactured goods increased to 102.6% of the level of the previous fiscal year, reflecting the effects of a price hike in products that the Company introduced during the first six months of the previous fiscal year, in addition to an increase in the volumes of new products sold.

Sales of commodities rose to 103.5% of the previous fiscal year, as the Company sought to further expand the volume of goods handled by starting to deliver food packaging materials to a major user and adopting other measures, following the commencement of the operations of the I Logic Chubu Picking Center in May 2011.

As a result, net sales for the first six months of the fiscal year under review increased to 79,087 million yen, an increase of 2,204 million yen (102.9% of the previous year) from the previous fiscal year.

In terms of income, prices of raw materials continued to rise gradually from the fourth quarter of the previous fiscal year. Consequently, raw material costs increased approximately 300 million yen year on year, while capital spending, an area of focus for the Company, and other expenses climbed approximately 889 million yen.

Meanwhile, income increased to a total of approximately 1.8 billion yen, mainly reflecting strong sales of new products and the effects of Group-wide cost cutting initiatives and a hike in product prices. As a result, ordinary income for the first six months of the fiscal year under review rose 610 million yen year on year (108.8% of the previous fiscal year), to 7,528 million yen. Net income stood at 4,393 million yen (116.2% of the previous fiscal year), chiefly reflecting a significant rise in ordinary income and the posting of an extraordinary loss of 241 million yen related to the Great East Japan Earthquake for the same period of the previous fiscal year.

As for facilities, the Chubu Recycling plant began operating the second machine for the PET mechanical recycling plant in July 2012, and started to produce recycled PET flakes the main materials for which came from collected PET bottles. At the Kanto Yachiyo Plant in which the production of PSP products started earlier, all construction work was completed in July 2012. The Kanto Yachiyo Plant, meanwhile, which entered the final adjustment stage in preparation for the launch of PET bi-axially stretch blow products (the world's first PET transparent containers molded from bi-axially oriented sheets, with improved heat resistance and strength) saw product sales begin in November.

Moreover, following the launch of operations of the I Logic Chubu Picking Center in May 2011, and the expansion of the I Logic Kanto Picking Center in April 2012, seeking to further expand its picking bases, the Company acquired new land near the existing bases in the Kyushu region (Kanzaki City, Saga Prefecture) and the Kansai region (Kobe City), and began constructing facilities for a start of operations in July 2013 and October 2013, respectively. In this way, the Company is preparing to strengthen its logistics network, covering all of Japan in a comprehensive manner through 11 picking centers (approximately 40,000 tsubo; fiscal 2013 plan) and 6 logistics centers (approximately 130,000 tsubo; fiscal 2013 plan).

With respect to the employment of disabled workers, part of the Company's corporate social responsibility, the employment ratio of disabled workers in the Company was 16.3% (as at the end of March 2012). Following the support extended in Sendai City in June 2012, the Company supported the establishment of new lines to reduce the volume of PET bottles at the employment facility for disabled workers in Fukui City in November 2012. The Company is now providing employment opportunities to disabled workers at 21 nationwide operating sites (three molding plants, nine assembly plants and nine sorting plants) and two employment facilities for disabled workers.

(2) Qualitative Information Relating to Consolidated Financial Conditions

1) State of assets, liabilities and net assets

Assets for the Group totaled 172,507 million yen at the end of the first six months under review, up 6,542 million yen from the end of the previous fiscal year.

Key factors in this increase were an increase in trade notes and accounts receivable of 1,210 million yen, a climb in merchandise and finished goods of 499 million yen, and an increase in total tangible fixed assets of 5,759 million yen, offsetting a fall in cash and deposits of 672 million yen.

Consolidated liabilities amounted to 99,450 million yen, up 3,688 million yen from the end of the previous fiscal year.

The increase resulted primarily from increases in accounts payable-trade of 425 million yen, a total of short-term and long-term borrowings payable of 4,993 million yen, and other noncurrent liabilities of 1,231 million yen, and decreases in income taxes payable of 1,061 million yen, and other current liabilities of 1,884 million yen.

Consolidated net assets reached 73,056 million yen, up 2,854 million yen from the end of the previous fiscal year.

This change mainly reflected a rise in retained earnings of 3,149 million yen.

2) State of cash flows

Cash and cash equivalents (hereinafter "cash") totaled 13,236 million yen at the end of the first six months under review, down 672 million yen from the end of the previous fiscal year.

The status of cash flows and key components are as follows:

(Cash flows from operating activities)

Cash provided by operating activities came to 6,609 million yen (compared with a cash inflow of 6,378 million yen in the first half of the previous fiscal year.) Key factors included net income before income taxes and other adjustments of 7,330 million yen, depreciation and amortization of 4,689 million yen, and a rise in accounts payable of 462 million yen, which offset an increase in trade receivables of 1,288 million yen, a rise in inventories of 637 million yen and income taxes paid of 3,884 million yen.

(Cash flows from investing activities)

Cash used for investment activities reached 9,892 million yen (compared with a cash outflow of 5,951 million yen in the first half of the previous fiscal year.) Key factors included 9,671 million yen used for the acquisition of fixed assets, such as picking centers and production facilities at plants.

(Cash flows from financing activities)

Cash provided by financing activities was 2,609 million yen (compared with a cash outflow of 1,174 million yen in the first half of the previous fiscal year.) Key factors included a net increase in borrowings payable of 5,082 million yen, cash dividends paid of 1,241 million yen and repayments of lease obligations of 1,223 million yen.

(3) Qualitative Information Relating to Consolidated Financial Forecasts

The business outlook is likely to remain uncertain, with continuing economic sluggishness and volatile raw material price trends. The Company has left the consolidated financial forecasts for the fiscal year ending March 2013 announced on August 7, 2012 unchanged.

2. Matters Relating to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable

(2) Application of Particular Accounting Treatment Concerning Preparation of Quarterly Consolidated Financial Statements

Not applicable

(3) Changes in Accounting Policies and Accounting Estimates, and Restatement

(Changes in accounting policies)

(Changes in accounting methods of subsidy income)

Subsidies for the employment of disabled workers provided to recycling operations that are carried out mainly by certain subsidiaries were recorded as subsidy income in non-operating income. However, effective from the first three months of the consolidated fiscal year under review, the Company has adopted a method in which these subsidies are deducted from the cost of sales. This change was made to appropriately reflect the management policy of income of the PET recycling business in the Company's financial statements, because, following the Company's decision to enter the PET recycling business in earnest, the number of disabled workers will increase, mainly reflecting the commencement of the full-scale operations of the Chubu PET Recycling plant during the fiscal year ending March 2013, and the amount of subsidies is also likely to increase, and this trend is expected to continue in the future.

These changes in accounting policies are applicable retroactively, and the financial statements for the first six months of the previous consolidated fiscal year are presented after the application of the new accounting policies. As a result, cost of sales for the first six months of the previous consolidated fiscal year declined 305 million yen and operating income increased by the same margin compared with the figures before applying the new accounting policies. Ordinary income and net income, however, were not affected by these changes.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	First half of the current consolidated fiscal year (As of September 30, 2012)
Assets		
Current assets		
Cash and deposits	13,909	13,236
Notes and accounts receivable–trade	37,328	38,539
Merchandise and finished goods	14,662	15,161
Work in process	131	146
Raw materials and supplies	2,184	2,269
Other	4,162	4,268
Allowance for doubtful accounts	(68)	(63)
Total current assets	72,310	73,558
Noncurrent assets		
Tangible fixed assets		
Buildings and structures, net	34,114	38,930
Machinery, equipment and vehicles, net	8,473	9,297
Lands	26,767	27,836
Lease assets, net	8,088	9,516
Other, net	8,355	5,977
Total tangible fixed assets	85,798	91,558
Intangible fixed assets		
Goodwill	1,671	1,399
Other	965	952
Total intangible fixed assets	2,637	2,352
Investments and other assets	5,218	5,038
Total noncurrent assets	93,654	98,948
Total assets	165,964	172,507
Liabilities		
Current liabilities		
Accounts payable–trade	21,565	21,991
Short-term borrowing payable	16,705	17,098
Commercial paper	15,000	15,000
Income taxes payable	4,032	2,970
Provision for bonuses	1,735	1,687
Provision for directors' bonuses	101	46
Other	11,410	9,526
Total current liabilities	70,551	68,322
Noncurrent liabilities		
Long-term borrowing payable	15,603	20,203
Provision for retirement benefits	1,971	2,058
Provision for directors' retirement benefits	1,098	1,097
Other	6,536	7,768
Total noncurrent liabilities	25,210	31,128
Total liabilities	95,762	99,450

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	First half of the current consolidated fiscal year (As of September 30, 2012)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,843	15,843
Retained earnings	45,784	48,934
Treasury stock	(4,938)	(4,938)
Total shareholders' equity	69,840	72,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	330	50
Total accumulated other comprehensive income	330	50
Minority interests	31	16
Total net assets	70,202	73,056
Total liabilities and net assets	165,964	172,507

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2011 - September 30, 2011)	First half period of current fiscal year (April 1, 2012 - September 30, 2012)
Net sales	76,882	79,087
Cost of sales	53,746	54,866
Gross profit	23,136	24,221
Selling, general and administrative expenses	16,244	16,807
Operating income	6,892	7,413
Non-operating income		
Interest income	4	3
Dividends income	40	34
Other	268	341
Total non-operating income	313	378
Non-operating expenses		
Interest expenses	221	176
Other	67	87
Total non-operating expenses	288	264
Ordinary income	6,917	7,528
Extraordinary income		
Gain on sales of noncurrent assets	1	18
Total extraordinary income	1	18
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	15	86
Loss on valuation of investment securities	69	112
Loss on sales of stocks of subsidiaries and affiliates	-	17
Loss on disaster	241	-
Total extraordinary loss	327	216
Income before income taxes	6,591	7,330
Income taxes—current	2,837	2,904
Income taxes—deferred	(30)	32
Total income taxes	2,806	2,937
Income before minority interests	3,784	4,393
Minority interests in income	2	(0)
Net income	3,781	4,393

(Quarterly Consolidated Statement of Comprehensive Income)
(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2011 - September 30, 2011)	First half period of current fiscal year (April 1, 2012 - September 30, 2012)
Income before minority interests	3,784	4,393
Other comprehensive income		
Valuation difference on available-for-sale securities	40	(279)
Total other comprehensive income	40	(279)
Comprehensive income	3,824	4,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,822	4,114
Comprehensive income attributable to minority interests	2	(0)

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First half period of previous fiscal year (April 1, 2011 - September 30, 2011)	First half period of current fiscal year (April 1, 2012 - September 30, 2012)
Cash flows from operating activities		
Net income before taxes and other adjustments	6,591	7,330
Depreciation and amortization	4,610	4,689
Increase (decrease) in provision for bonuses	126	(39)
Increase (decrease) in provision for directors' bonuses	(41)	(53)
Increase (decrease) in allowance for doubtful accounts	0	(5)
Increase (decrease) in provision for directors' retirement benefits	20	14
Increase (decrease) in provision for retirement benefits	90	89
Loss (gain) on valuation of investment securities	69	112
Loss (gain) on sales and retirement of noncurrent assets	14	68
Interest and dividends income	(45)	(37)
Interest expenses	221	176
Loss on disaster	241	-
Decrease (increase) in trade receivables	(1,949)	(1,288)
Decrease (increase) in inventory assets	(1,488)	(637)
Decrease (increase) in accounts receivable-other	(74)	(194)
Increase (decrease) in accounts payable	585	462
Other	227	(49)
Subtotal	9,202	10,636
Interest and dividends income received	45	37
Interest expenses paid	(213)	(180)
Income taxes paid	(2,339)	(3,884)
Other	(317)	-
Net cash provided by (used in) operating activities	6,378	6,609
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,872)	(9,671)
Other	(78)	(221)
Net cash provided by (used in) investing activities	(5,951)	(9,892)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowing payable	(1,400)	780
Proceeds from long-term borrowing payable	11,000	10,910
Repayment of long-term borrowing payable	(8,216)	(6,607)
Repayments of lease obligations	(1,352)	(1,223)
Cash dividends paid	(1,198)	(1,241)
Other	(6)	(7)
Net cash provided by (used in) financing activities	(1,174)	2,609
Effect of exchange rate change on cash and cash equivalents	(1)	0
Amount of increase (decrease) in cash and cash equivalents	(749)	(672)
Balance of cash and cash equivalents at beginning of period	13,273	13,909
Balance of cash and cash equivalents at end of period	12,523	13,236

(4) Note to Going Concern Assumption

Not applicable

(5) Notes on Any Significant Change in the Value of Shareholders' Equity

Not applicable