May 10, 2017

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 <under Japanese GAAP>

Company name:	FP Corporation
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	7947 URL: http://www.fpco.co.jp/
Representative:	Morimasa Sato, Representative Director, President and CEO
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Scheduled date for ordinary general meeting of shareholders:	June 28, 2017
Scheduled date of commencement of dividend payment:	June 9, 2017
Scheduled date for filing of securities report:	June 29, 2017
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2017	172,858	1.5	15,176	14.6	15,742	12.2	10,953	17.8
March 31, 2016	170,292	3.3	13,248	44.2	14,027	38.8	9,294	46.9

(Note) Comprehensive income: Fiscal year ended March 31, 2017: 11,440 million yen (28.5%)
Fiscal year ended March 31, 2016: 8,900 million yen (27.7%)

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2017	264.86	–	11.5	7.3	8.8
March 31, 2016	224.54	–	10.6	6.9	7.8

(Reference) Shares of (profit) loss of entities accounted for using equity method: Fiscal year ended March 2017: – million yen
Fiscal year ended March 2016: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2017	219,481	99,721	45.3	2,403.52
March 31, 2016	209,053	91,591	43.6	2,202.56

(Reference) Equity: As of March 31, 2017: 99,361 million yen
As of March 31, 2016: 91,174 million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2017	25,912	(21,932)	(924)	18,144
March 31, 2016	20,832	(17,923)	(1,530)	15,089

2. Dividends

	Dividend per share					Total Dividend	Dividend payout ratio	Dividend on equity
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2016	–	33.00	–	35.00	68.00	2,814	30.3	3.2
March 31, 2017	–	40.00	–	40.00	80.00	3,307	30.2	3.5
Fiscal year ending March 31, 2018 (forecast)	–	40.00	–	41.00	81.00		30.0	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six-month cumulative period	87,500	2.3	6,600	(13.8)	6,900	(12.7)	4,710	(12.9)	113.93
Year ending March 31, 2018	179,000	3.6	15,900	4.8	16,500	4.8	11,150	1.8	269.71

* Notes

(1) Changes of important subsidiaries during the period (change in specific subsidiaries accompanied by a change in the scope of consolidation): No

(2) Changes in accounting policies and accounting estimates, and restatement

(i) Changes in accounting policies accompanying amendments to accounting standards, etc.:	No
(ii) Changes in accounting policies other than (i):	No
(iii) Changes in accounting estimates:	No
(iv) Restatement:	No

(3) Number of shares outstanding (common stock):

(i) Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2017:	44,284,212 shares
As of March 31, 2016:	44,284,212 shares

(ii) Number of treasury shares at the end of the period:

As of March 31, 2017:	2,944,011 shares
As of March 31, 2016:	2,889,332 shares

(iii) Average number of shares outstanding during the period:

As of March 31, 2017:	41,357,025 shares
As of March 31, 2016:	41,394,980 shares

* This summary of financial statements is not subject to audit.

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

(Notes on forward-looking statements)

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to (1) Analysis of Financial Results of 1. Consolidated Financial Results on page 2.

(How to obtain information presented at a financial results briefing session)

The Company will hold a briefing session for financial analysts and institutional investors on May 12, 2017 (Friday). Presentation materials presented at this briefing session will be posted on the Company’s website promptly after the session.

Accompanying Materials – Contents

1. Overview of Consolidated Results of Operations, Etc.

(1) Overview of Consolidated Results of Operations and Financial Situation for the Fiscal Year Ended March 31, 2017

1) Overview of Consolidated Results of Operations for the Fiscal Year Ended March 31, 2017

During the fiscal year under review (from April 1, 2016 to March 31, 2017), the Japanese economy saw a moderate recovery as the employment and income environment continued to improve. However, consumer spending was weak partly due to high prices of vegetables associated with the unseasonable weather and fresh fish due to the falling volume of fish catches, as well as the growing awareness of protecting the daily lives of consumers. Because of this situation and concern over trends in overseas economies, especially Brexit in the United Kingdom and the U.S. economy and emerging economies, the economic outlook remained uncertain.

In this environment, we saw increases in the sales volume of our original products, including Multi FP, Multi Solid, OPET, and new transparent PP containers, and products using recycled raw materials, such as Eco Tray and Eco APET, and the sales ratio of our original products was 53% in the fiscal year under review. New design and new function containers centered on our original products are greatly appreciated by customers not only for their functionality as containers but also for the superiority of their material functions including oil, acid and heat resistance. In particular, the Multi FP container, which is used for hot pots, soup containers, heated, prepared food containers, and chilled lunchboxes, now has a new deep heat-resistant product with a lid and a new heat-resistant inner plate. Through this development, the Multi FP container, along with the new transparent PP container, has enabled new product development that allows microwave heating. This encourages proposals for the creation of new sales spaces at retailers, and more and more customers are using the product. For transparent containers, including lids and hood packs, we are working on enhancing the lineup of OPET and new transparent PP products to replace conventional OPS containers. Eco APET containers are increasingly being used as vegetable salad containers and containers for fruits and vegetables. With consumers tending to look for affordability, we have also seen increases in the sales volume of new products such as containers with covers, which make dressed meat and prepared food look good on sales floors. More and more companies in the restaurant industry are providing home meal replacements, and major restaurant chains have begun to use our containers. As a result, the sales volume of products manufactured by the Group in the fiscal year under review rose 5.3% year on year in terms of the number of cases and 3.1% year on year in terms of the number of products. The net sales of products manufactured by the Group climbed 1.3% year on year.

On the other hand, net sales of products purchased from outside the Group in the fiscal year under review rose by 2.1% year on year. This was attributable to efforts to strengthen procurement ability by increasing the volume of private brand products handled, and the review of unprofitable transactions at the same time.

As a result, the Group achieved consolidated net sales of 172,858 million yen, up 2,565 million yen or up 1.5% year on year, reaching a record high.

Although there were cost increases of about 1,460 million yen, due mainly to the commencement of the operations of new bases and facilities and an increase in distribution costs associated with the increase in the volume of sales, in addition to a string of rises in raw materials costs for products produced by the Company in or after the third quarter of the fiscal year under view (from October 1, 2016 to March 31 2017), despite a decrease of 289 million yen in subsidy income, we boosted profits by about 3,460 million yen overall. Operating profit in the fiscal year under review hit an all-time high of 15,176 million yen, up 1,928 million yen or 14.6% year on year, while ordinary profit stood at a record 15,742 million yen, up 1,715 million yen or 12.2%, ordinary profit before depreciation and amortization came to a record high of 26,926 million yen, up 14.3%, and profit attributable to owners of parent reached a record of 10,953 million yen, up 17.8%. This was primarily due to the strong sales of our original and new products and the Group-wide efforts to improve profit margins.

Regarding sales activity, we are seeking to boost net sales and profitability by accelerating the development of high value-added products to build a rich product lineup tailored to the lifestyles of consumers, given the expansion of the market for home meal replacements particularly in prepared food by retailers, and by shifting the sales mix to our original products. We are also taking steps to reduce carbon emissions and improve work productivity to respond to the labor shortage, while promoting sales of products using recycled materials and general-purpose products. On July 1, 2016, the Company acquired all issued shares of Ueda Packaging Corporation, making it a wholly owned consolidated subsidiary and changing its name to FPCO Ueda Corporation. FPCO Ueda Corporation sells food packaging materials to supermarkets and food processing companies in the San'in Region. As a member of the Group, FPCO Ueda Corporation will utilize our sales and distribution network to provide high value-added services to customers and increase synergies between Group companies. On top of that, the Company held the FPCO Fair 2017 "Different, Good, Tasty," with "sales space that charms customers by creating new products and ways to sell" as the main theme, on March 15, 16, and 17, 2017. A record number of 15,000 customers centered on those from the food retailing industry visited the venue from all over the country, and we provided information on sales floors and the latest product information to the customers in collaboration with leading food manufacturers. Particularly at the FPCO Fair 2017, we introduced case examples of solving problems facing food retailers with various devices under the theme of “breaking the wall,” which were very well received.

In March 2016, the Chubu Eco PET Plant adjacent to the Chubu PET Recycling Plant commenced operation. This enables integrated production to promote the FPCO “bottle to tray” recycling method, in which it reuses collected transparent PET containers and PET bottles as raw materials to produce Eco APET containers. The Chubu PET Recycling Plant collects transparent PET containers and PET bottles to produce recycled PET flakes, which are then pneumatically transported to the Chubu Eco PET Plant, where Eco APET containers are molded by sheet extrusion. With OPET sheet extrusion equipment No. 3 and product-molding machines, the Chubu Eco PET Plant also functions as a production base for OPET transparent containers.

In a bid to expand the production capacity of Eco APET containers, we are building a new integrated manufacturing plant combining a PET recycling plant with sheet extrusion and molding facilities on the site of the Kanto Yachiyo Plant. Like the recycling facilities in the Chubu area, the new plant will produce recycled PET flakes from collected PET bottles and transparent PET containers and use these as raw materials to mold Eco APET containers through sheet extrusion. Of the APET transparent containers produced by the Group, we have raised the ratio of the number of case sold using Eco APET containers from 71% in the fourth quarter of the previous fiscal year (from January 1, 2016 to March 31, 2016) to 82% in the fourth quarter of the fiscal year under review (from January 1, 2017 to March 31, 2017). We are also pushing ahead with the introduction of industrial robots at all molding plants throughout Japan, aiming for the automation of manufacturing processes to save labor. In March 2017, 26 automatic packing machines and dust-removing packing machines and 9 case packing robots were operating, and they allowed us to reduce the workforce requirements by 75 workers. We will continue to introduce industrial robots to promote the automation of manufacturing processes to save labor.

In addition, to increase the film supply capacity of FPCO ALRight Co., Ltd. (“FPCO ALRight”), a consolidated subsidiary, a new film plant, which will also serve as the head office, is under construction in Kasaoka, Okayama Prefecture.

Primarily to reduce film printing sourcing costs, the Company established a joint venture, FPCO Gravure Co., Ltd. (“FPCO Gravure”), with Kawamoto Kagaku, Y.K. (“Kawamoto Kagaku”) in Asakuchi, Okayama Prefecture in February 2017. FPCO Gravure plans to build a new gravure printing plant in Asakuchi, Okayama Prefecture and take over the printing business of Kawamoto Kagaku and that of FPCO ALRight. The new plant is planned to commence operations in April 2018.

In terms of logistics preparation for demand that is expected to increase in the future, we temporarily relaxed our efforts to construct a robust and flexible nationwide logistics network and ensured the establishment of a stable supply system for future market expansion and peak seasons. By September 2016, as part of our Business Continuity Plan (BCP), we completed the installation of emergency power-generating equipment and the storage of sufficient fuel to secure an electricity supply for 72 hours, or three days, in all 21 locations nationwide to ensure that our critical business functions will continue to operate even in the event of serious incidents, such as an electricity outage caused by a disaster. We believe that these measures will contribute to our customers’ business continuity and further reinforce our structure that delivers products when needed. We also introduced a voice-activated picking system to improve the productivity of picking operations. Through these measures, we will provide a stable supply and reduce costs throughout the logistics chain up to product delivery to customers.

In June 2016, we were selected for inclusion in the Competitive IT Strategy Company Stock Selection for the second consecutive year. We were jointly chosen by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in recognition of our IT utilization, including the introduction of industrial robots on the production front and the introduction of a voice-activated picking system on the logistics front.

Given an improvement in the employment situation, labor costs are rising significantly with a labor shortage and companies are having difficulty with recruitment. In this environment, the Group built a company apartment building called “PicoHouse No.1 Building” consisting of 150 studio units, which was completed in January 2017, in Chikusei, Ibaraki Prefecture in order to secure personnel from a wider area in the Kanto area. In the Chubu area, we were building a similar facility called “PicoHouse No.2 Building” with 102 studio units in Wanouchi-cho, Anpachi District, Gifu Prefecture. This was completed in March 2017.

In our research and development activities, we sought to accelerate and enhance research into new materials and products and product development. We also placed greater emphasis on personnel development utilizing our facilities.

With respect to the employment of disabled workers, part of the Group’s corporate social responsibility, as of March 31, 2017, the Group provided employment opportunities for 374 individuals (644 disabled workers employed), and 64 at its tie-up partners. In October 2016, for the third consecutive year, the Company came top in a ranking of companies that hire workers with disabilities, announced by Toyo Keizai Inc. In January 2017, Ducks Shikoku Co., a consolidated special subsidiary, merged with other consolidated special subsidiaries, Ducks Co. ("Ducks (Chiba)"), Ducks Saga Co., and Ibaraki Pigeon Recycle Co., and changed its business name to FPCO Ducks Co. ("FPCO Ducks"). At the same time, the manufacturing of containers that look like thin wooden boxes at FPCO Ai Pack Co., a type A employment continuation assistance business and consolidated subsidiary, in Hokkaido was transferred to FPCO Ducks. In 1986, the Group established Ducks (Chiba) and began to hire disabled workers in earnest. Thirty years later, the Group reconsidered the optimum structure of special subsidiaries and optimum business fields. As a result, the Group has created a special subsidiary with six plants nationwide, from Hokkaido to Kyushu, where expertise on the management of disabled workers is shared and human resources are used effectively. The Group will continue to provide stable workplaces that will make the most of the capabilities of disabled workers.

(Explanations of terms)

Multi FP (MFP) container:	An formed PS (polystyrene) container with cold and heat resistance to temperatures between -40ºC and +110ºC and with superior oil and acid resistance and thermal insulation.
Multi Solid (MSD) container:	A non-formed PS (polystyrene) container with a heat resistance temperature of +110ºC that is able to create sharp figures by using scraps of materials from the Multi FP, while maintaining the characteristics of the Multi FP.
OPET transparent container:	A polyethylene terephthalate transparent container with a heat resistance temperature of +80ºC that is molded from bi-axially oriented PET sheets, with superior oil and acid resistance and transparency, achieving the same thermal insulation as the OPS.
New transparent PP container:	A transparent PP container with a heat resistance temperature of +110ºC, which has achieved the same transparency as OPS using standard-grade polypropylene raw material.
OPS transparent container:	A conventional transparent container with a heat resistance temperature of +80ºC that is molded from the bi-axially oriented polystyrene sheets.
Eco Tray:	A recycled expanded polystyrene container for which polystyrene containers collected at supermarket shop counters and scrap pieces collected within plants are used as raw materials (sales commenced in 1992).
Eco APET container:	A recycled PET transparent container for which PET transparent containers collected at supermarket shop counters, PET bottles and scrap pieces collected within plants are used as raw materials (sales commenced in 2012).
Hood pack:	A general-purpose transparent container having a hood connected to the main body, which is used, for example, at a sales space for fried foods at a supermarket.
Gravure printing	A type of intaglio printing that expresses contrasting density by changing the thickness of an ink layer through the depth of small dents on a printing plate.

2) Overview of Financial Situation in the Fiscal Year Ended March 31, 2017

Consolidated assets at the end of the fiscal year under review totaled 219,481 million yen, up 10,428 million yen from the end of the previous fiscal year.

This is attributable mainly to increases in cash and deposits of 3,061 million yen and property, plant and equipment of 9,374 million yen, while there was a decrease in notes and accounts receivable - trade of 3,206 million yen.

Consolidated liabilities amounted to 119,759 million yen, up 2,297 million yen from the end of the previous fiscal year. This was chiefly attributable to a rise in loans payable of 7,380 million yen, while there were some declines in accounts payable - other of 3,316 million yen and lease obligations of 2,148 million yen.

Consolidated net assets reached 99,721 million yen, up 8,130 million yen from the end of the previous fiscal year. This change mainly reflected the posting of profit attributable to owners of parent of 10,953 million yen and some decrease in dividends of surplus of 3,102 million yen.

3) Overview of Cash Flows in the Fiscal Year Ended March 31, 2017

Consolidated cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review totaled 18,144 million yen, up 3,054 million yen from the end of the previous fiscal year.

The status of cash flows from the respective activities and the causes are described as follows.

(Cash flows from operating activities) Net cash provided by operating activities amounted to 25,912 million yen, up 5,079 million yen from the previous fiscal year.

This primarily reflected a cash increase due mainly to profit before income taxes of 15,591 million yen, depreciation of 11,183 million yen, and a decrease in notes and accounts receivable - trade of 3,296 million yen, while there were some cash decreases due mainly to income taxes paid of 5,394 million yen.

(Cash flows from investing activities) Net cash used in investing activities was 21,932 million yen, up 4,009 million yen from the previous fiscal year.

This was mainly due to 22,557 million yen for the purchase of property, plant and equipment, including the Chubu Eco PET Plant, the Kanto Eco PET Plant, and other manufacturing facilities.

(Cash flows from financing activities) Net cash used in financing activities was 924 million yen, down 605 million yen from the previous fiscal year.

This primarily reflected proceeds from long-term loans payable of 21,500 million yen, a net decrease in short-term loans payable of 1,886 million yen, repayment of long-term loans payable of 13,549 million yen, repayments of lease obligations of 3,829 million yen, and cash dividends paid of 3,102 million yen.

(2) Projections

As to the future outlook, unpredictable conditions, such as consumer trends and changes in raw material costs and electricity charges attributable to the foreign exchange rate and crude oil price fluctuations, are expected to persist in the operating environment that surrounds the Group.

Looking at the current environment surrounding domestic companies, the employment situation has improved, and labor costs are rising significantly due to a labor shortage. Companies are having difficulty securing human resources.

In this environment, we are moving forward with the introduction of industrial robots in production, and a voice-activated picking system and an automatic sorter system in distribution to encourage labor saving and improve work productivity. We will continue to take these steps to curb production and distribution costs. In addition, we will develop a corporate structure in which we can achieve stable profits over the medium to long terms through measures including the further acceleration of new product development and lineup enhancement, including the Company’s original products, combined with cost control in our nationwide distribution network. The Chubu Eco PET Plant, which commenced operation in March 2016, facilitates the FPCO “bottle to tray” recycling method, in which it reuses collected transparent PET containers and PET bottles as raw materials to product Eco APET containers and plans to install OPET sheet extrusion equipment No. 4 in November 2017 to expand sales of OPET transparent containers. The new plant combining a PET recycling plant with sheet extrusion and molding facilities which is now under construction on the site of the Kanto Yachiyo Plant is scheduled to be complete in August 2017. The Group plans to increase the ratio of Eco APET to APET transparent containers manufactured by the Group, including those manufactured in the Chubu and Kanto areas, in terms of the number of cases sold from 82% in the fourth quarter of the fiscal year under review (from January 1, 2017 to March 31, 2017) to 95% in the next fiscal year (from January 1, 2018 to March 31, 2018).

A new film plant of FPCO ALRight Co., Ltd., a consolidated subsidiary, which will be also a new head office of the company, is scheduled to be completed in January 2018 and will increase film supply capacity.

FPCO Gravure, a joint venture of the Company and Kawamoto Kagaku, plants to build a new gravure printing plant in Asakuchi, Okayama Prefecture and take over the printing business of Kawamoto Kagaku and FPCO ALRight. The new plant is planned to commence operations in April 2018.

From the third quarter of the fiscal year under review (from October 1, 2016 to March 31, 2017), the prices of raw materials for products that the Company manufactures rose. Moreover, logistics costs and electricity rates, among other expenses, increased. It is very difficult to absorb those cost increases, and the Company announced increases in the prices of products that the Company manufactures on the Tokyo Stock Exchange Information Services on the website of Japan Exchange Group on May 8, 2017. For further information, including price changes, please refer to the disclosed material.

For the consolidated fiscal year ending March 31, 2018, the Group forecasts that it will achieve net sales of 179,000 million yen, up 3.6% year on year, operating income of 15,900 million yen, up 4.8%, ordinary profit of 16,500 million yen, up 4.8%, and profit attributable to owners of parent of 11,150 million yen, up 1.8%.

(3) Basic Principles of Profit Distribution and Dividends for the Fiscal Year under Review and for the Next Fiscal Year

Providing shareholders with a return on their investment is one of the most important goals of the Group. While aiming to improve profitability and strengthen our financial standing, we will seek to pay consistent dividends, and maintain retained earnings as sources for the flexible strengthening of management and strategic investment in business expansion. In overall consideration of the above, we target a dividend payout ratio of 30%.

In line with these principles, we have set the dividends for the first six-month period of the fiscal year under review at 40 yen and the year-end dividend at 40 yen, for an annual dividend of 80 yen.

The annual dividend for the next fiscal year is expected to be 81 yen per share.

2. Management Policy

(1) Management's Basic Principle

Based on the management philosophy of "Customer First," FP Corporation consistently focuses on the environment, safety, security and health. We operate our businesses to provide products, services and proposals that respond to a broad array of customer and expectations.

To fulfill our social responsibility, we have been promoting our environmental management system, making efforts to spread our FPCO recycling method (Tray-to-Tray and Bottle-to-Tray) to build a recycling-oriented society.

Our Medium- to Long-term Management Strategy is aimed at maximizing our corporate value, and will make active strategic investments to realize this goal. Through these investments, we will aim to become "a corporate group that creates comfortable dietary lives for customers through food containers" and pursue our three basic objectives as a manufacturer: "reliably delivering as needed" "the highest quality products" "at the most competitive price."

We recognize our responsibility as one of the supporters of the dietary environment, and aim to enhance our capacity in material and product development, sales, and distribution, as well as improve quality, productivity, and service. We will continue to reduce total costs and build a solid base for corporate management.

In addition, we will make efforts to maintain positive and open relationships with customers, clients, society, employees, shareholders, and other stakeholders, and aim to sustain growth and improve corporate value in the medium to long term.

(2) Targeted Management Indicators

In the pursuit of shareholder-oriented management, we will increase corporate value by soundly executing Group management policies, aiming at net income per share of 330 yen.

(3) Challenges to Be Addressed

(i) Technological innovation and development of new products

We will accelerate the development of products that meet the needs of customers by introducing state-of-the-art production facilities and replacing equipment, and by promoting comprehensive technological innovation by making products lighter and developing new functions and materials to provide customers with high quality and value added products, as well as low-priced products that offer quality and functionality.

(ii) Aiming at becoming a proposal-based (problem solving type) company

An increasing number of people are changing their lifestyles and eating ready-made meals at home instead of dining out or cooking at home. In response to this trend, which can partly be explained by the increase in elderly people and working women, food retailers are seeing an increase in sales of ready-made meals, especially delicatessen items.

We will strive to stay ahead of this change and provide products that meet the needs of our clients, such as microwavable containers, enabling them to differentiate their sales space from others.

We will also support clients taking environmentally friendly actions through the reduction of CO_2 emissions, improving work productivity to deal with labor shortages, or working to cut logistics costs by providing FPCO's logistics network. We aim to provide comprehensive solutions to issues shared within the retail industry.

(iii) Enhancement of supply system

We will work to further enhance our supply chain management (SCM), saving labor and improving work productivity by introducing industrial robots in production and voice-activated picking systems and automatic sorter systems in distribution. We will continue to take steps to curb production and distribution costs, working to create an entire system of procurement, production and logistics with optimized and reduced costs.

In addition, we will make efforts to fully utilize our nationwide logistics network to provide an even more streamlined logistics service and stable supply of products.

(iv) Environmentally friendly operation

We will execute a new Medium-Term Environmental Management Plan, FP Corporation Eco Action 50, as a more advanced version of the Five-Year Environmental Management Plan.

Additionally, the Company, as the leading company in the industry, aims at a sustainable world by achieving a recycling-oriented society through our business activities centering on FP Corporation recycling method such as "Tray to Tray" and "Bottle to Tray," and contributes to carbon dioxide emissions reduction by promoting our recycled products (Eco Tray, Eco APET). Compared to non-recycled products, our Eco Tray and Eco APET have realized a 30% and 33% reduction in CO_2 emissions, respectively.

Furthermore, through the design and development of environment-conscious products with one of the lowest levels of environmental impact in the industry, we will implement various measures such as taking initiatives to reduce and recycle industrial waste created through business activities.

(v) Activities emphasizing social responsibility

We will actively support disabled people who wish to work, and promote activities to win the trust of the local community.

In order to aid our clients' business continuity, we will install an emergency power generator to provide power to continue logistics operations in the event of a blackout caused by natural disasters, etc. We will establish a system that will provide 72 hours' (3 days') worth of electricity.

We also believe that intangible value comprises social responsibility. Based on this idea, we will build a cooperative relationship with customers, clients, society, employees, shareholders, and other stakeholders by creating opportunities for further communication. These will include tours of our recycling plants, sorting plants, and plants that have hired disabled workers.

(vi) Enhancement of intellectual property rights

To ensure the uniqueness of the Group and its differentiation advantage in the market, we will apply for patent, utility model right and design registration, to enhance corporate value through the acquisition of intellectual property rights.

(vii) Preparation for market expansion

By combining organization-wide resources and infrastructures that have been nurtured by FP Corporation over the years, including capabilities for development, manufacturing and recycling, resourcefulness and networks for distribution and information, we will get prepared for rapid expansion of the market.

(viii) Promotion of diversity

We believe that part of improving our corporate value involves ensuring that our employees can work with a sense of purpose and fulfillment and play their roles by utilizing their abilities and strengths to the full.

In order to promote diversity, we will carry out initiatives to develop a corporate culture that allows a diverse range of people to contribute to the company, regardless of gender, age, nationality or disability.

3. Basic Approach to Selection of Accounting Standards

The Group has decided to adopt Japanese Accounting Standards for the time being. However, we plan to conform to IFRS (International Financial Reporting Standards) as appropriate upon consideration of domestic developments and the situation in other countries.

4. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	15,089	18,151
Notes and accounts receivable - trade	35,628	32,421
Merchandise and finished goods	15,686	15,857
Work in process	76	118
Raw materials and supplies	2,849	3,159
Deferred tax assets	1,649	1,687
Accounts receivable - other	2,766	2,338
Other	439	501
Allowance for doubtful accounts	(29)	(28)
Total current assets	74,154	74,208
Non-current assets		
Property, plant and equipment		
Buildings and structures	108,219	114,713
Accumulated depreciation	(48,267)	(51,463)
Buildings and structures, net	59,951	63,249
Machinery, equipment and vehicles	41,926	50,909
Accumulated depreciation	(25,990)	(28,018)
Machinery, equipment and vehicles, net	15,935	22,891
Lands	33,502	33,371
Lease assets, net	23,010	19,291
Accumulated depreciation	(12,384)	(10,684)
Leased assets, net	10,626	8,607
Construction in progress	2,237	3,282
Other, net	18,850	19,832
Accumulated depreciation	(14,344)	(15,101)
Other, net	4,505	4,731
Total property, plant and equipment	126,759	136,134
Intangible assets		
Goodwill	1,232	1,350
Other	1,057	979
Total intangible assets	2,290	2,330
Investments and other assets		
Investment securities	3,522	4,272
Deferred tax assets	1,212	1,362
Other	1,169	1,228
Allowance for doubtful accounts	(55)	(54)
Total investments and other assets	5,849	6,808
Total non-current assets	134,898	145,273
Total assets	209,053	219,481

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	18,472	18,936
Short-term loans payable	13,803	20,587
Commercial papers	15,000	15,000
Lease obligations	3,531	3,046
Accounts payable - other	10,182	6,865
Income taxes payable	3,220	2,758
Accrued consumption taxes	1,022	763
Provision for bonuses	1,805	1,987
Provision for directors' bonuses	71	91
Other	2,920	3,014
Total current liabilities	70,029	73,051
Non-current liabilities		
Long-term loans payable	35,106	35,702
Lease obligations	7,878	6,214
Deferred tax liabilities	44	45
Provision for directors' retirement benefits	1,210	1,415
Provision for executive officers' retirement benefits	14	24
Net defined benefit liability	2,993	3,094
Other	184	211
Total non-current liabilities	47,432	46,707
Total liabilities	117,462	119,759
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,843	15,860
Retained earnings	66,453	74,304
Treasury shares	(4,942)	(5,092)
Total shareholders' equity	90,505	98,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	919	1,317
Remeasurements of defined benefit plans	(249)	(178)
Total valuation and translation adjustments	669	1,138
Non-controlling interests	416	359
Total net assets	91,591	99,721
Total liabilities and net assets	209,053	219,481

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	170,292	172,858
Cost of sales	117,420	115,635
Gross profit	52,872	57,222
Selling, general and administrative expenses	[*1, *2] 39,624	[*1, *2] 42,046
Operating profit	13,248	15,176
Non-operating income		
Interest income	3	1
Dividends income	82	95
Subsidy income	544	255
Rent income	75	73
Gain on sales of scraps	173	133
Other	304	332
Total non-operating income	1,183	892
Non-operating expenses		
Interest expenses	249	179
Other	155	146
Total non-operating expenses	404	326
Ordinary profit	14,027	15,742
Extraordinary income		
Gain on sales of non-current assets	–	[*3] 184
Total extraordinary income	–	184
Extraordinary losses		
Loss on sales and retirement of non-current assets	[*4] 254	[*4] 222
Impairment loss	–	[*5] 113
Loss on valuation of golf club membership	19	–
Total extraordinary losses	273	335
Profit before income taxes	13,753	15,591
Income taxes - current	4,729	4,780
Income taxes - deferred	(291)	(159)
Total income taxes	4,438	4,620
Profit	9,315	10,971
Profit attributable to non-controlling interests	20	17
Profit attributable to owners of parent	9,294	10,953

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	9,315	10,971
Other comprehensive income		
Valuation difference on available-for-sale securities	(368)	397
Remeasurements of defined benefit plans, net of tax	(45)	71
Total other comprehensive income	(414)	469
Comprehensive income	8,900	11,440
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,880	11,423
Comprehensive income attributable to non-controlling interests	20	17

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2016

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,150	15,843	59,600	(4,941)	83,653
Changes of items during period					
Dividends of surplus			(2,442)		(2,442)
Profit (loss) attributable to owners of parent			9,294		9,294
Purchase of treasury share				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	6,852	(0)	6,851
Balance at end of current period	13,150	15,843	66,453	(4,942)	90,505

(Million yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,288	(204)	1,084	395	85,133
Changes of items during period					
Dividends of surplus					(2,442)
Profit (loss) attributable to owners of parent					9,294
Purchase of treasury share					(0)
Net changes of items other than shareholders' equity	(368)	(45)	(414)	20	(394)
Total changes of items during period	(368)	(45)	(414)	20	6,457
Balance at end of current period	919	(249)	669	416	91,591

Fiscal year ended March 31, 2017

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,150	15,843	66,453	(4,942)	90,505
Changes of items during period					
Dividends of surplus			(3,102)		(3,102)
Profit (loss) attributable to owners of parent			10,953		10,953
Purchase of treasury share				(0)	(0)
Disposal of treasury shares				0	0
Purchase of shares of consolidated subsidiaries				(149)	(133)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	16	7,851	(150)	7,718
Balance at end of current period	13,150	15,860	74,304	(5,092)	98,223

(Million yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	919	(249)	669	416	91,591
Changes of items during period					
Dividends of surplus					(3,102)
Profit (loss) attributable to owners of parent					10,953
Purchase of treasury share		0			(0)
Disposal of treasury shares		16			0
Purchase of shares of consolidated subsidiaries					(133)
Net changes of items other than shareholders' equity	397	71	469	(56)	412
Total changes of items during period	397	71	469	(56)	8,130
Balance at end of current period	1,317	(178)	1,138	359	99,721

(4) Consolidated Statement of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	13,753	15,591
Depreciation	9,526	11,183
Impairment loss	–	113
Increase (decrease) in provision for bonuses	240	160
Increase (decrease) in provision for directors’ bonuses	26	20
Increase (decrease) in allowance for doubtful accounts	3	(7)
Increase (decrease) in provision for directors’ retirement benefits	4	83
Increase (decrease) in provision for executive officers’ retirement benefits	7	9
Increase (decrease) in net defined benefit liability	277	100
Loss (gain) on sales and retirement of non-current assets	244	34
Interest and dividends income	(85)	(97)
Interest expenses	249	179
Loss on valuation of golf club membership	19	–
Decrease (increase) in notes and accounts receivable - trade	(2,752)	3,296
Decrease (increase) in inventories	3,058	(452)
Decrease (increase) in accounts receivable - other	1,117	455
Increase (decrease) in notes and accounts payable - trade	(2,691)	226
Increase (decrease) in other assets/liabilities	363	346
Increase (decrease) in accrued consumption taxes	431	(288)
Other, net	442	431
Subtotal	24,236	31,390
Interest and dividend income received	85	97
Interest expenses paid	(247)	(180)
Income taxes paid	(3,241)	(5,394)
Net cash flows from operating activities	20,832	25,912
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,657)	(22,557)
Proceeds from sales of property, plant and equipment	22	745
Purchase of intangible assets	(340)	(247)
Purchase of investment securities	(25)	(35)
Proceeds from sales of investment securities	8	0
Payments of long-term loans receivable	(39)	(29)
Collection of long-term loans receivable	31	34
Other, net	77	157
Net cash flows from investing activities	(17,923)	(21,932)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	400	(1,886)
Proceeds from long-term loans payable	15,000	21,500
Repayment of long-term loans payable	(10,277)	(13,549)
Purchase of treasury shares	(0)	(0)
Repayments of lease obligations	(4,208)	(3,829)
Cash dividends paid	(2,444)	(3,102)
Other, net	–	(56)
Net cash provided by (used in) financing activities	(1,530)	(924)
Net increase (decrease) in cash and cash equivalents	1,379	3,054
Cash and cash equivalents at beginning of period	13,710	15,089
Cash and cash equivalents at end of period	15,089	18,144

(5) Notes to Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

Changes of Basic Important Matters for the Preparation of Consolidated Financial Statements

Scope of consolidation

Number of consolidated subsidiaries: 31

All subsidiaries are consolidated.

Names of principal consolidated subsidiaries

FP Trading Co., Ltd., FP Chupa Corporation, FP Logistics Corporation, I-Logic Co., Ltd., FPCO ALRight Co., Ltd., FPCO International Package Co., Ltd., FPCO Dia Foods Co., Ltd., FPCO Ishida Co., Ltd., Nishinihon PET-Bottle Recycle Co., Ltd., FPCO Miyako Himo Co., Ltd., FPCO Ueda Corporation

The Company acquired the shares in FPCO Ueda Corporation, which became a consolidated subsidiary in the fiscal year under review. FPCO Gravure Co., Ltd. was established by the Company and is included in the scope of consolidation from the fiscal year under review.

Ducks Co., Ducks Saga Co., and Ibaraki Pigeon Recycle Co. were merged with FPCO Ducks Co. (formerly Ducks Shikoku Co., which has changed its business name) and have been excluded from the scope of consolidation.

Change in Presentation

(Consolidated statements of cash flows)

Proceeds from the sale of property, plant and equipment, which were included in Other, net in cash flows from investing activities in the previous fiscal year are stated as an independent item in the fiscal year under review due to an increase in their significance in terms of value. The Company has replaced its consolidated financial statements for the previous fiscal year to reflect this change in presentation.

In the consolidated statements of cash flows for the previous fiscal year, 99 million yen in Other, net in cash flows from investing activities has been replaced by 22 million yen in Proceeds from sales of property, plant and equipment and 77 million yen in Other, net.

Consolidated Balance Sheet

Overdraft agreements and agreements for loan commitments

The Company has concluded overdraft agreements and agreements for loan commitments for the effective procurement of operating funds. The unexercised outstanding of loans as of the end of March 31, 2015 and 2016 under these agreements is as follows:

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Total of overdraft limit and loan commitments	57,600	58,050
Exercised outstanding	1,600	364
Difference	56,000	57,686

Consolidated Statement of Income

*1. Of selling, general and administrative expenses, the major expense items and their amounts are as follows:

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Promotion expenses	3,791	4,146
Warehousing and carrying charges	14,546	15,328
Remuneration for officers	482	527
Salaries for employees	6,591	6,923
Provision for reserve for bonuses to officers	70	93
Provision for reserve for bonuses	812	895
Retirement benefit expenses	354	353
Provision for reserve for officer’s retirement	68	87
Provision for reserve for executive officer’s retirement	7	10
Depreciation and amortization	2,567	2,839
Provision for allowance for doubtful accounts	4	(4)

*2. Total research and development costs included in selling, general and administrative expenses as well as manufacturing costs

(Million yen)

Fiscal year ended March 31, 2016	Fiscal year ended March 31, 201
1,242	1,223

*3. Details of gain on sales of non-current assets are as follows:

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Buildings and structures	–	34
Land	–	69
Other	–	81
Total	–	184

*4. Details of loss on sales and retirement of non-current assets are as follows:

(Million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
(Loss on retirement of non-current assets)		
Buildings and structures	97	103
Machinery, equipment and vehicles	66	77
Other	87	39
Subtotal	251	220
(Loss on sales of non-current assets)		
Machinery, equipment and vehicles	1	1
Other	1	0
Subtotal	2	2
Total	254	222

*5. Impairment loss

Fiscal year ended March 31, 2016

No impairment loss

Fiscal year ended March 31, 2017

The Group posted an impairment loss in the asset groups below.

Location	Use	Type
Fukuyama, Hiroshima	Leased assets	Land
Sukagawa, Fukushima	Leased assets	Land

In principle, the Group's business assets are grouped according to region of plants. As for the Group's idle assets and leased assets, each property is a unit of grouping.

In the consolidated fiscal year under review, the book value of asset groups of leased assets whose market value declined significantly are reduced to a recoverable amount, and the aggregate of reductions are posted as an impairment loss (113 million yen) in extraordinary losses.

The recoverable amount of an asset group is measured according to value in use. The future cash flow is calculated at a discount rate of 2.13%.

Segment Information

a. Segment information

Fiscal year ended March 31, 2016 and fiscal year ended March 31, 2017

As the Group has a single segment of the simplified food container business, the description is omitted.

Per Share Information

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net assets per share	2,202.56	2,403.52
Net income per share	224.54	264.86

(Notes)

1. Diluted net income per share was not presented because there was no dilution for the fiscal year.
2. The basis for estimating net income per share is as follows:

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit (loss) attributable to owners of parent (million yen)	9,294	10,953
Amount not attributable to common shareholders (million yen)	–	–
Profit (loss) attributable to owners of parent and attributable to common stock (million yen)	9,294	10,953
Average number of shares outstanding during the year (thousands of shares)	41,394	41,357

Important Subsequent Events

Not applicable

Omission of Notes

As the necessity of disclosing other notes to consolidated financial statements in these consolidated financial results is considered insignificant, the disclosure is omitted.

5. Other

(1) Change in Officers

Please refer to “Notice Regarding Change in Officers” released on May 10, 2017.