

# *FY2011*

# *Financial Results*

**FP Corporation**

**May 11, 2011**



# *Cautions for Handling This Material*



We have paid extremely close attention to the information provided through presentations at this session and contained in the handouts. The forward-looking statements included in the information are our estimates based on the information available at the time of publication, and therefore contain potential risks and uncertainties.

Therefore, changes in a number of factors could cause actual results to differ materially from the future prospects described.

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## ◆ Performance Report

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**Performance Report**  
***Accumulated Total for***  
***the Fiscal Year Ended March 31, 2011***

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**Head of Finance and Accounting Division**  
**Toshio Takizaki**

# Sales (for FY Ended March 2011)



\* Projected figures are based on forecasts released on August 9, 2010.

Unit: million yen	Twelve-month performance						Growth rate (volume)	Twelve-month projections		
	FY ended March 2010	Percentage	FY ended March 2011	Percentage	Increase/ decrease	Year-on-year		FY ended March 2011	Percentage	Achievement rate
Trays	26,967	21.6	26,866	19.1	- 100	99.6%	103.5%	28,100	19.7	95.6%
Lunchbox containers	68,714	55.0	73,039	51.9	+ 4,325	106.3%	111.7%	72,400	50.6	100.9%
Other products	1,737	1.4	4,645	3.3	+ 2,907	267.3%		2,100	1.5	221.2%
[Products total]	97,419	78.0	104,551	74.3	+ 7,132	107.3%	108.2%	102,600	71.7	101.9%
Packaging materials	16,961	13.6	27,292	19.4	+ 10,330	160.9%		29,800	20.8	91.6%
Other goods	10,537	8.4	8,876	6.3	- 1,661	84.2%		10,600	7.4	83.7%
[Goods total]	27,499	22.0	36,168	25.7	+ 8,669	131.5%		40,400	28.3	89.5%
[Sales]	124,918	100.0	140,720	100.0	+ 15,801	112.6%		143,000	100.0	98.4%

## ■ Products

**Increased sales of general-purpose and lightweight products, with a strong showing of new designs and new function products**

- Shipments: 8.2% growth year-on-year
- Product prices: Impact of product price reductions last year: ¥900 million
- Trays: Recycled Eco Tray attained a year-on-year sales volume increase of 17.8%.  
Brisk sales of PET trays with strength enhanced and weight reduced by mono-axial stretching
- Lunchbox containers: Strong showing from leak-resistant microwaveable containers (talco) and general-purpose food packaging  
Brisk sales earned by multi-FP heat- and cold-resistant foamed polystyrene containers  
Healthy sales of lightweight sushi and sashimi containers

## ■ Other products

**Expansion into new markets such as egg boxes, containers for agricultural goods and film bags**

- Consolidation of Dia Foods Co., Ltd., a company manufacturing and selling egg boxes and other containers for agricultural goods
- Sales growth of containers for agricultural goods and film bags

## ■ Goods

**Increase in handling quantity of food packaging materials**

- Taking over operations for the procurement of packaging materials and supplies from Yuka Shoji Co., Ltd.
- Consolidation of Interpack Co., Ltd.

# Financial Results Summary (for FY Ended March 2011)



\* Projected figures are based on forecasts released on August 9, 2010.

Unit: million yen	Twelve-month performance						Twelve-month projections		
	FY ended March 2010	Percentage	FY ended March 2011	Percentage	Increase/ decrease	Year-on-year	FY ended March 2011	Percentage	Achievement rate
[Net sales]	124,918	100.0	140,720	100.0	+ 15,801	112.6%	143,000	100.0	98.4%
Sales of products	97,419	78.0	104,551	74.3	+ 7,132	107.3%	102,600	71.7	101.9%
Sales of goods	27,499	22.0	36,168	25.7	+ 8,669	131.5%	40,400	28.3	89.5%
[Operating income]	11,892	9.5	13,058	9.3	+ 1,166	109.8%	13,700	9.6	95.3%
[Ordinary income]	12,220	9.8	13,465	9.6	+ 1,245	110.2%	14,000	9.8	96.2%
[Net income]	7,114	5.7	7,959	5.7	+ 844	111.9%	8,240	5.8	96.6%

- M&A:
  - April: Taking over operations from packaging materials and supplies specialist Yuka Shoji Co., Ltd. enabled us to reinforce procurement capabilities and expand our range of products
  - June: Incorporating film maker ALRight Inc. into the group to upgrade the product development capability
  - October: Incorporating Interpack Co., Ltd., a major wholesaler of packing materials serving mainly the Kanto region, into the group to increase the product handling volume
  - December: Incorporating Dia Foods Co., Ltd., a company manufacturing and selling egg boxes and other containers for agricultural goods, into the group to make a full-scale entry into new markets
- Streamlining: Product weight reduction, changes of materials, narrowing of product lineups and groupwide cost cutting, chiefly in production and distribution
- Sales: Sales growth of general-purpose products and lightweight products and health sales of new products centered on four new sheets
- Production: We took steps to improve productivity and product quality, enhanced production capacity and optimized the production base to expand demand.
- Distribution: Development of a supply system matched with demand, enhancement of distribution quality and service levels, continued reduction of distribution costs

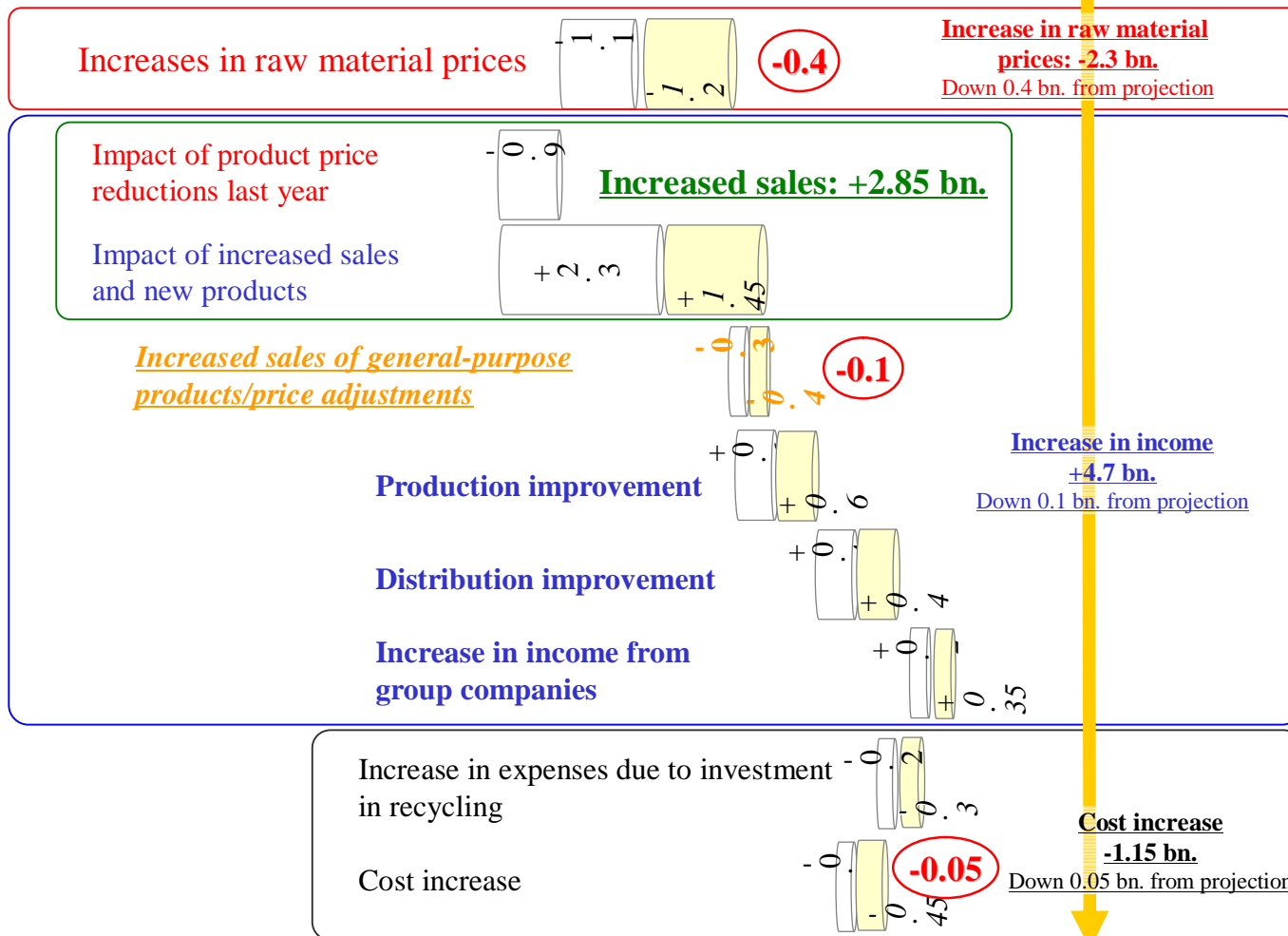
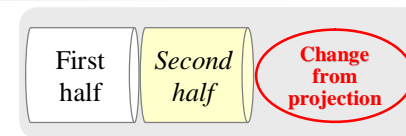
# Factors Influencing Ordinary Income (for FY Ended March 2011)



Unit: billion yen

Ordinary income for FY ended March 2010: 12.22 bn.  
 First half of year: 6.01 bn.      Second half of year: 6.21 bn.

Ordinary income for FY ended March 2010: 12.22 bn.



**Raw material**  
 Raw material prices began to rise again from the middle of 2009

*In addition, a price jump commenced at the beginning of 2011.*

**Sales**  
 Sales volume up 8.2%  
 Focusing efforts on increasing sales of general-purpose products and on expanding market share  
 Sales rise in new products and the Eco Tray

**Production**  
 Positive effect of improvement efforts in addition to growing sales volume

**Distribution**  
 Positive effect of improvement efforts in view of growing sales volume  
 Inauguration of I Logic's Fukuyama Picking Center

**Group companies**  
 In addition to improvements at existing group firms...  
 - Apr. 1, 2010: Taking over purchasing operations from Yuka Shoji  
 - Jun. 1, 2010: Incorporation of ALRight Inc. into the group  
 - Oct. 1, 2010: Incorporation of Interpack Co., Ltd. into the group  
 - Dec. 1, 2010: Incorporation of Dia Foods Co., Ltd. into the group

**Investment in recycling**  
 - Nationwide expansion of container collection and sorting centers  
 - Upgrade recycling cleaning lines  
 - Reopening Kanto and Chubu Recycling Plant  
 - Commence operations at APET Mechanical Recycling Plant

Capital investment: 12.6 bn.

Performance for FY Ended Mar. 2011

Sales **140.7 bn.** (+12.6%)

Product sales: **+7.3%** year-on-year (+7.1 bn.)

Sales volume: **+8.2%** year-on-year

Goods sales: **+31.5%** year-on-year (+8.6 bn.)

First half of year: 6.88 bn.      Second half of year: 6.64 bn.  
 +0.82 bn. (13.6%) year on year      +0.43 bn. (6.9%) year on year

Ordinary income for FY ended March 2011: ¥13.47 bn.

Ordinary income for FY ended March 2011: **13.47 bn.**  
 +1.25 bn. (10.2%) year on year

# Capital Investments and Research and Development Cost (for FY Ended March 2011)



Unit: million yen	Twelve-month performance				Twelve-month projections	
	FY ended March 2010	FY ended March 2011	Increase/ decrease	Year-on-year	FY ended March 2011	Compared with plan
Capital investment	9,090	12,585	3,494	138.4%	12,750	98.7%
Tangible fixed assets	8,827	12,352	3,525	139.9%	12,330	100.2%
Tangible fixed assets (lands only)	1,230	218	- 1,011		390	
Intangible fixed assets	263	232	- 30	88.5%	420	55.2%
Depreciation and amortization	8,461	9,316	855	110.1%	9,170	101.6%
Research and development cost	1,035	1,101	65	106.3%	1,060	103.9%

\* Capital investment figures refer to all investments, including leasing and procurement.

## Major capital investments

◆ Recycling	Kanto Recycling Plant	¥343 million
	Reopening Chubu Recycling Plant	¥881 million
	Nationwide expansion of container collection and sorting plants	¥1,438 million
	PET Mechanical Recycling Plant	¥958 million (Total investment in the first machine: ¥1,251 million) Commenced operations in December 2010
◆ Picking Center	I Logic Fukuyama	¥972 million (Total investment: ¥1,894 million) Commenced operations in May 2010
	I Logic Chubu	¥1,030 million (Total investment: ¥2,238 million) Scheduled to commence operations in May 2011
◆ Mold		¥1,833 million
◆ IT investment		¥287 million



# Cash Flows (for FY Ended March 2011)



Unit: million yen	Twelve-month performance	
	FY ended March 2010	FY ended March 2011
CF from operating activities	16,369	14,291
CF from investing activities	- 9,701	- 8,201
Free cash flows	6,668	6,089
CF from financing activities	- 11,673	- 3,919
Amount of increase/decrease of cash and cash equivalents	- 5,005	2,170
Balance of cash and cash equivalents at end of year	11,102	13,273

## ■ Cash flows from operating activities

Net income before taxes and other adjustments	¥ 13,450 million
Depreciation and amortization	¥ 9,316 million
Increase in trade payables	¥ 1,135 million
Increase in trade receivables	-¥ 1,109 million
Increase in inventory assets	-¥1,110 million
Corporate taxes and other payments	-¥6,191 million

## ■ Cash flows from investing activities

Acquisition of tangible fixed assets	-¥10,780 million
Revenue on acquisition of shares in subsidiary involving change in scope of consolidation	¥1,466 million

## ■ Cash flows from financing activities

Net increase in borrowing	¥3,399 million
Acquisition of treasury stock	-¥1,723 million
Payment of lease obligations	-¥3,003 million
Amount paid as dividends	-¥2,291 million

## ■ Cash and cash equivalents

Up ¥2.170 billion from the end of the previous year (consolidated)

# *Working Towards Medium- and Long-Term Targets*

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**Chairman & CEO  
Yasuhiro Komatsu**

# Summary of Consolidated Financial Results and Forecast for the Future



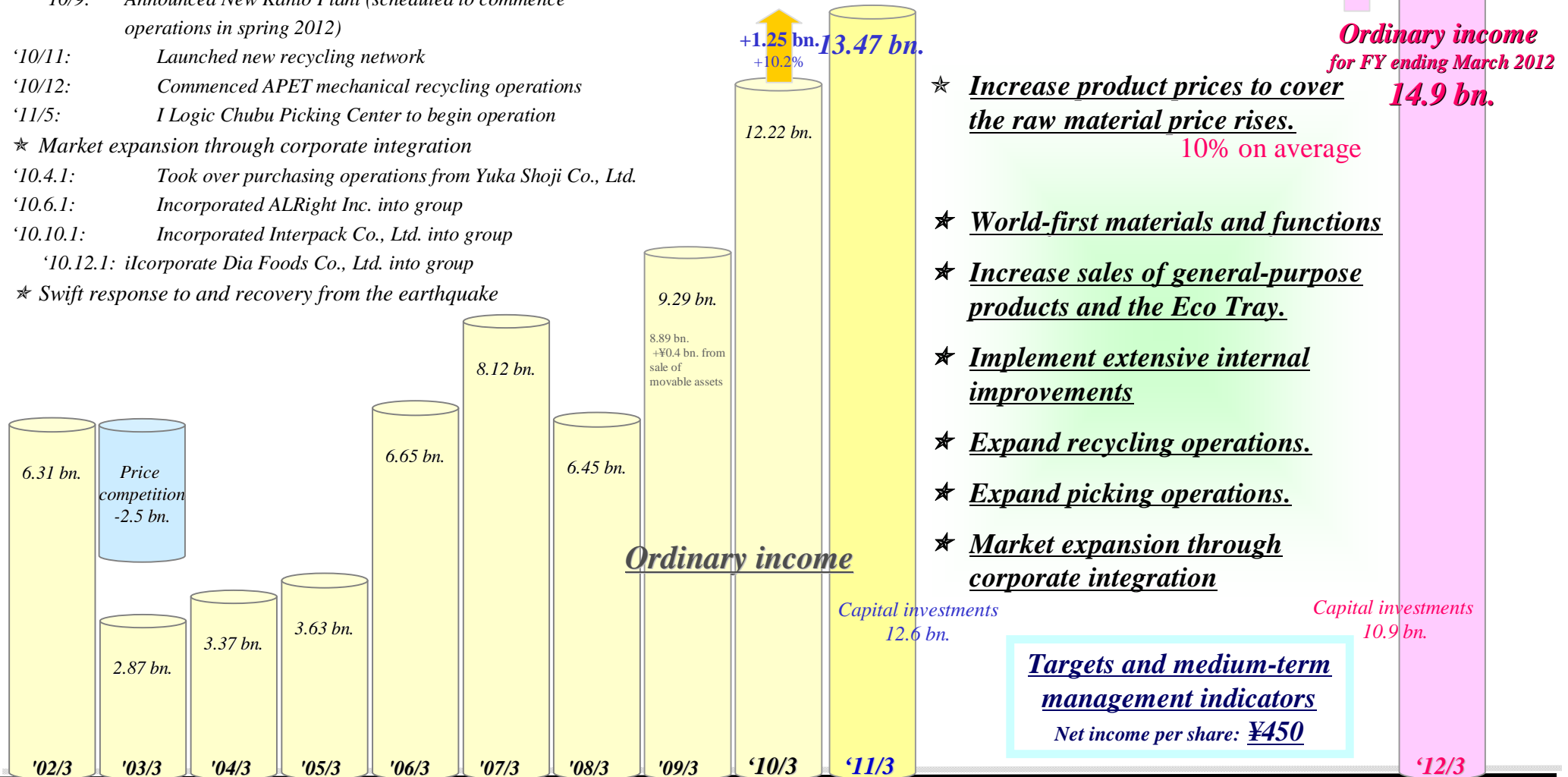
- ★ Raw material prices began to rise again from the middle of 2009  
In addition, a price jump commenced at the beginning of 2011.
- ★ Strong adoption of new products and the Eco Tray
- ★ Implemented extensive internal rationalization
- ★ Strategic investment
- '10/5: Put I Logic Fukuyama Picking Center into operation
- '10/9: Announced New Kanto Plant (scheduled to commence operations in spring 2012)
- '10/11: Launched new recycling network
- '10/12: Commenced APET mechanical recycling operations
- '11/5: I Logic Chubu Picking Center to begin operation
- ★ Market expansion through corporate integration
- '10.4.1: Took over purchasing operations from Yuka Shoji Co., Ltd.
- '10.6.1: Incorporated ALRight Inc. into group
- '10.10.1: Incorporated Interpack Co., Ltd. into group
- '10.12.1: Incorporate Dia Foods Co., Ltd. into group
- ★ Swift response to and recovery from the earthquake

## Performance for FY Ended Mar. 2011

Sales **140.7 bn.** (12.6%)  
 Product sales: **+7.3%** year-on-year (+7.1 bn.)  
 Sales volume: **+8.2%** year-on-year  
 Goods sales: **+31.5%** year-on-year (+8.6 bn.)

Projected sales for fiscal 2011: **¥160.0 bn.** (+14%)

Product sales: **+12%** year-on-year (+12.5 bn.)  
 Sales volume: **+7%** year-on-year  
 Goods sales: **+19%** year-on-year (+6.8 bn.)

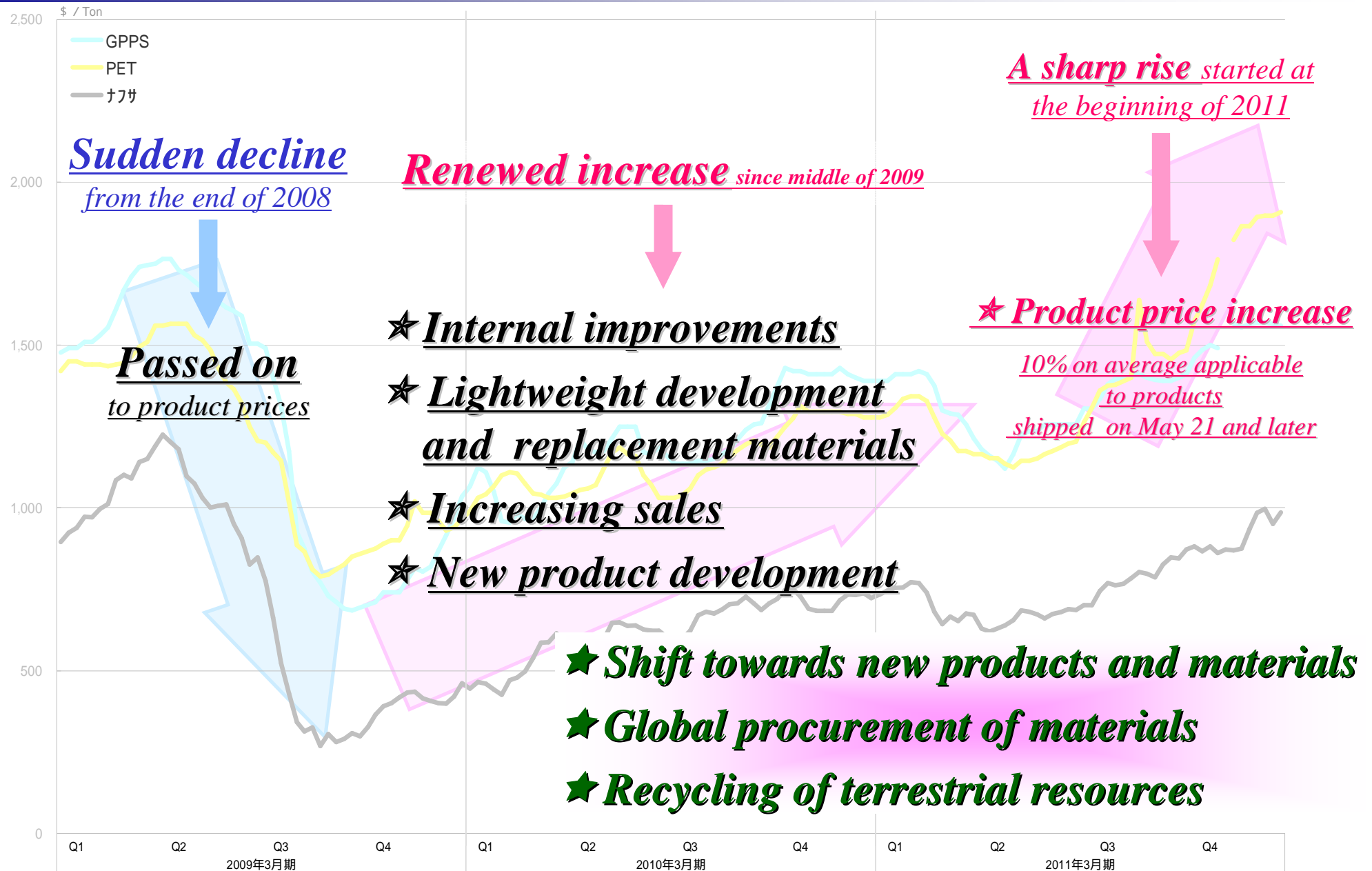


- ★ Increase product prices to cover the raw material price rises.  
10% on average
- ★ World-first materials and functions
- ★ Increase sales of general-purpose products and the Eco Tray.
- ★ Implement extensive internal improvements
- ★ Expand recycling operations.
- ★ Expand picking operations.
- ★ Market expansion through corporate integration

**Ordinary income for FY ending March 2012**  
**14.9 bn.**

Capital investments  
 10.9 bn.

# Trends in Raw Material



## Boost market share with five new sheets.

### ★ New sheets (New materials)

- ◆ **Multi FP (MFP):** -40°C to 110°C, Heat- and cold-resistant foamed polystyrene containers
- ◆ **Monoaxially stretched PET containers:** Heat-resistant up to 70°C, lightweight
- ◆ **Biaxially stretched PET containers:** Heat-resistant up to 80°C, lightweight  
 ← To be marketed from Spring 2012, via New Kanto Plant
- ◆ **New Histar:** Based on 3.5x-foaming instead of 1.8x-foaming used in the existing model, Lightweight polypropylene containers
- ◆ **Transparent heat-resistant PP containers:** Heat resistant to 110°C, Attaining the haze value of 1.5



新ハイスター



PP透明

### ★ New markets

- ◇ Containers and soft packages (film) for agricultural goods
- ◇ Containers for food processing manufacturers
- ◇ Egg boxes
- ◇ Paper containers
- ◇ Deep drawn containers



### ★ New Functions and designs

- ◆ **Screw-top containers** (leak-resistant and reusable)
- ◆ **Leak-resistant containers:** APET, PP
- ◆ **Non-slip containers**
- ◇ **New design containers**

スクリュウタイプ



- Effect of big fairs and mini fairs

- Endeavoring to continue with weight cuts

- Increase in sales of general-purpose products and the Eco Tray



汎用トレイ

## A 7% growth in sales volume projected

**to be attained by a combination of  
new materials, new functions, designs and new markets**

PS: Polystyrene  
 PSP: Foamed polystyrene  
 OPS: Transparent polystyrene  
 PET: Polyethylene terephthalate  
 PP: Polypropylene

# A Comprehensive Nationwide Distribution Network



## Efforts to enlarge the packaging materials and supplies market to 2 trillion yen

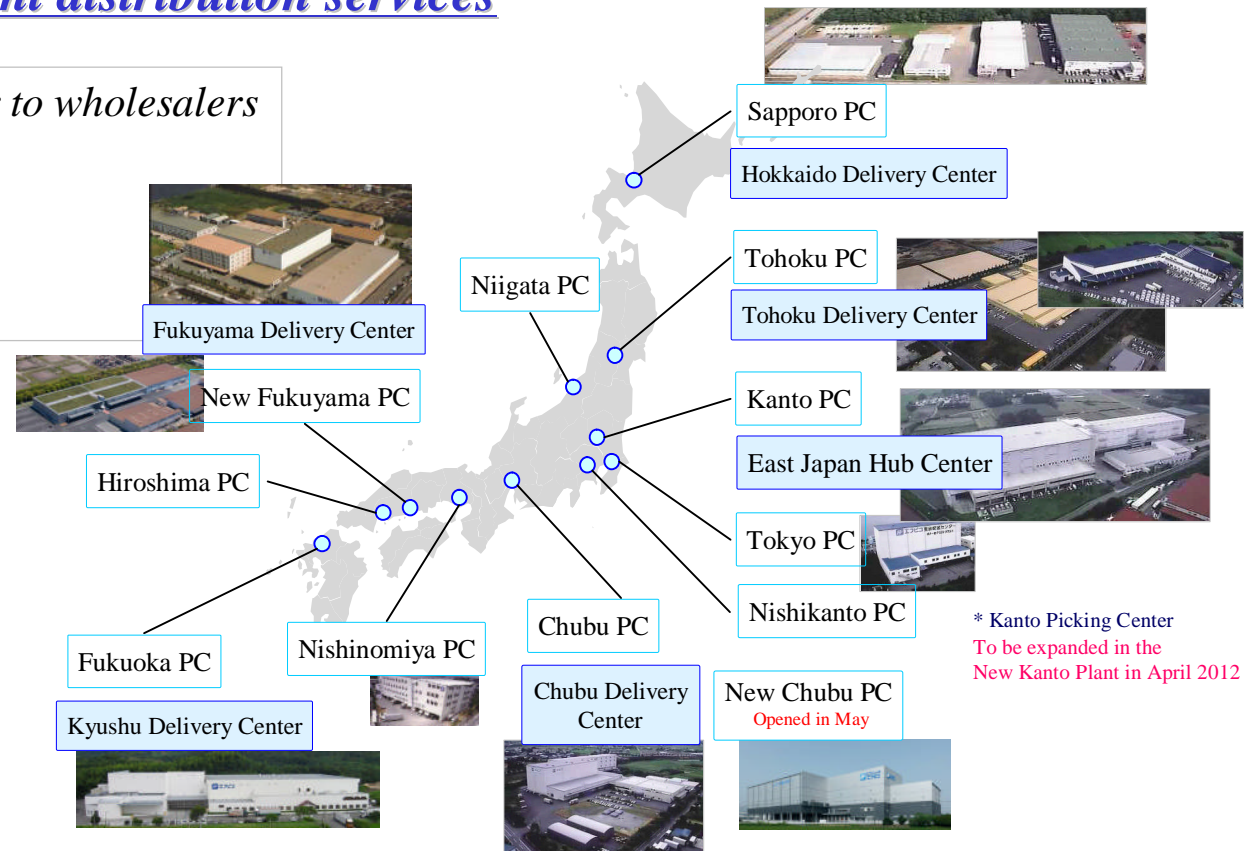
\* Including new Fukuyama Picking Center and New Kanto Plant

Six delivery centers (108,000 tsubo\*)

and 11 picking centers (32,000 tsubo\*) nationwide

### Providing high quality, efficient distribution services

Delivering 16 million cases of products a year to wholesalers  
 Picking 70 million items a year  
 to deliver them to 6,500 destinations  
 with a precision of just two delays or errors  
 for every one million deliveries (2 ppm)



\* Kanto Picking Center  
 To be expanded in the  
 New Kanto Plant in April 2012

## Boosting cooperative purchasing and delivery based on procurement and distribution capabilities

# Environmental Management and Social Responsibility



## Making the environment and disabled employees an integrated part of our operations

- FY ended March 2011 -

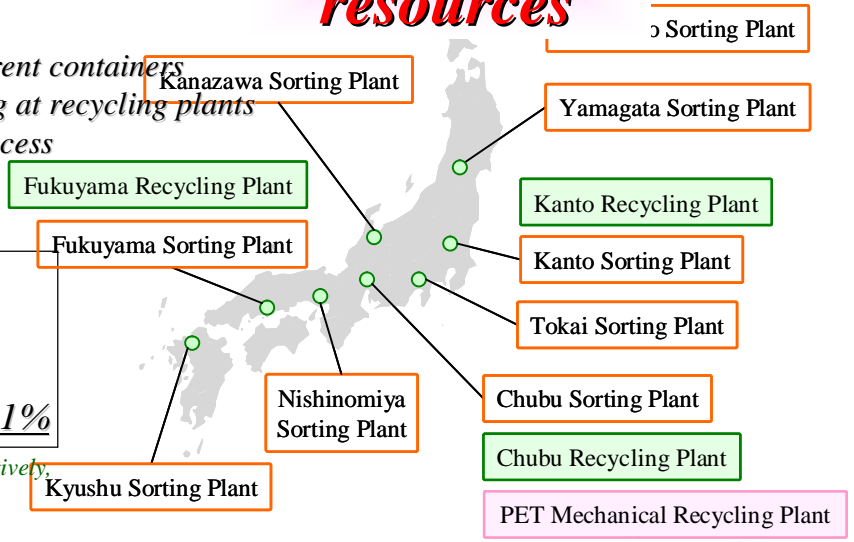
**8,350** tons of used containers collected from **7,900** collection points to attain recycled container sales of **16 billion yen**

Gold Prize Winner in the 2011 Eco Mark Award



- Sorting into formed PS containers and transparent containers
- Sorting and volume reduction before processing at recycling plants
- Involving disabled employees in the sorting process

## Recycling of terrestrial resources



<Sorting Centers' capacity (full-time)>  
 PSP: 26 lines, 10,600 tons a year  
 Transparent containers:  
 13 lines, 1,600 tons a year

**As of the end of March 2011:**  
**670 employees with disabilities**  
 (current number of employees: 395)  
**Mandatory proportion of jobs for the disabled: 16.1%**

\* The figures on the mandatory proportion of jobs and the actual number of employees include 41 and 31 personnel, respectively, concerned with companies in business partnerships.  
 Mandatory proportion of jobs for the disabled = number of jobs in the Group (629) / calculation standard (including part-time workers) (3,914) = 16.1%.

The first commitment period for the 6% reduction target under the Kyoto Protocol expires in 2012.

## Recycling operation to be established for PET transparent containers

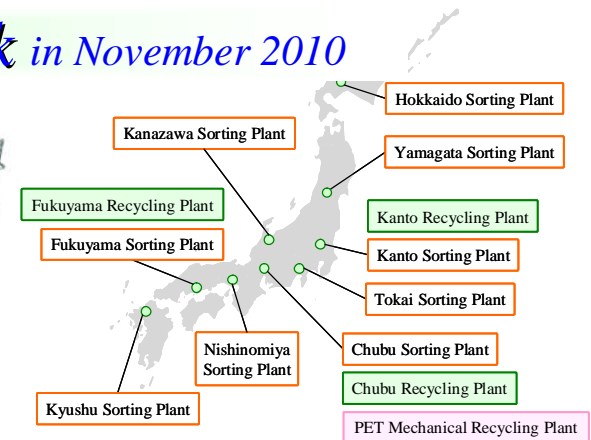
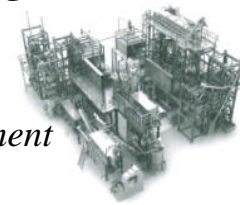
\* The FDA letter of no objection is pending. The acquisition is expected in summer 2011.



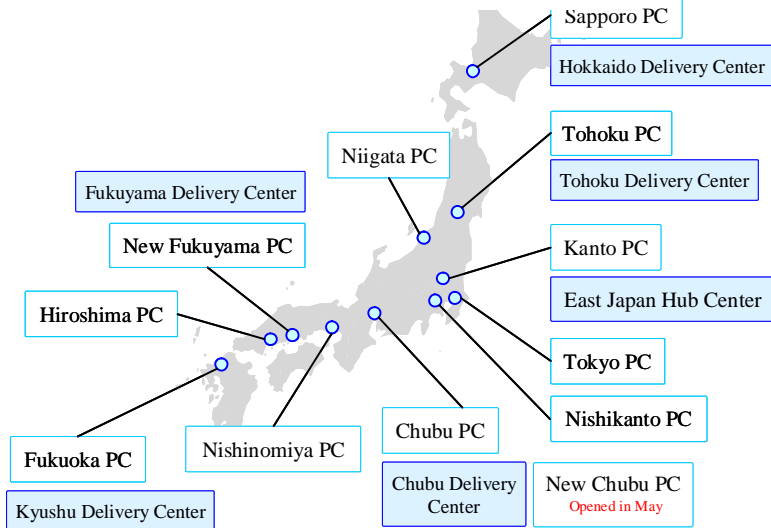
## Completion of construction of the new recycling network in November 2010

- ★ Container collection and sorting centers increased to nine nationwide
- ★ The three recycling plants in the country were renovated.
- ★ Recycling cleaning lines upgraded by introducing more functional equipment
- ★ Establishing an APET mechanical recycling plant

★ A plant to be added in Chubu for launching PET recycling operations



## Improving distribution network



### ★ I Logic Fukuyama Picking Center

Commenced operations in May 2010

2 floors, 7,500 tsubo

Connected to existing building, increasing picking capacity by 50%

### ★ I Logic Chubu Picking Center

Scheduled to start operations in May 2011

Reinforcing picking capabilities for the Chubu and Tokai areas

Picking area: Four floors, approx. 3,800 tsubo

Warehouse area: Three floors, approx. 6,200 tsubo



Total investment:  
¥2.2 billion

### ★ I Logic Kanto Picking Center extension

Scheduled in spring 2012

Creating a picking area in the New Kanto Plant

## Erecting a production base using new sheets

Total investment:  
¥8.5 billion

### ★ New Kanto Plant Scheduled in spring 2012

Construction starting in Apr. 2011, for completion in Apr. 2012

Three floors, approx. 14,200 tsubo (1<sup>st</sup> floor: production, 2<sup>nd</sup> floor: picking, 3<sup>rd</sup> floor: distribution and warehouse)

\* Production of PET biaxially stretched products



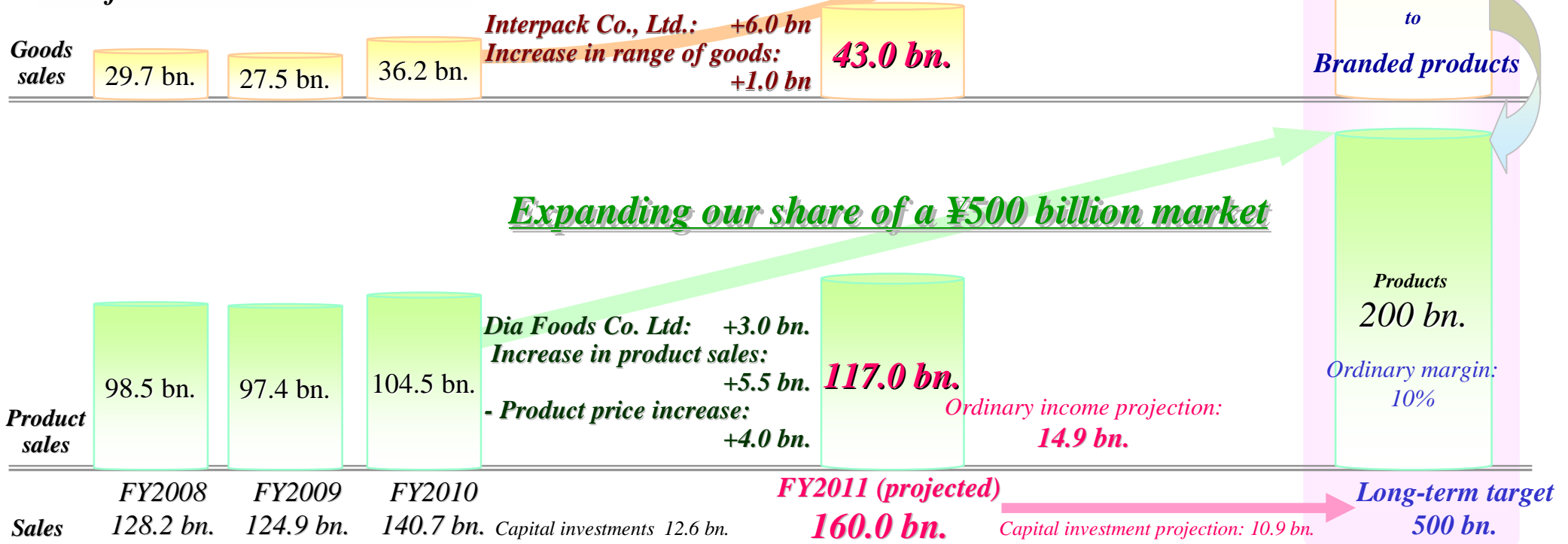
# Working Towards Long-Term Targets



- *Product/material capabilities*
- *Solution capabilities*
- *Procurement capabilities*
- *Distribution capabilities*
- *Environmental management*
- *Social responsibility*
- *Infrastructure*

Taking on a ¥2 trillion market

**Combined capabilities + M&A**



# *Current Performance and Efforts to Increase our Scale of Operations*

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**President & COO  
Morimasa Sato**

# Impacts of the Earthquake and Response

Suspension of four PSP lines at the Tohoku Plant

→ Production shifted to the Yamagata Plant and the Kanto Plant

Suspension of three PET lines at the Shimodate Plant

→ Production at the Yamagata Plant and the Kameoka Plant → Full recovery attained on May 20

Disruption of the distribution infrastructure

→ Recovery of normal shipping operation with the private distribution network on May 22

Load collapse at the East Japan Hub Center

→ Labor-intensive work to achieve restoration

***Comprehensive nationwide production and distribution networks that enabled quick action and early recovery***



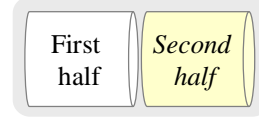
***Energy saving efforts towards constant supply and private power generation in preparation for power supply constraints***

**With 21 private power generators**

# Ordinary Income Projections for Fiscal 2011



Unit: billion yen



Ordinary income for FY ended March 2011: 13.47 bn.

First half of year: 6.88 bn.      Second half of year: 6.64 bn.

Ordinary income for FY ended March 2011: **¥13.47 bn.**

**Increase in raw material: -4.7 bn.**      **Increase in raw material prices: -4.7 bn.**

**Increase in product prices: +4.0 bn.**      **Increase in product prices: +4.0 bn.**

**Impact of increased sales and new products: +1.6 bn.**

**Projected sales for fiscal 2011: ¥160.0 bn. (+14%)**  
 Product sales: **+12%** year-on-year (+12.5 bn.)  
 Sales volume: **+7%** year-on-year  
 Goods sales: **+19%** year-on-year (+6.8 bn.)

**Production improvement: +0.9 bn.**  
**Distribution improvement: +0.4 bn.**  
**Increase in income from group companies: +0.7 bn.**

**Increase in expenses due to strategic investment: -0.6 bn.**  
**Cost increase, etc.: -0.8 bn.**

First half of year: 6.9 bn.      Second half of year: 8.0 bn.  
 +0.1 bn. (1%) year on year      +1.4 bn. (21%) year on year

Ordinary income for FY ending March 2012: **¥14.9 bn.**

**Ordinary income for FY ending March 2012: 14.9 bn.**  
 +1.4 bn. (11%) year on year

- Raw material**  
A price rise began at the beginning of 2011.
- Sales**  
★ Price revision for a 10% increase on average  
★ Sales volume projected to rise 7%  
Increased sales of general-purpose products and market share growth  
Sales of new products are set to increase  
Positive effect of mini fairs
- Improvement in production and distribution**  
Increased sales volume and positive effects of improvement measures
- Group companies**  
In addition to improvement attained by existing group companies, the group companies listed below will make a full-year contribution.  
-ALRight Inc.  
-Interpack Co., Ltd.  
-Dia Foods Co., Ltd.
- Strategic investment**  
- I Logic Chubu Picking Center scheduled in May 2011  
- I Logic Kanto Picking Center extension scheduled in April 2012  
- New Kanto Plant scheduled in April 2012

Capital investment projections: 10.9 bn.

Providing higher-quality products

at the most competitive price

**High quality**

**Price**

**competitiveness**

**Increasing precision  
and sharing information**

**Distribution  
capability**

without fail, when they are wanted

Reinforcing the foundation of our company

Improving our corporate value and competitiveness

## PS

- ◆ **MFP (multi FP)** Heat- and cold-resistant formed sheet

Resistant to a wide range of temperatures: from  $-40^{\circ}\text{C}$  (cold resistance) to  $+110^{\circ}\text{C}$  (heat resistance)

Outstanding thermal insulation: enables containers to be handled straight from the microwave  
unlikely to soften or deform after microwaving



## PET

- ◆ **Monoaxially stretched PET**

Enhanced heat resistance:  $+70^{\circ}\text{C}$

Enhanced strength: enabling weight reduction



- ◆ **Biaxially stretched PET** to be released in spring 2012

Enhanced heat resistance:  $+80^{\circ}\text{C}$

Enhanced strength: enabling further weight reduction

### Features of the biaxially stretched PET

- The same heat resistance and strength as OPS products
- Outstanding material properties such as oil resistance and acid resistance
- Integrated production from sheet extrusion to molding
- Same cost as OPS

## PP

- ◆ **Heat-resistant transparent PP**

Heat resistant to  $+110^{\circ}\text{C}$

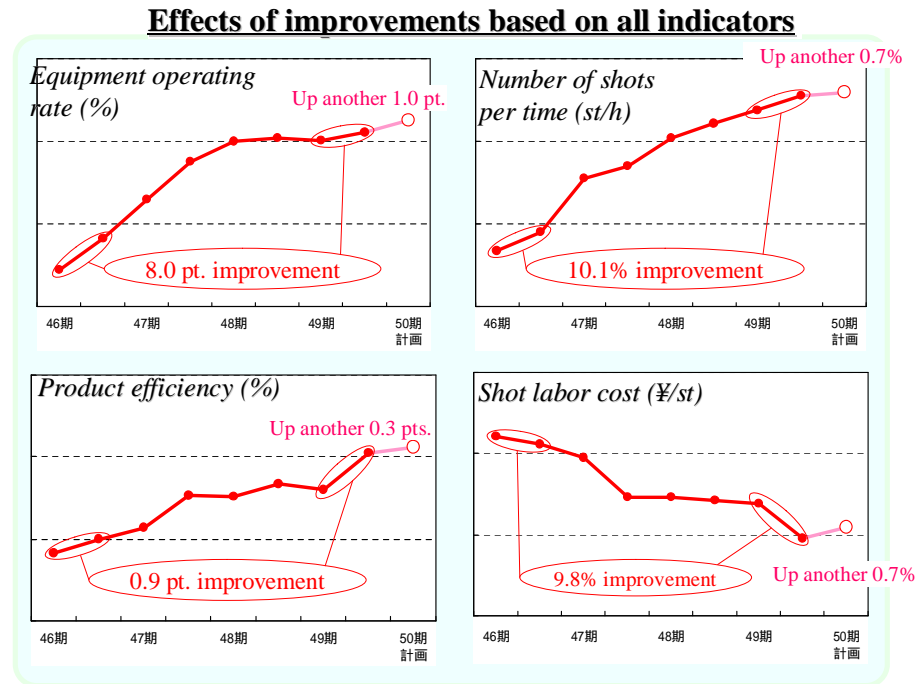
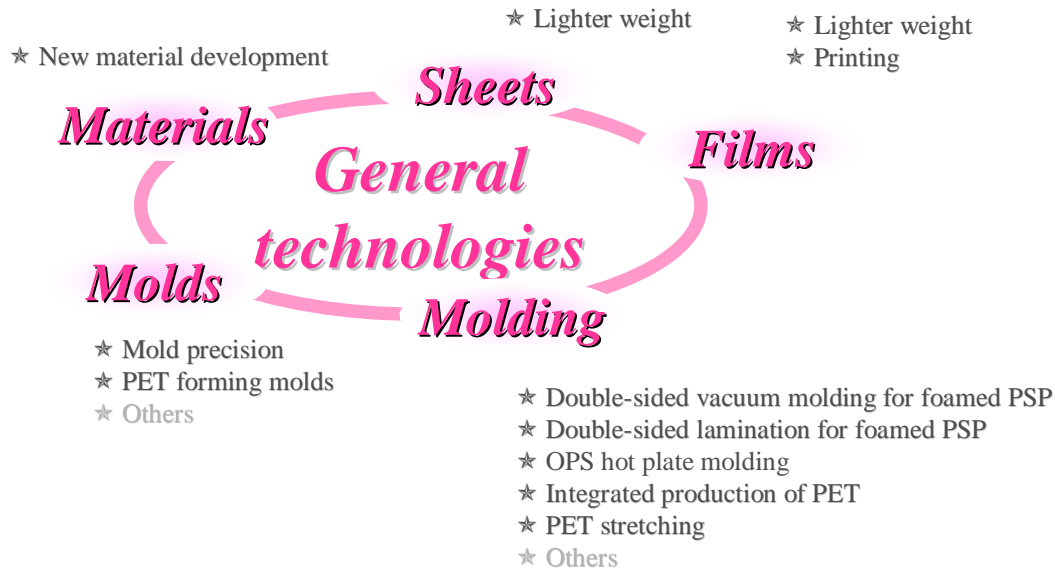
Enhanced transparency: Haze value of 1.5

- ◆ **New foam**

From 1.8x forming to 3.5x foaming



## **Five new sheets for higher market share**

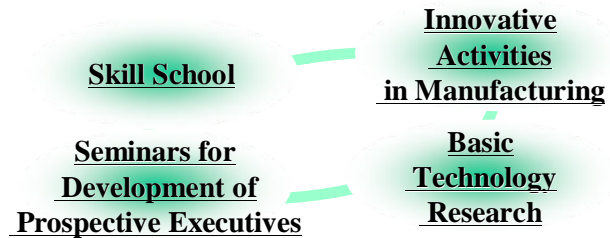


## New features

- ◎ Leak-resistant - PP prepared food containers
- APET deli containers
- ◎ Non-slip - PSP design containers
- ◎ Reusable - Screw-top containers



\* Further enhancing the competitiveness of general-purpose products \*



- ★ Manufacturing products with a comprehensive competitive advantage in price, quality, and functions
- ★ General technologies for continued cost cutting and functional advancement



*New Product Development*

*Needs & Claims*

*Information Gathering*

**Customer Visits**

- Selling space information
- Information on hot items
- others



*Proposals & Information Offering*

*Information Sharing & Analysis*

- FPCO Fairs
- Product proposal meetings
- Thematic proposals
- Proposals on product development and selling space creation
- others

- Ure-Navi
- Examples of customer uses
- Examples of proposals
- others




**FPCO Mini Fairs Spring 2011**

In Tokyo, Nagoya, Osaka & Fukuoka in Feb.-Mar. 2011

Attracting a cumulative total of 12,400 visitors (up 32% from the previous mini fairs)



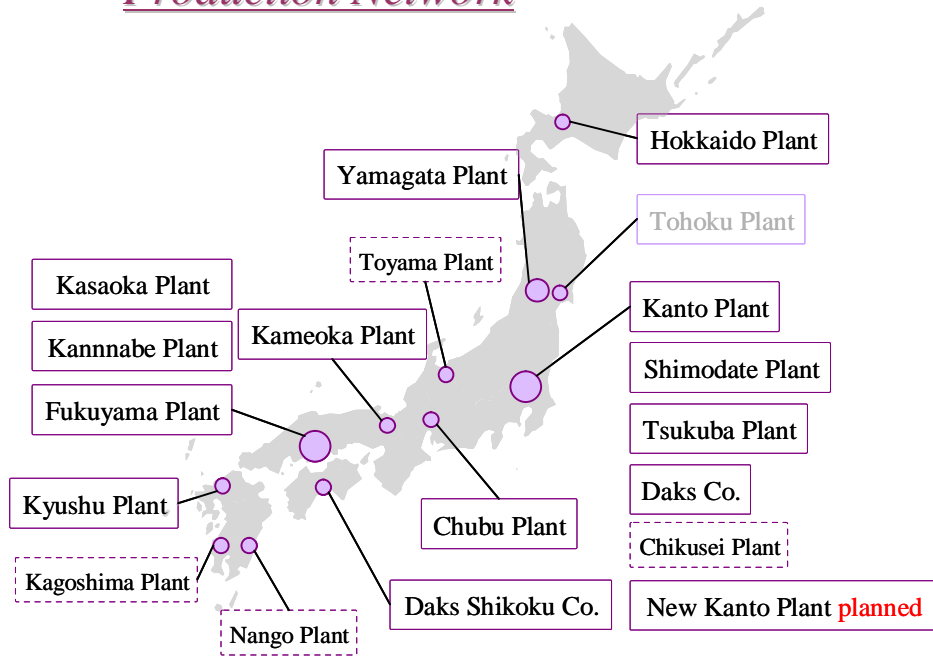
***Taking a comprehensive hands-on approach to gather information and to propose solutions to problems***



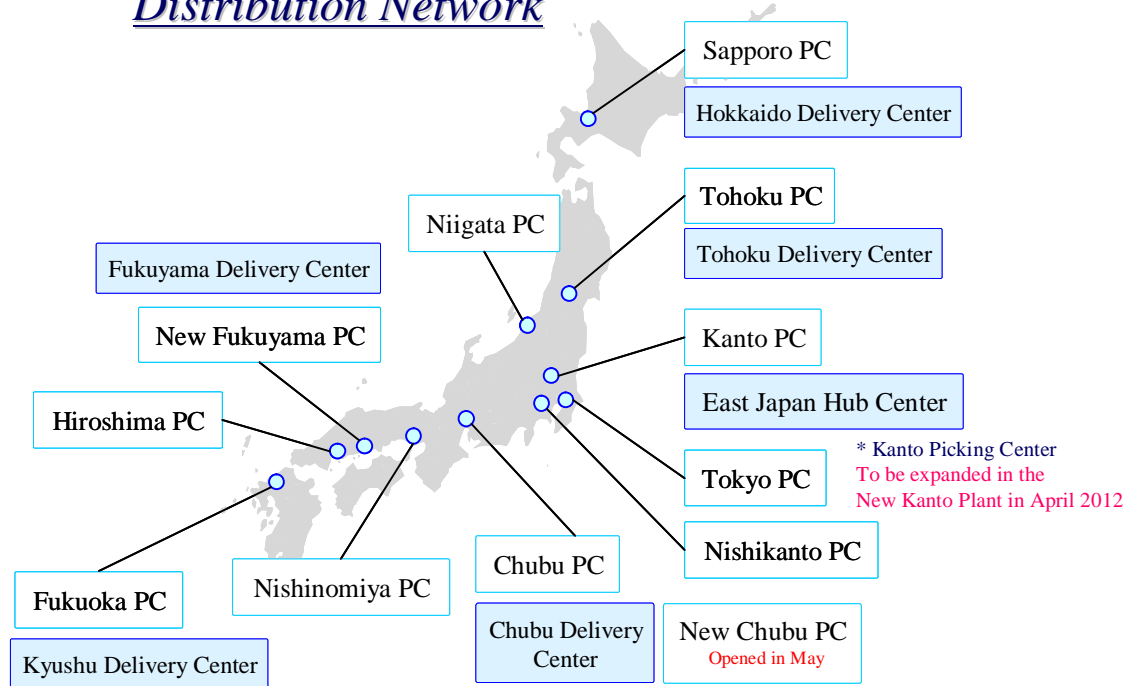
# Comprehensive Nationwide Production & Distribution Networks



## Production Network



## Distribution Network



★ **Aim for production at bases** ★

Average for FY ended March 2011

**FLB**

Ratio of production in demand regions:

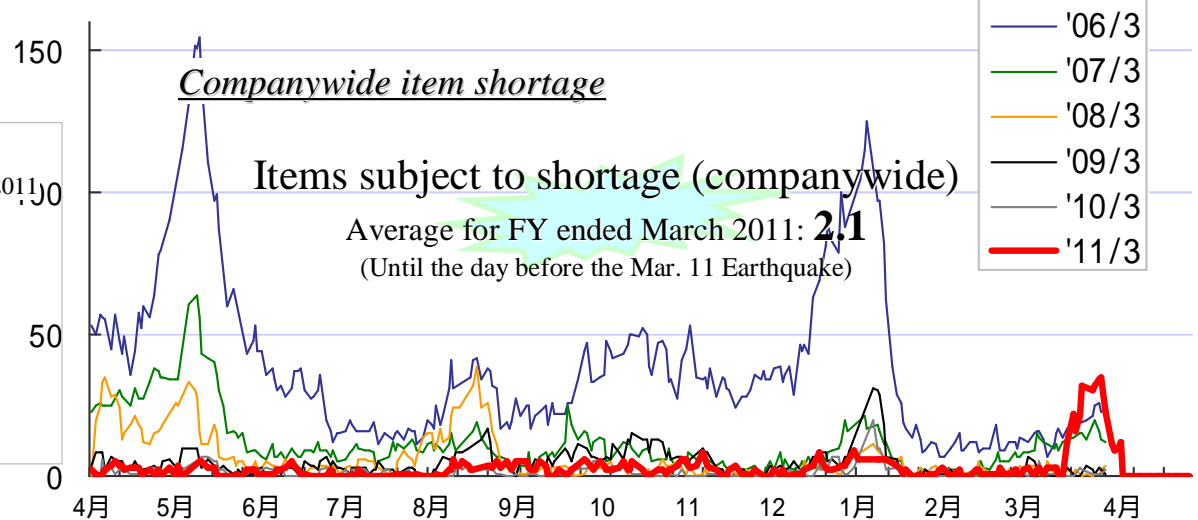
**97.63%**

Ratio of quantity subject to internal transportation:

**2.08%**

Ratio of shipments from other bases or on other routes:

**0.29%**



## Network Enhancement for Expanding Picking Operations

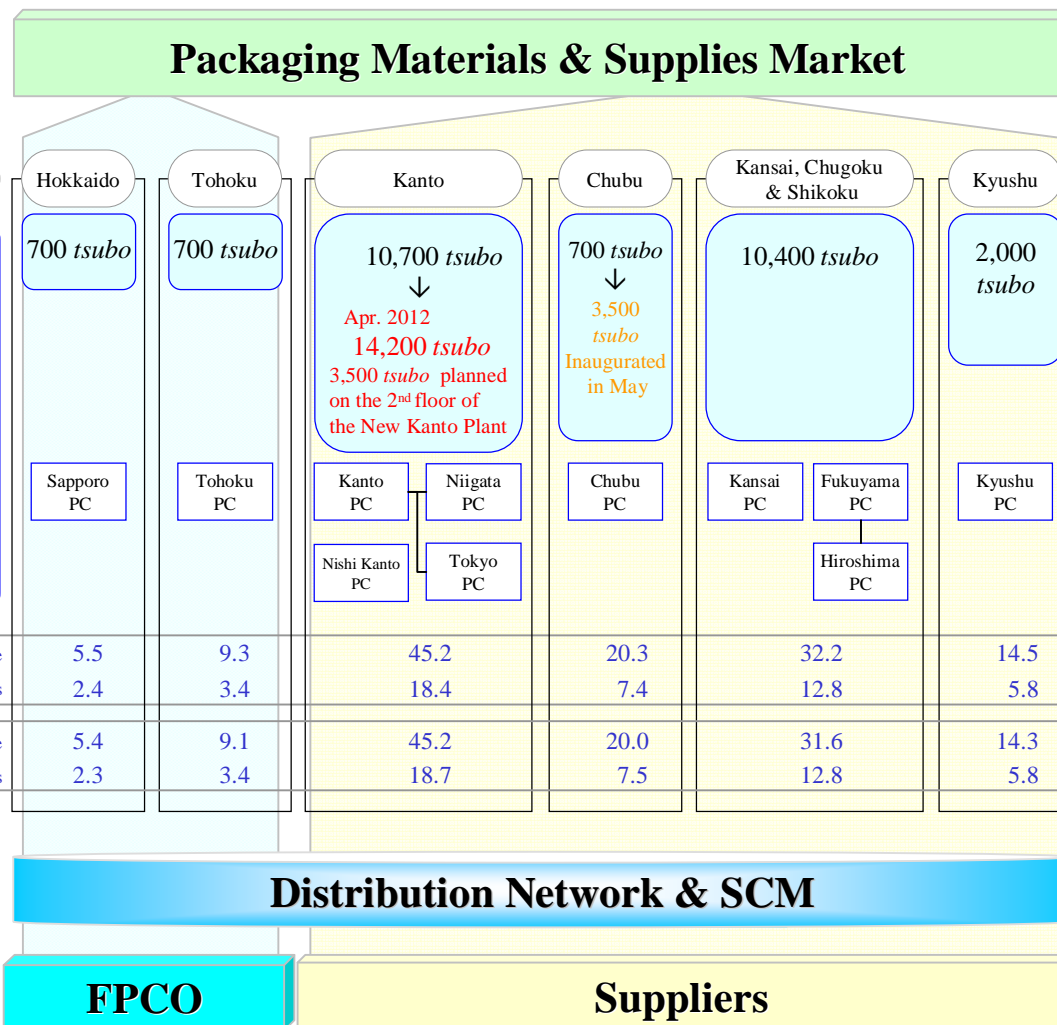
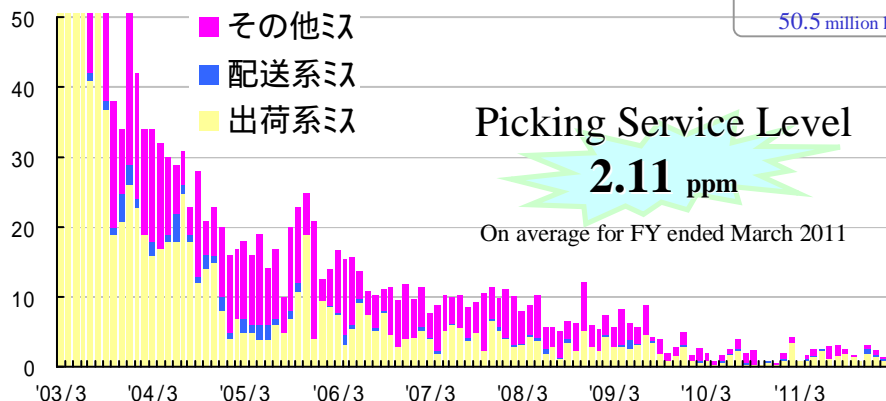
A comprehensive nationwide distribution network



### Picking Operations Data

- 28,000 different items handled
- 5.8 million items shipped per month
- Shipped to 6,500 destinations of 260 companies

### Trend in picking service level



# New Recycling Network

**Approx. 7,900 collection points**



Collecting 8,350 tons of used containers using returning trucks after delivery

## Nine sorting centers

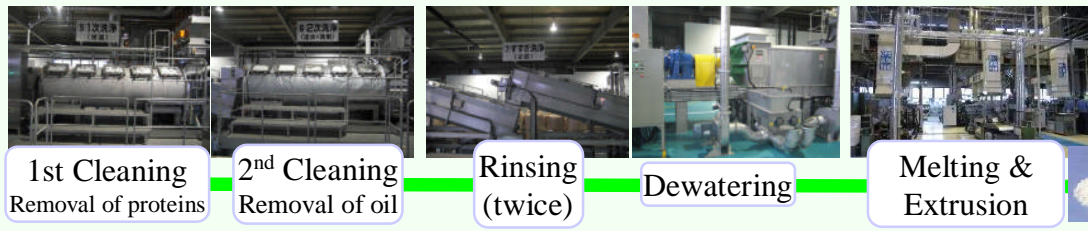


- ★ *Sorting and volume reduction of foam trays and transparent containers*
  - Foam trays: sorted into white ones and color ones
  - Transparent containers: sorted by material  
→ Volume reduction after sorting
- ★ *Personnel with disabilities involved in the sorting process*



Volume reduction, followed by transport to recycling plants

## Three recycling plants



Recycled container sales of **¥16 bn.**

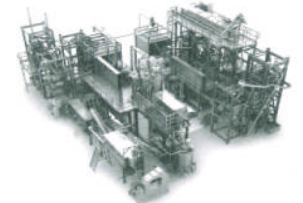


**Gold Prize Winner in the 2011 Eco Mark Award**

# Recycling of terrestrial resources



As of the end of March 2011:  
670 employees with disabilities  
 (current number of employees: 395)  
Mandatory proportion of jobs for the disabled: 16.1%



\* The figures on the mandatory proportion of jobs and the actual number of employees include 41 and 31 personnel, respectively, concerned with companies in business partnerships.  
 Mandatory proportion of jobs for the disabled = number of jobs in the Group (629) / calculation standard (including part-time workers) (3,914) = 16.1%.

***Making the environment and disabled employees an integrated part of our operations***

# Nine Sorting Centers



## Lines for sorting foamed PS containers by color

### *Manually sorting into white and color*



<Nine Sorting Centers' capacity (full-time)>

PSP: 26 lines, 10,600 tons a year

Transparent containers:

13 lines, 1,600 tons a year

### Disabled employees engaged in

- Sorting foamed PS containers by color
- Aligning transparent containers

## Lines for sorting transparent containers by material

### *Near infrared sorting by material*

Transparent container materials: OPS, PET, PP, PVC, Crystar, etc.



Aligning transparent containers

Near infrared sorting by material

Sorting by material



Collection

Sorting



- Foamed PS containers
- OPS transparent containers
- PET transparent containers



Volume Reduction



To Recycling Plants



# Three Recycling Plants



## Sorting Centers



Volume reduction & transport

- Foamed PS containers
- OPS transparent containers

- PET transparent containers

<Total capacity of the three recycling plants>

PS: 5,000 tons a year (full-time)

PET: 7,200 tons a year

## Recycling Plant

Hot water and alkali cleaning

### PS Container Recycling Line



1st Cleaning  
Removal of proteins

2nd Cleaning  
Removal of oil

Rinsing  
(twice)

Dewatering

Melting & Extrusion



PS Pellets



Sales of ¥16 bn.

### PET Mechanical Recycling Line



PET bottle sorting line

Ultra-cleaning system

Volatile matter removal system

PET Flakes



Working towards creating recycled PET trays

**Recycling operation to be established for PET transparent containers**

\* The FDA letter of no objection is pending. The acquisition is expected in the summer of 2011.

- PET bottles

## Improvement of management efficiency and market expansion

Jun. 1, 2009: Took over packaging operations from Taiyo Kogyo Corporation

- Containers and film for agricultural goods
- Attracting customers in producing regions

Product sales: ¥2 bn.

Oct. 1, 2009: Took over operations from Nippon Pearl Container Co., Ltd. and invested in Toyama Yoseisya Co., Ltd.

- Turning food processing manufacturers into customers
- Paper containers

Product sales: ¥4 bn.

Apr. 1, 2010: Took over purchasing operations from Yuka Shoji Co., Ltd.

- Procurement of packaging materials and supplies

Goods handled: ¥6 bn.

Jun. 1, 2010: Incorporated ALRight Inc. into group

- Leading polystyrene film manufacturer

Oct. 1, 2010: Incorporated Interpack Co., Ltd. into group

- Major packing material wholesaler based in the Kanto region

Goods sales: ¥12 bn.

Dec. 1, 2010: Incorporated Dia Foods Co., Ltd. into group

- The second-largest market share in egg boxes
- Containers for agricultural goods
- VRV-based PET containers and polylactic acid containers

Product sales: ¥4 bn.

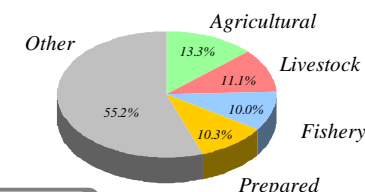
Gaining ground in new fields

Addressing new markets

- Agricultural goods
- Containers, film and egg boxes
- Paper containers



Food product sales in chain stores



Product/material appeal

- Increasing product appeal
- Streamlining indirect material procurement

Procurement capability

Wholesalers support

A foothold for the 2 trillion yen market

- Improving procurement capability
- Capitalizing on distribution infrastructure

**Harnessing synergy to boost products and goods sales**

# Actions for Expanding the Scale of the Company

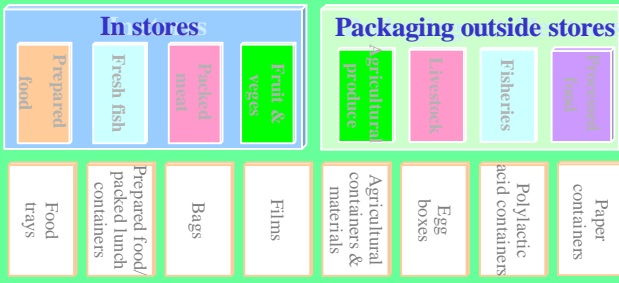


Market scale: Over ¥2 trillion

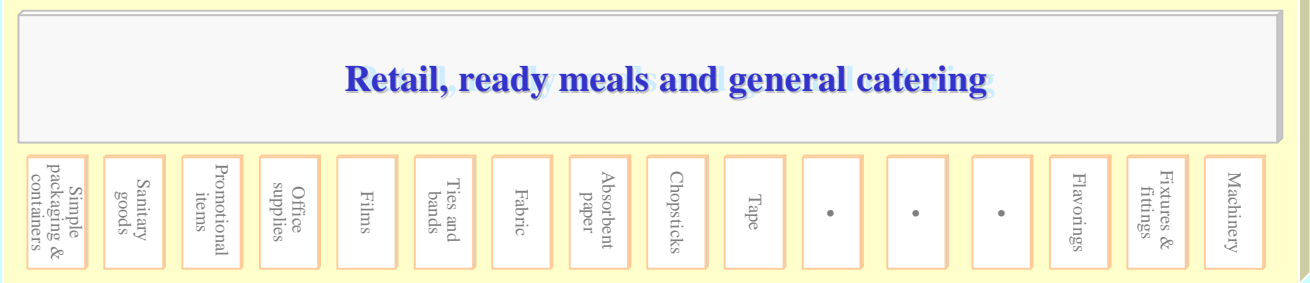
## Market for packaging materials and supplies

Market size: ¥500 billion

### Containers for simple packaging



### Supplies and packaging materials/equipment



Bolstering our competitive edge in specialty areas

Gaining ground in new fields

World-first materials and capabilities

Alliances and M&A

Wholesalers support

December 1, 2010  
Dia Foods Co., Ltd. incorporated into group

October 1, 2009  
Took over operations at Nihon Pearl Containers Co., Ltd.

June 1, 2009  
Took over packaging material division of Taiyo Kosan Co., Ltd.

October 1, 2010  
Interpack Co., Ltd. incorporated into group

I Logic Fukuyama Picking Center:  
Operations commenced in May 2010.  
I Logic Chubu Picking Center  
Operations scheduled to commence in May 2011.

### Distribution network & SCM

Product/material development capabilities

Solution capabilities

Procurement capabilities

Distribution capabilities

Environmental management

Social responsibility

Infrastructure

June 1, 2010  
ALRight Inc. incorporated into group

April 1, 2010  
Took over purchasing operations from Yuka Shoji Co., Ltd.

Launch of the new recycling network  
Opening of PET mechanical recycling plant

Suppliers

# Large-Scale Investments



★ I Logic Chubu Picking Center Inauguration scheduled in May 2011

## Second Chubu Distribution Center

Total investment: ¥2.2 bn.

- Enhancing picking functions in the Chubu/Tokai area
- Picking area: 3,800 *tsubo* in total on four floors
- Warehouse area: 6,200 *tsubo* in total on three floors



## Completion of a major production, distribution, and recycling base in Chubu

## ★ New Kanto Plant

Total investment: ¥8.5 bn.

- Construction to commence in Apr. 2011 and to finish in Apr. 2012
- 14,200 *tsubo* in total on three floors
- State-of-the-art facility with an emphasis on the environment, energy conservation, and hygiene (e.g. rooftop garden, solar power generation, and positive pressure ventilation)

1<sup>st</sup> Fl.: Production facilities (5,000 *tsubo*)

- PET biaxial stretching equipment
- PET hot plate molding equipment
- PSP vacuum molding equipment
- ← transferred from Kanto Plant I

2<sup>nd</sup> Fl.: Picking (3,500 *tsubo*)

Preparation for expansion of picking operations

3<sup>rd</sup> Fl.: Warehouse facilities (4,500 *tsubo*)

- Reducing external warehousing costs
- Improving internal distribution efficiency

Upgrading Kanto Plant I into a state-of-the-art facility



## Features of the biaxially stretched PET

- Same heat resistance and strength as OPS products
- Outstanding material properties such as oil resistance and acid resistance
- Integrated production from sheet extrusion to molding
- Same cost as OPS



## Adding a new production base using new sheets and extending picking operations in Kanto

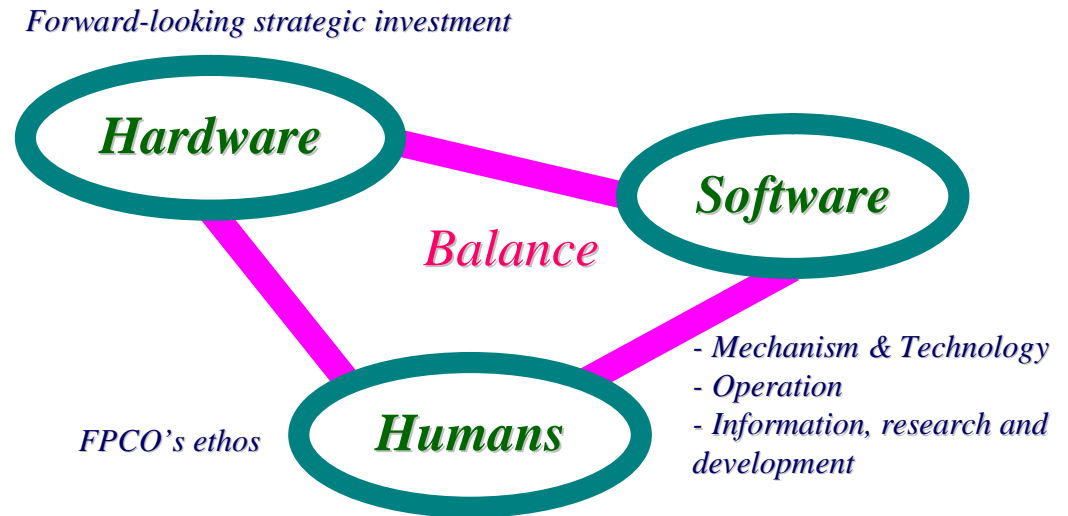


- *Product/material capabilities*
- *Solution capabilities*
- *Procurement capabilities*
- *Distribution capabilities*
- *Environmental management*
- *Social responsibility*
- *Infrastructure*

**Combined capabilities**

+

**Corporate integration**



***A comprehensive hands-on approach and proposals of solutions to problems***  
***Balance between people, hardware, and software***

***Establishing an even stronger competitive advantage and harnessing combined groupwide capabilities to lead the industry***

***Continual growth and creativity***

# Information on the Facility Tour

**The facility tour of our plants and centers in Chubu will take place on July 4, 2011.**

- ★ **Sorting Center** - Sorting foamed PS containers by color  
- Sorting transparent containers by material
- ★ **Recycling Plant** - PS container recycling  
- PET container recycling



PET Mechanical Recycling Plant

- ★ **I Logic Chubu Picking Center**  
**Chubu Distribution Center II**

- ★ **Chubu Plant II** - PSP (foamed PS) container production



**An opportunity to take a look at the state-of-the-art production, distribution, recycling operations**



- I Logic Chubu Picking Center
- Chubu Distribution Center II

Meet us at Gifu Hashima Station on JR Central Lines around 1 p.m.  
After the tour, we will conclude at the same station around 5 p.m.

# *Supporting Data 1*

Forecast for Fiscal Year ending March 2012

# Sales Plan (for Fiscal Year Ending March 2012)



Unit: million yen	Performance		Projected				Medium-term		
	FY ended March 2011	Percentage	FY ending March 2012	Percentage	Increase/decrease	Year-on-year	Percentage	Year-on-year	
Trays	26,866	19.1	29,000	18.1	+2,133	107.9%	14,214	18.4	106.2%
Lunchbox containers	73,039	51.9	81,750	51.1	+8,710	111.9%	39,700	51.4	109.2%
Other products	4,645	3.3	6,250	3.9	+1,604	134.5%	2,420	3.1	148.4%
[Products total]	104,551	74.3	117,000	73.1	+12,448	111.9%	56,334	73.0	109.6%
Packaging materials	27,292	19.4	34,000	21.3	+6,707	124.6%	16,350	21.2	157.9%
Other goods	8,876	6.3	9,000	5.6	+123	101.4%	4,500	5.8	101.9%
[Goods total]	36,168	25.7	43,000	26.9	+6,831	118.9%	20,850	27.0	141.1%
[Sales]	140,720	100.0	160,000	100.0	+19,279	113.7%	77,184	100.0	116.7%

## ■ Products

- We are aiming to increase shipment volumes by 7% year-on-year.
- We intend to increase our share of existing markets through initiatives such as developing lightweight products, promoting replacement materials and developing new materials and functions.
- We are aiming to expand the market through application development.

## ■ Goods

- We aim to make the most of Group's procurement capabilities and distribution network to increase the handling volume.

# Outline of Plan for Account Settlement (for Fiscal Year Ending March 2012)



Unit: million yen	Performance		Projected						
	FY ended March 2011	Percentage	FY ending March 2012	Percentage	Increase/decrease	Year-on-year	Medium-term	Percentage	Year-on-year
[Net sales]	140,720	100.0	160,000	100.0	+19,279	113.7%	77,184	100.0	116.7%
Sales of products	104,551	74.3	117,000	73.1	+12,448	111.9%	56,334	73.0	109.6%
Sales of goods	36,168	25.7	43,000	26.9	+6,831	118.9%	20,850	27.0	141.1%
[Operating income]	13,058	9.3	14,494	9.1	+1,435	111.0%	6,692	8.7	101.1%
[Ordinary income]	13,465	9.6	14,900	9.3	+1,434	110.7%	6,900	8.9	101.0%
[Net income]	7,959	5.7	8,600	5.4	+640	108.0%	3,980	5.2	99.4%

- Sales:** We are aiming to increase our share of existing markets and develop applications in order to break into new markets. We intend to fully harness the group's distribution network in order to increase the volume of items handled.
- Technologies:** We will install state-of-the-art facilities, upgrade existing facilities and promote technological innovation through initiatives such as developing lightweight products, promoting replacement materials and developing new materials and functions.
- Production:** We will improve productivity and quality whilst also increasing production capacity and optimizing production bases in response to increased demand.
- Distribution:** We will continue to improve our distribution network to reduce total costs and to achieve enhanced quality in the overall distribution process, preparing for growth in picking demand.
- Environment:** We will strive for further development of a recycling society by accelerating our new activities (voluntary collection of transparent containers) in addition to voluntary collection of foamed polystyrene food trays.

# Plan for Capital Investment and Research and Development Cost (for Fiscal Year Ending March 2012)



Unit: million yen		Performance	Projected				
		FY ended March 2011	FY ending March 2012	Increase/ decrease	Year-on-year	Medium-term	Year-on-year
Capital investment		12,585	10,910	- 1,675	86.7%	6,330	101.9%
	Tangible fixed assets	12,352	10,620	- 1,732	86.0%	6,180	101.5%
	Intangible fixed assets	232	290	+ 57	124.5%	150	118.3%
	Depreciation and amortization	9,316	10,030	+ 713	107.7%	4,820	112.7%
	Research and development cost	1,101	970	- 131	88.1%	470	79.9%

\* Capital investment figures refer to all investments, including leasing and procurement.

## Major capital investments

- ◆ PET Mechanical Recycling Plant      ¥745 million      (Total investment in the second machine: ¥1,215 million)  
Scheduled to commence operations in May 2012
- ◆ I Logic Chubu Picking Center      ¥1,207 million      (Total investment: ¥2,238 million)  
Scheduled to commence operations in May 2011
- ◆ New Kanto Plant      ¥2,932 million      (Total investment: ¥8,500 million)  
Scheduled to commence operations in April 2012
- ◆ Mold      ¥1,832 million
- ◆ IT investment      ¥416 million

# *Supporting Data 2*

# Ongoing Factors Influencing Ordinary Income



Unit: 100 million yen

	41st term	42nd term	43rd term	44th term	45th term	46th term (FY ended March 2008)			47th term (FY ended March 2009)			48th term (FY ended March 2010)			49th term (FY ended March 2011)			50th term (FY ending March 2012) (projected)		
						1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
<b>Ordinary income for previous year</b>	<b>63.1</b>	<b>28.6</b>	<b>33.6</b>	<b>36.3</b>	<b>66.5</b>	<b>43.4</b>	<b>37.8</b>	<b>81.2</b>	<b>32.0</b>	<b>32.5</b>	<b>64.5</b>	<b>39.2</b>	<b>53.7</b>	<b>92.9</b>	<b>60.1</b>	<b>62.1</b>	<b>122.2</b>	<b>68.3</b>	<b>66.4</b>	<b>134.7</b>
Impact of increase in raw material prices	-6.0	-13.8	-36.5	-10.0	-13.0	-19.0	-20.5	-39.5	-14.0	-23.0	-37.0	-25.0	-	-25.0	-	-	-	-	-	-
									Decrease in raw material prices			+44.0	+34.0	+78.0	-	-	-	-	-	-
Increase in product prices	-25.0	+7.7	+29.2		+4.0	-	+9.0	+9.0	+14.0	+24.0	+38.0	+25.0	-	+25.0	-	-	-	+15.0	+25.0	+40.0
									1st product price reduction			-24.0	-20.0	-44.0	-	-	-	-	-	-
									2nd product price reduction			-10.0	-9.0	-19.0	-	-	-	-	-	-
									Raw material price increase			-6.0	-13.0	-19.0	-11.0	-12.0	-23.0	-22.0	-25.0	-47.0
Increase in prices/ improvements to product mix		+45.0		+17.5	+5.8	+2.0	+1.0	+3.0	+4.5	+2.5	+7.0	+3.0	+3.0	+6.0						
Raw material replacement and lighter-weight products			+2.0	+8.0	+8.6	+3.0	+8.8	+11.8	+6.0	+18.5	+24.5	+14.0	+6.0	+20.0	+11.0	+10.5	+21.5	+6.0	+10.0	+16.0
Production improvement	+2.4	-0.6	-2.0	+6.0	+8.7	+2.0	+1.0	+3.0	+0.5	+2.0	+2.5	+4.5	+5.0	+9.5	+6.0	+6.0	+12.0	+4.0	+5.0	+9.0
Distribution improvement	+0.3	-14.0	+12.2	+5.5	+8.0	+2.5	+3.2	+5.7	+1.8	+3.2	+5.0	+4.5	+5.0	+9.5	+4.0	+4.0	+8.0	+2.0	+2.0	+4.0
Increase in profit from group companies												+2.5	+2.5	+5.0	+2.0	+3.5	+5.5	+4.0	+3.0	+7.0
Profit from the sale of artwork			+1.0	-1.0					+4.0		+4.0	-4.0	-	-4.0	-	-	-	-	-	-
Cost increase	-6.2	-19.3	-3.2	+4.2	-7.4	-1.9	-7.8	-9.7	-9.6	-6.0	-15.6	-7.6	-5.1	-12.7	-4.0	-7.5	-11.5	-8.0	-6.0	-14.0
<b>Ordinary income</b>	<b>28.6</b>	<b>33.6</b>	<b>36.3</b>	<b>66.5</b>	<b>81.2</b>	<b>32.0</b>	<b>32.5</b>	<b>64.5</b>	<b>39.2</b>	<b>53.7</b>	<b>92.9</b>	<b>60.1</b>	<b>62.1</b>	<b>122.3</b>	<b>68.3</b>	<b>66.4</b>	<b>134.7</b>	<b>69</b>	<b>80</b>	<b>149</b>



# Impact of Fluctuations in Raw Material Prices



Unit: billion yen

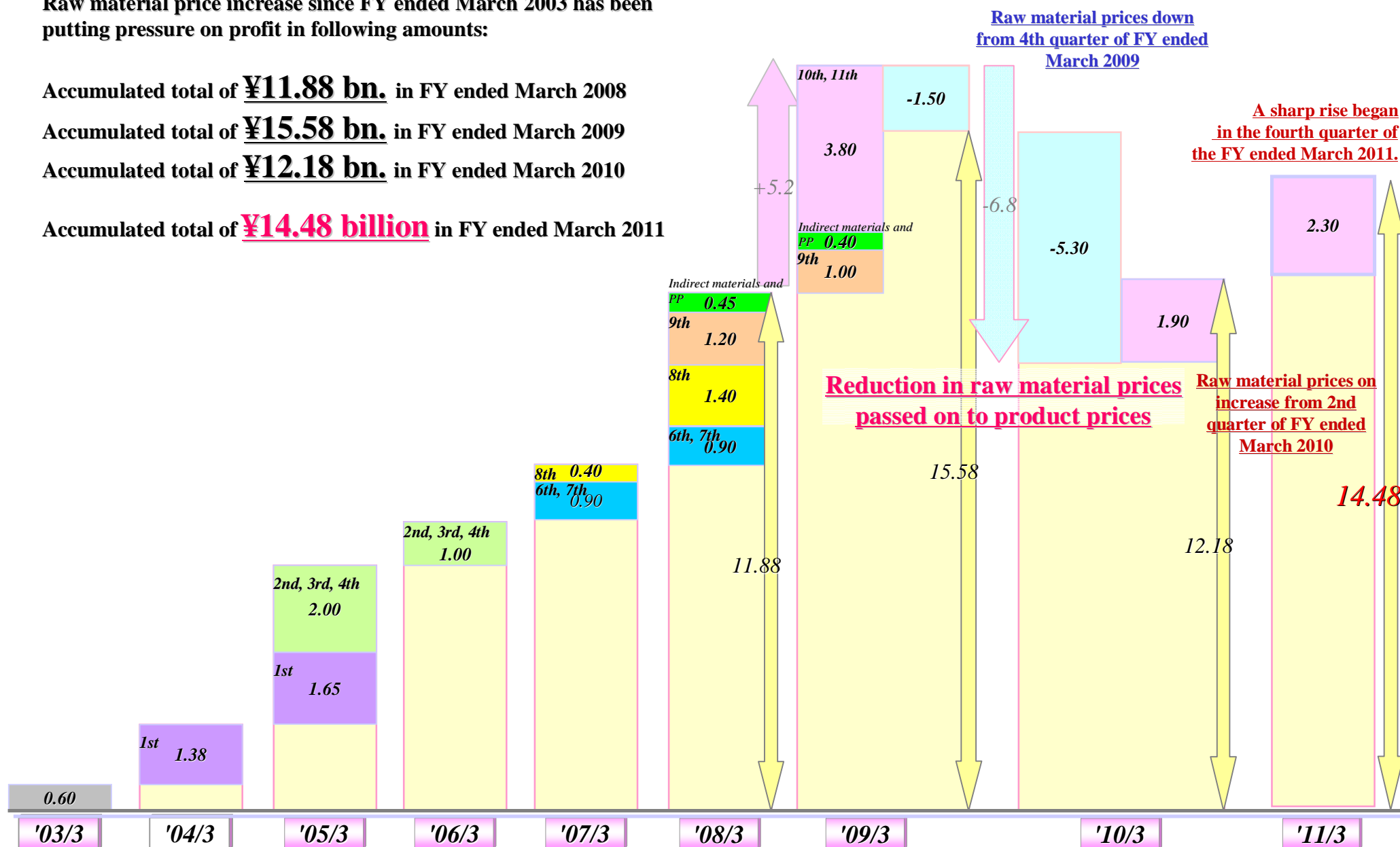
Raw material price increase since FY ended March 2003 has been putting pressure on profit in following amounts:

Accumulated total of **¥11.88 bn.** in FY ended March 2008

Accumulated total of **¥15.58 bn.** in FY ended March 2009

Accumulated total of **¥12.18 bn.** in FY ended March 2010

Accumulated total of **¥14.48 billion** in FY ended March 2011



# Internal Improvement Measures



Unit: billion yen

## Shift to thinner, lighter products, replacement of materials

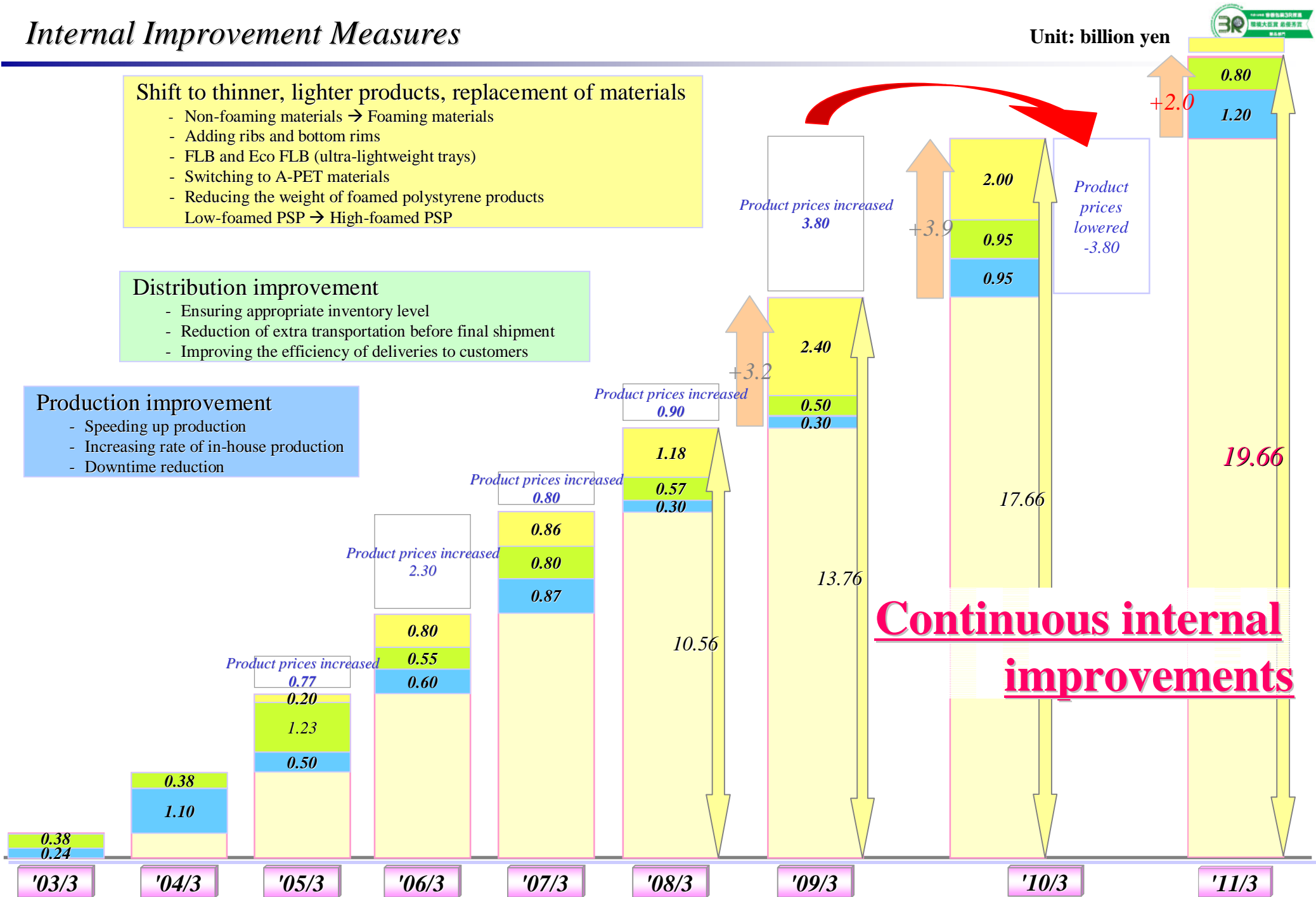
- Non-foaming materials → Foaming materials
- Adding ribs and bottom rims
- FLB and Eco FLB (ultra-lightweight trays)
- Switching to A-PET materials
- Reducing the weight of foamed polystyrene products
- Low-foamed PSP → High-foamed PSP

## Distribution improvement

- Ensuring appropriate inventory level
- Reduction of extra transportation before final shipment
- Improving the efficiency of deliveries to customers

## Production improvement

- Speeding up production
- Increasing rate of in-house production
- Downtime reduction



**Continuous internal improvements**

# Trends in Capital Investment and R&D Costs



	FY ended March 2003	FY ended March 2004	FY ended March 2005	FY ended March 2006	FY ended March 2007	FY ended March 2008	FY ended March 2009	FY ended March 2010	FY ended March 2011	Plan for FY ending March 2012	
Production	Yamagata Plant				Shimodate Daini Plant	Chubu Daini Plant	Kyushu Daini Plant	Taiyo Kosan Wood Plant	Nihon Pearl Containers Food container facilities Hokkaido Plant extension	Dia Foods ALRight	New Kanto Plant
							Strengthening of transparent containers >				
Distribution	East Japan Hub Center	Kyushu HC	Kansai PC		Kanto Yachiyo Center			New Fukuyama Picking Center			
			Hokkaido HC			Shin Hokkaido HC			New Chubu Picking Center		Kanto PC extension
							Improving the distribution network >				
Recycling					Chubu, Tohoku & Kyushu Recycling Plants			Nationwide expansion of container sorting centers Equipment renewal of cleaning lines			
								Chubu Recycling Plant			
									Construction of a new recycling network >		
										Chubu PET Mechanical Recycling Plant	
											PET recycling operations >
Other investments and costs					Tokai HC	Head Office	Land & building in Fukuyama			Yuka Shoji	
							Land for New Kanto Plant	Land & building in Chubu		Interpack	
Capital investment	7,096	5,037	2,742	2,394	9,885	10,909	13,007	9,090	12,585	10,910	
Tangible	6,138	4,248	2,621	2,156	9,523	10,655	12,166	8,827	12,352	10,620	
Intangible	958	789	120	238	362	254	841	263	233	290	
Figures for molds only	780	460	436	550	771	609	1,892	1,507	1,833	1,832	
Lease procurement of molds	937	800	983	1,440	1,533	1,581	(1,274)	(82)	(0)	(0)	
Depreciation and amortization	3,339	4,210	4,134	3,965	4,194	4,742	8,467	8,461	9,316	10,030	
							Depreciation and amortization by old standard (Reference)	4,785	5,091	6,324	7,470
Research and development	654	628	689	751	895	913	965	1,035	1,101	970	

FY ended March 2003    FY ended March 2004    FY ended March 2005    FY ended March 2006    FY ended March 2007    FY ended March 2008    FY ended March 2009    FY ended March 2010    FY ended March 2011    Plan for FY ending March 2012

Capital investment figures from FY ending March 2009 onwards refer to all investments, including leasing and procurement.

# Breakdown of Products According to Material

