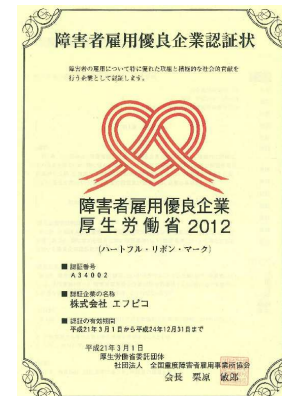


# ***FY2012***

## ***2nd Quarter Results Briefing***

**FP Corporation**  
**Nov 14, 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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## ◆ Working Towards Medium- and Long-Term Targets

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# **Performance Report**

## ***Interim Results for Fiscal 2011***

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

# Sales (First half of fiscal year ending March 2012)

Unit: million yen	2nd Quarter(actual)						Growth rate (volume)	2nd Quarter(projected)		
	Fyended Marche 2011	percentage	Fyended Marche 2012	percentage	Increase/decrease	Year-on-year		Fyended Marche 2012	percentage	Achievement rate
Trays	13,927	21.1	14,198	18.5	+ 271	102.0%	104.4%	14,214	18.4	99.9%
Lunchbox Containers	35,820	54.1	37,680	49.0	+ 1,860	105.2%	106.4%	39,700	51.4	94.9%
<b>total</b>	<b>49,747</b>	<b>75.2</b>	<b>51,879</b>	<b>67.5</b>	<b>+ 2,132</b>	<b>104.3%</b>	<b>105.6%</b>	<b>53,914</b>	<b>69.9</b>	<b>96.2%</b>
other products	1,630	2.5	3,878	5.0	+ 2,247	237.8%		2,420	3.1	160.3%
<b>[Products total]</b>	<b>51,378</b>	<b>77.7</b>	<b>55,757</b>	<b>72.5</b>	<b>+ 4,379</b>	<b>108.5%</b>		<b>56,334</b>	<b>73.0</b>	<b>99.0%</b>
Packaging materials	10,357	15.7	16,688	21.7	+ 6,331	161.1%		16,350	21.2	102.1%
other goods	4,416	6.7	4,436	5.8	+ 20	100.5%		4,500	5.8	98.6%
<b>[Goods total]</b>	<b>14,773</b>	<b>22.3</b>	<b>21,125</b>	<b>27.5</b>	<b>+ 6,351</b>	<b>143.0%</b>		<b>20,850</b>	<b>27.0</b>	<b>101.3%</b>
<b>[Sales]</b>	<b>66,151</b>	<b>100.0</b>	<b>76,882</b>	<b>100.0</b>	<b>+ 10,731</b>	<b>116.2%</b>		<b>77,184</b>	<b>100.0</b>	<b>99.6%</b>

## ■ Products

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

- Shipments: 5.6% growth year-on-year
- Trays: Driven by the growth of general-purpose trays  
Brisk sales of PET trays with strength enhanced and weight reduced by mono-axial stretching
- Lunchbox and prepared food:  
Brisk sales earned by multi-FP heat- and cold-resistant foamed polystyrene containers  
Strong showing from the SA series, folding and fitting-type containers, and general-purpose food packaging  
Healthy sales of leak-resistant microwaveable containers (talc) and 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

## ■ Goods

Increase in handling quantity of food packaging materials

- Consolidation of Interpack Co., Ltd.

# Financial Results Summary (First half of fiscal year ending March 2012)



Unit:million yen	2nd Quarter(actual)						2nd Quarter(projected)		
	Fyended Marche 2011	percentage	Fyended Marche 2012	percentage	Increase/ decrease	Year-on-year	Fyended Marche 2012	percentage	Achievement rate
[Net sales]	66,151	100.0	76,882	100.0	+ 10,731	116.2%	77,184	100.0	99.6%
sales of products	51,378	77.7	55,757	72.5	+ 4,379	108.5%	56,334	73.0	99.0%
sales of goods	14,773	22.3	21,125	27.5	+ 6,351	143.0%	20,850	27.0	101.3%
[Operating income]	6,621	10.0	6,587	8.6	△ 33	99.5%	6,692	8.7	98.4%
[Ordinary income]	6,829	10.3	6,917	9.0	+ 87	101.3%	6,900	8.9	100.3%
[Income for current year]	4,003	6.1	3,781	4.9	△ 221	94.5%	3,980	5.2	95.0%

\* Considering subsidies for the employment of disabled workers

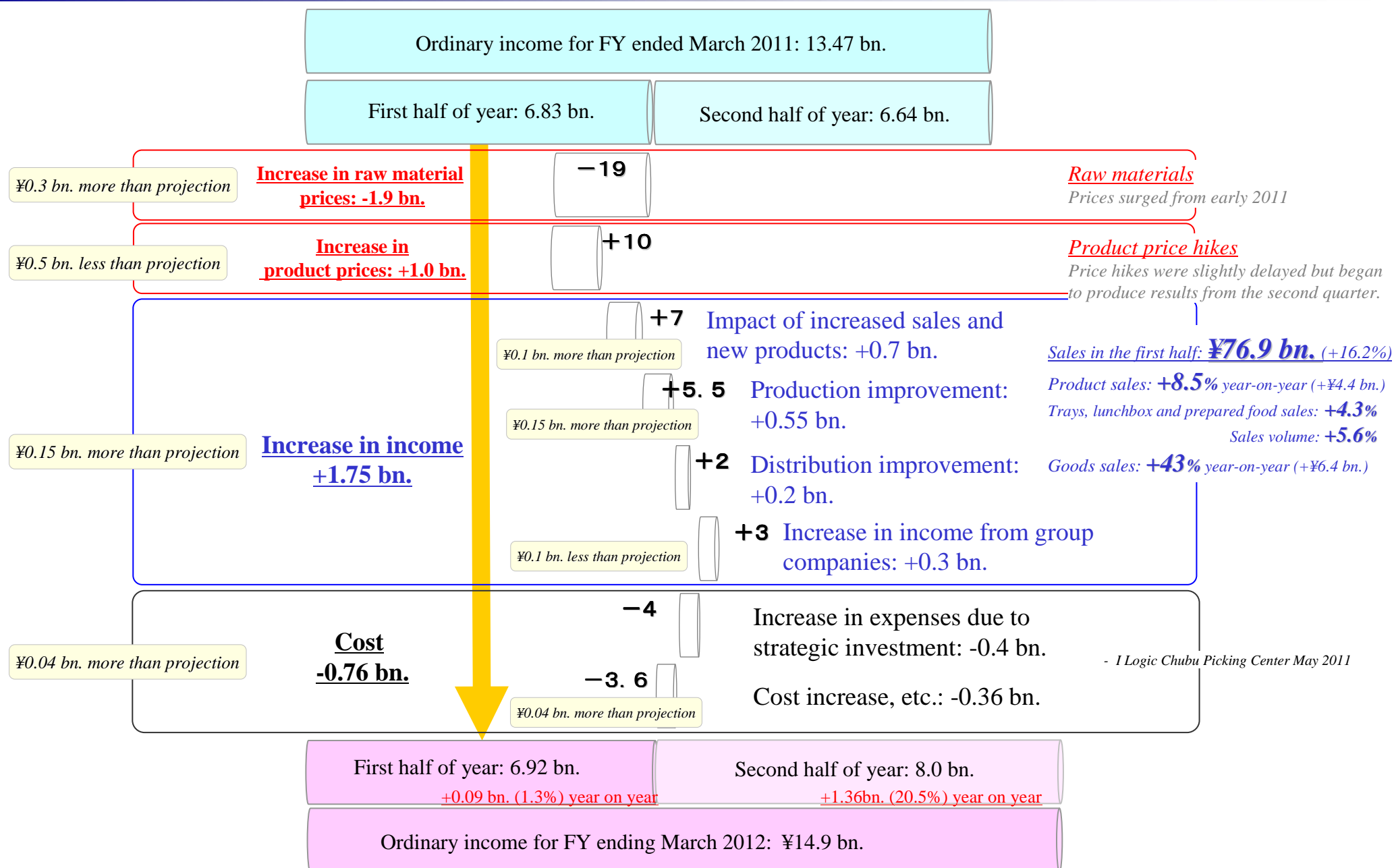
Subsidy income	253		348		+ 95	
[Operating income]	6,874	10.4	6,935	9.0	+ 61	100.9%

- 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 healthy sales of new products centered on five 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
- Extraordinary loss: Expense of 240 million yen in association with the earthquake

# Factors Influencing Ordinary Income (First half of fiscal year ending March 2012)



Unit: billion yen



# Capital Investments and Research and Development Cost (First half of fiscal year ending March 2012)

Unit:million yen		2nd Quarter(actual)				2nd Quarter(projected)	
		Fyended Marche 2011	Fyended Marche 2012	Increase/ decrease	Year-on-year	Fyended Marche 2012	Achevement rate
Capital investment		6,214	5,782	△ 431	93.1%	6,330	91.4%
	Tangible fixed assets	6,087	5,649	△ 438	92.8%	6,180	91.4%
	(lands only)	218	255	36	116.8%	0	
	Intangible fixed assets	126	133	6	105.3%	150	88.7%
Depreciation and amortizaion		4,276	4,610	333	107.8%	4,820	95.6%
Research and development cost		588	492	△ 95	83.7%	470	104.7%

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

## Major capital investments

(million yen)

- ◆ New Kanto Plant 744 (Total investment: ¥8,500 million) Scheduled to commence operations in the spring of 2012
- ◆ Recycling
  - Improvement of collection and sorting plants and recycling plants 425
  - PET Mechanical Recycling Plant 277 (Total investment in the second machine: ¥1,000 million) Scheduled to commence operations in the spring of 2012
- ◆ Picking Center New Chubu 1,187 (Total investment: ¥2,217 million) Commenced operations in May 2011
- ◆ Mold 830
- ◆ IT investment 189



# Cash Flows (First half of fiscal year ending March 2012)

Unit: million yen	2nd Quarter(actual)	
	Fyended Marche 2011	Fyended Marche 2012
CF from operating activities	5,793	6,378
CF from investing activities	△ 4,516	△ 5,951
Free cash flows	1,276	427
CF from financing activities	2,343	△ 1,174
Amount of incese/decrease of cash and case equivalent	3,615	△ 749
Balance of cash equivalent at end of year	14,718	12,523

## ■ Cash flows from operating activities

Net income before taxes and other adjustments	¥ 6,591 million
Depreciation and amortization	¥ 4,610 million
Increase in trade payables	¥ 585 million
Increase in trade receivables	-¥ 1,949 million
Increase in inventory assets	-¥ 1,488 million
Corporate taxes and other payments	-¥ 2,339 million
Payments for loss on disaster	-¥ 317 million

## ■ Cash flows from investing activities

Acquisition of tangible fixed assets	-¥ 5,872 million
--------------------------------------	------------------

## ■ Cash flows from financing activities

Net increase in borrowing	¥ 1,3843 million
Payment of lease obligations	-¥ 1,352 million
Amount paid as dividends	-¥ 1,198 million

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

**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.

★ Increase product prices

★ Strong adoption of new products and the Eco Tray

★ Implemented extensive internal rationalization

★ Strategic investment

'11/5: Put I Logic Chubu Picking Center into operation

'12/4: New Kanto Plants to begin operation

★ Market expansion through corporate integration

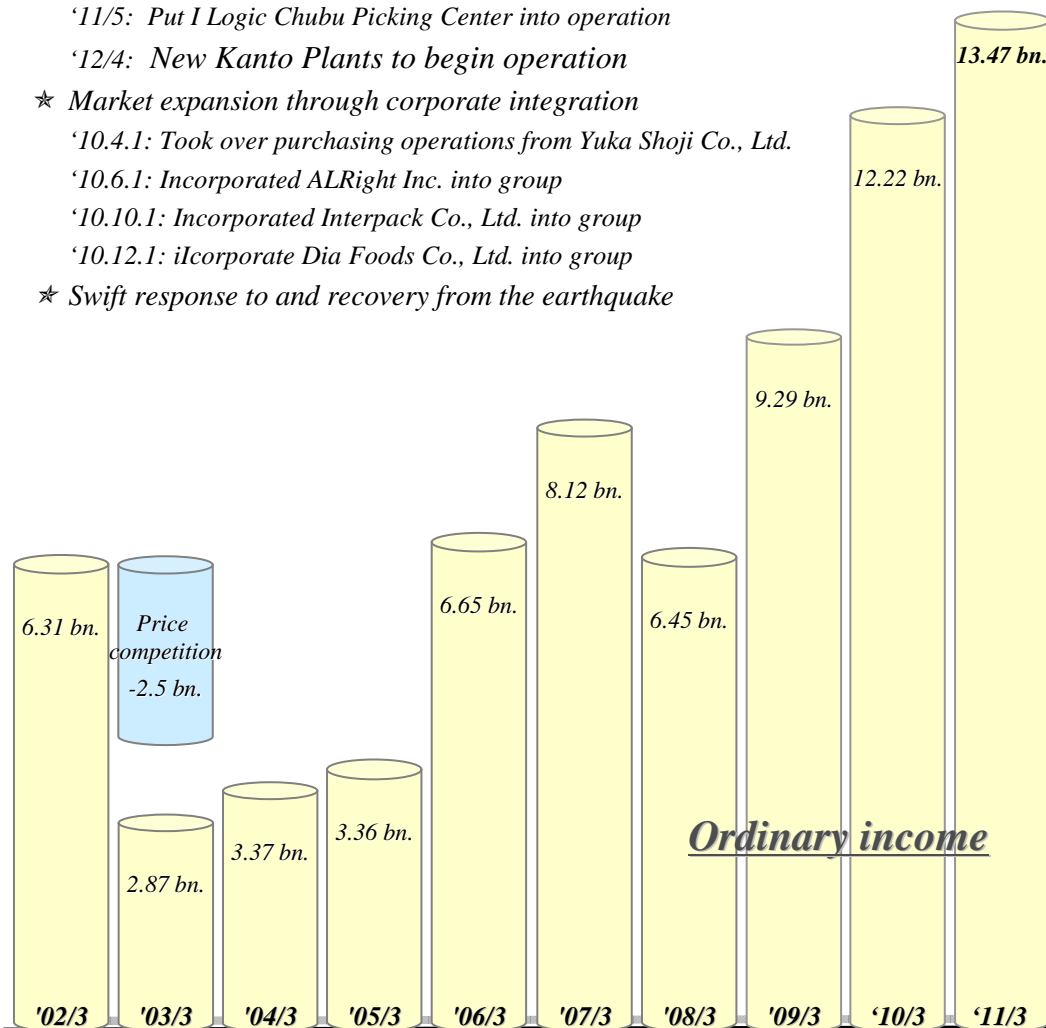
'10.4.1: Took over purchasing operations from Yuka Shoji Co., Ltd.

'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



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.)

## ★ Respond to raw material price rises.

> Increase product prices.

> Shift to lightweight products.

> Reduce discounts.

> Review unprofitable transactions.

## ★ World-first materials and functions

> MFP (multi FP)

> Monoaxially stretched PET

> Biaxially stretched PET

> New foamed PP

> Transparent PP

## ★ Increase sales of general-purpose products and the Eco Tray.

## ★ Expand recycling operations.

## ★ Expand picking operations.

## ★ Synergy through corporate integration

## ★ FPCO Fair 2012 February 2012

Sales in the first half: **¥76.9 bn.** (+16.2%)

Product sales: **+8.5%** year-on-year (+¥4.4 bn.)

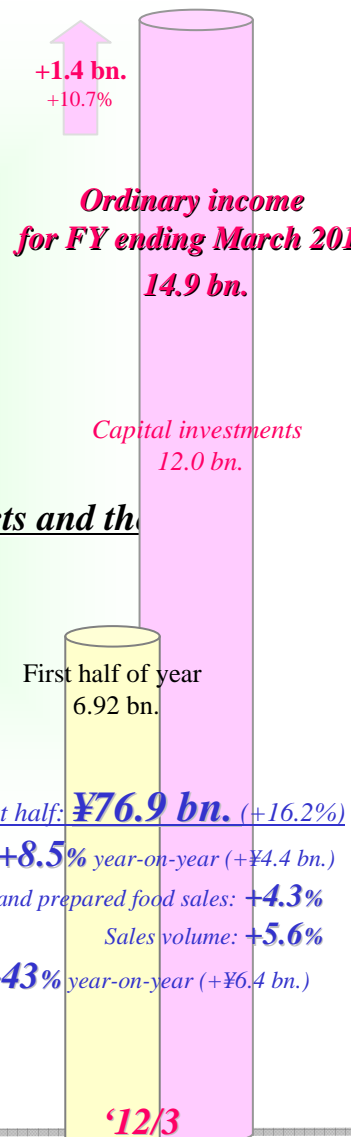
Trays, lunchbox and prepared food sales: **+4.3%**

Sales volume: **+5.6%**

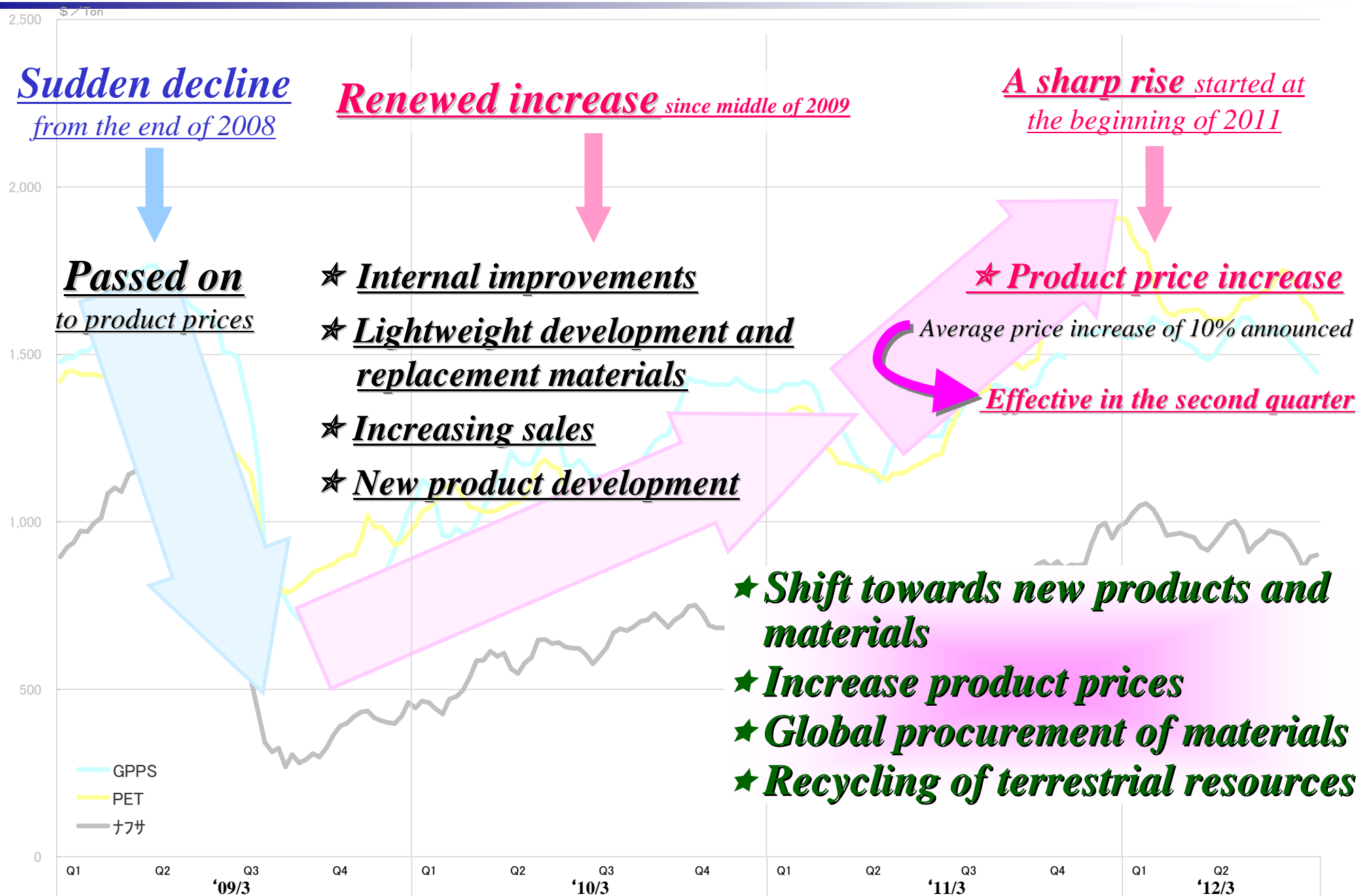
Goods sales: **+43%** year-on-year (+¥6.4 bn.)

## Targets and medium-term management indicators

Net income per share: **¥450**



# Trends in Raw Material



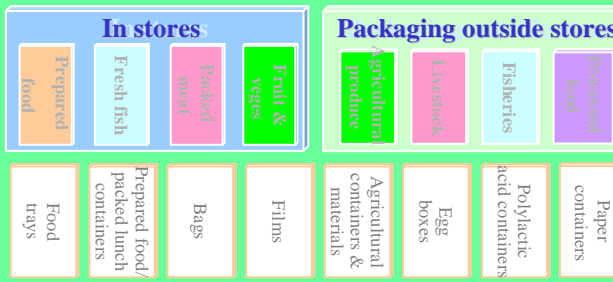
# Actions for Expanding the Scale of the Company

Goods Market scale: Over ¥2 trillion

## Market for packaging materials and supplies

Products 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

Wholesalers support

World-first materials and capabilities

Alliances and M&A

Distribution network & SCM

*FP Corporation overwhelms competitors*

Product/material development capabilities

Solution capabilities

Procurement capabilities

Distribution capabilities

Environmental management

Social responsibility

Infrastructure

FPCO

Suppliers

## Boost market share with five new sheets.

### ④ New foam PP containers (New Histar)

From 1.8x forming to 3.5x foaming



### ⑤ PP Transparent heat-resistant containers

Heat resistant to +110°C

Enhanced transparency: Haze value of 1.5



### ② Monoaxially stretched PET

Enhanced heat resistance: +70°C

Enhanced strength: enabling weight reduction



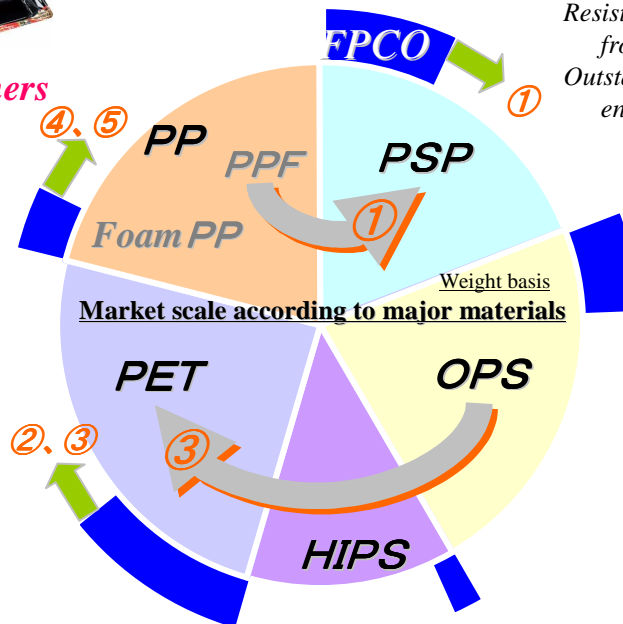
### ③ Biaxially stretched PET to be released in spring 2012

Enhanced heat resistance: +80°C

Enhanced strength: enabling further weight reduction

### ★Planning to launch recycled PET trays

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



### ① MFP(multi FP)

Resistant to a wide range of temperatures:

from -40°C (cold resistance) to +110°C (heat resistance)

Outstanding thermal insulation:

enables containers to be handled straight from the microwave unlikely to soften or deform after microwaving

### ★Donburi project

### ★New markets

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



### ★New Functions and designs

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



### FPCO Fair 2012

February 22, 23, and 24, 2012; Tokyo International Forum

100 best practices



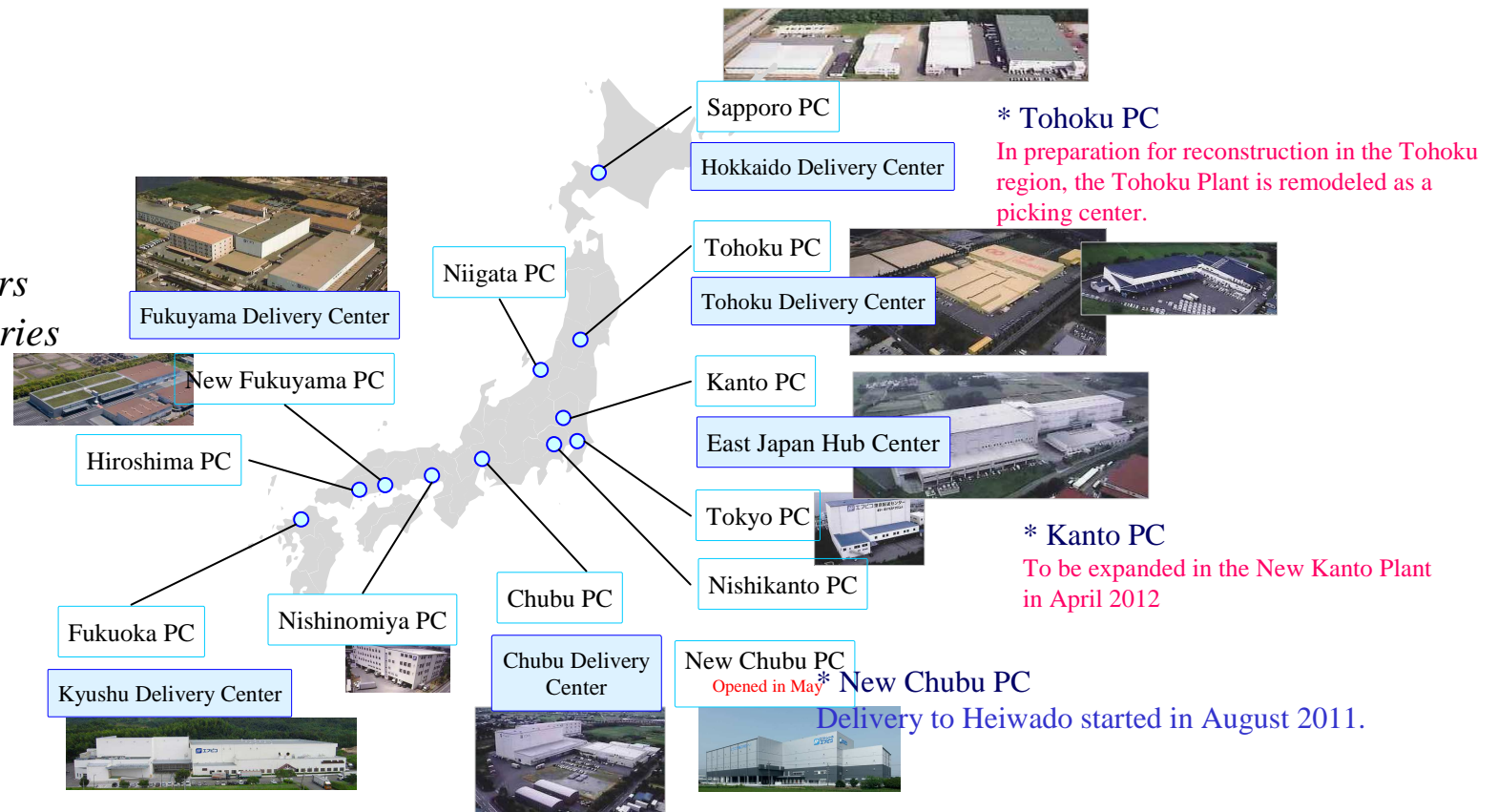
# Efforts to enlarge the packaging materials and supplies market to 2 trillion yen

Six delivery centers (108,000 tsubo\*)  
and 11 picking centers (32,000 tsubo\*) nationwide

## Providing high quality, efficient distribution services



Delivering with a precision  
of just three delays or errors  
for every one million deliveries  
(3 ppm)



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

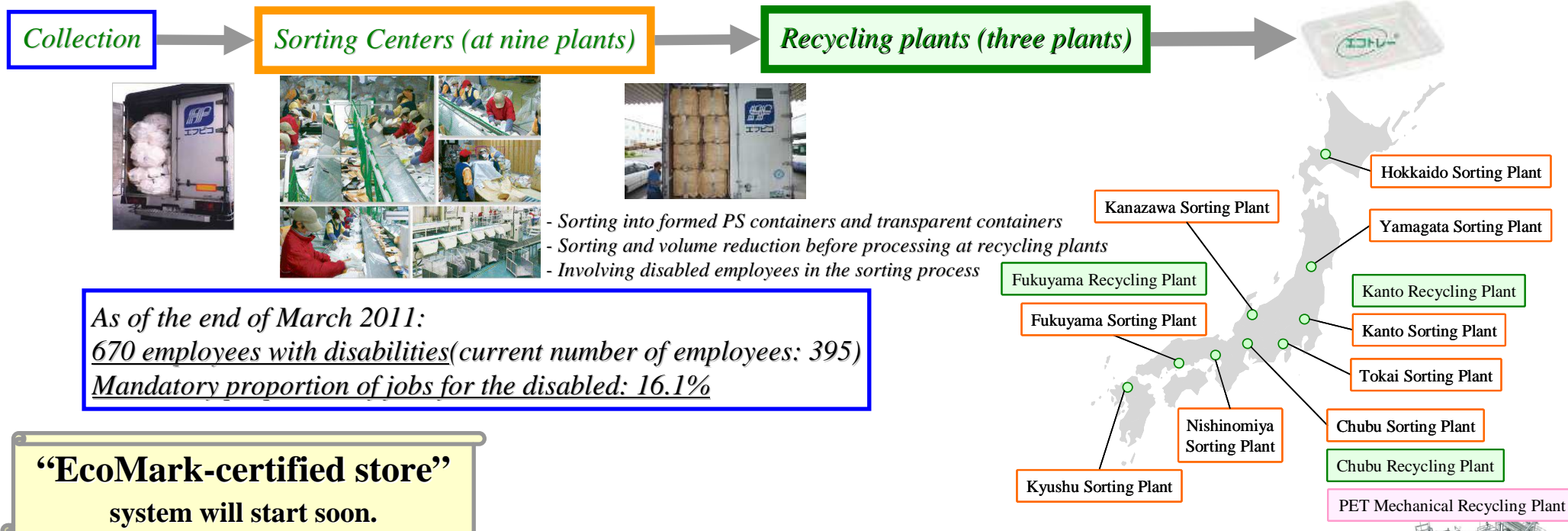
## Making the environment and disabled employees an integrated part of our operations

- FY ended March 2011 -  
**7,900** collection points

Collecting **8,350** tons  
of used containers

## **Recycling of terrestrial resources**

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



✓ Used transparent containers collection

✓ Used PET bottles collection

✓ Planning to launch recycled PET trays

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

**「Tray to Tray」+「Bottle to Tray」**



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

- ✓ *Planning to launch recycled PET trays*
- ✓ *New plants to be set up in Kanto and Fukuyama for expanding the PET recycling business*

PET Mechanical Recycling Plant



The first and second machines will have a total annual capacity of 14,000 tons.



## ☆ New Kanto Plants ☆

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*
- ✓ *I Logic Kanto Picking Center extension*

## ☆ Establishing Tohoku Picking Center ☆

- ✓ *In preparation for reconstruction in the Tohoku region, the Tohoku Plant is remodeled as a picking center.*

**Total capital expenditure will be ¥12 bn.**  
**in the fiscal year ending March 2012.**

# Working Towards Long-Term Targets

## Expanding our share of a ¥500 billion market



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

### **Combined capabilities**

+

**M&A**

## Taking on a ¥2 trillion market



**Sales** 128.2bn. 124.9bn. 140.7bn. **160.0bn.** **200bn.** **500bn.**

**Ordinary income** 9.3bn. 12.2bn. 13.5bn. **14.9bn.**

FY2009 FY2010 FY2011 **FY2012(project)**

Management objective  
 Net income per share **¥450 ⇒ ¥500**

*Long-term target*

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

---

**President & COO  
Morimasa Sato**

# Ordinary Income Projections for Fiscal 2011



Unit: billion yen

Ordinary income for FY ended March 2011: 13.47 bn.

First half of year: 6.83 bn.

Second half of year: 6.64 bn.

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

First  
half

Second  
half

¥1.0 bn. more than projection(+0.3,-0.7)

-1.9

+1.8

**Increase in raw material  
prices: -3.7 bn.**

¥1.2 bn. less than projection(-0.5,-0.7)

+1.0

+1.8

**Increase in  
product prices: +2.8 bn.**

Impact of increased sales and  
new products: +1.7 bn.

+0.7

¥0.1 bn. more than projection(+0.1,0)

+1.0

**Increase in income  
+3.7 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: +0.55  
+1.05 bn.

¥0.15 bn. more than projection(+0.15,0)

+0.5

Distribution improvement:  
+0.4 bn.

+0.2

+0.2

Increase in income from group  
companies: +0.55 bn.

+0.3

+0.25

¥0.15 bn. less than projection(-0.1,-0.05)

¥0.1 bn. more than projection(+0.15,-0.05)

Increase in expenses due to  
strategic investment: -0.6 bn.

-0.4

-0.2

¥0.05 bn. more than projection(+0.04,+0.01)

Cost increase, etc.: -0.75 bn.

-0.36

**Cost  
-1.35 bn.**

First half of year: 6.92 bn.

+0.09 bn. (1.3%) year on year

Second half of year: 8.0 bn.

+1.36bn. (20.5%) year on year

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

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

+1.43 bn. (10.7%) year on year

## Raw materials

Prices surged from early 2011

## Product price hikes

Price hikes were slightly delayed but began to produce results from the second quarter.

## Sales

- ★ 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 May 2011
- I Logic Kanto Picking Center extension scheduled in April 2012
- New Kanto Plant scheduled in April 2012

Capital investment projections: 12.0 bn.



***FP Corporation overwhelms competitors in every aspect.***



# Materials and Sheets

## 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



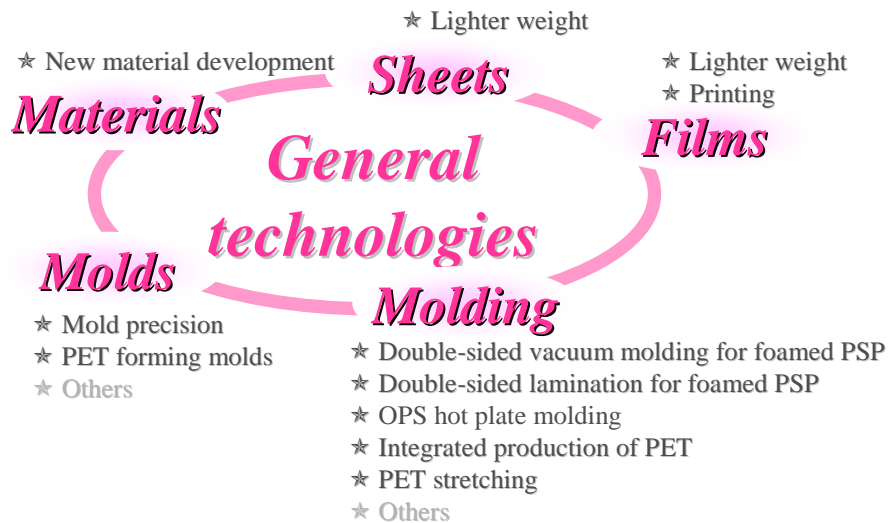
### ◆ **New foam**

From 1.8x forming to 3.5x foaming



New Kanto Plant in April 2012

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



## New features

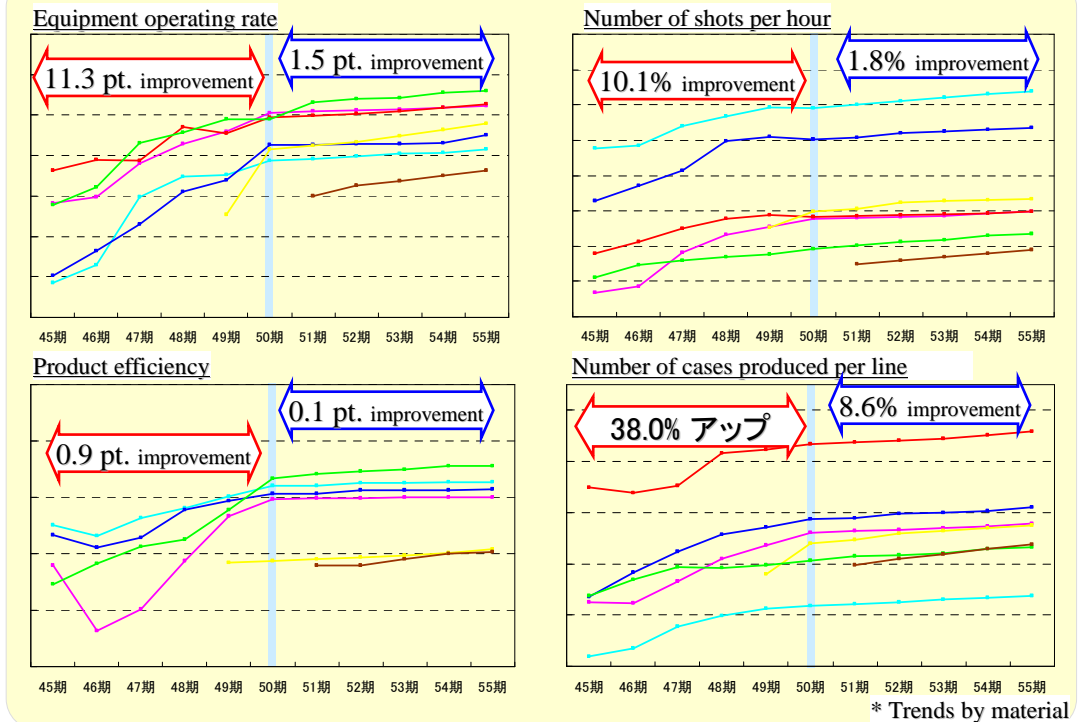
- ◎ Leak-resistant - PP prepared food containers
- APET deli containers
- ◎ Non-slip - PSP design containers
- ◎ Reusable - Screw-top containers



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



## Improvements in the past five years and future targets



Skill School

Seminars for  
Development of  
Prospective Executives

Innovative  
Activities  
in Manufacturing

Basic  
Technology  
Research

- ★ 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

- Selling space information
- Information on hot items
- others

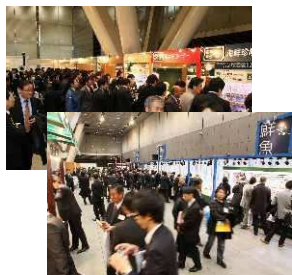
# Customer Visits

## Proposals & Information Offering

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

## Information Sharing & Analysis

- 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)

## FPCO Fair 2012

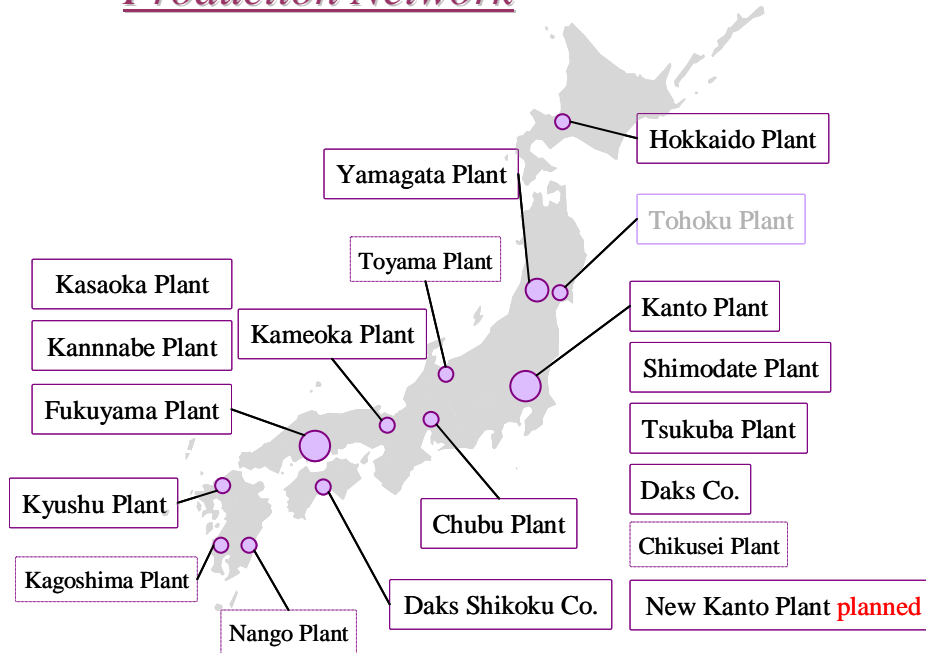
February 22, 23, and 24, 2012; Tokyo International Forum  
100 best practices

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

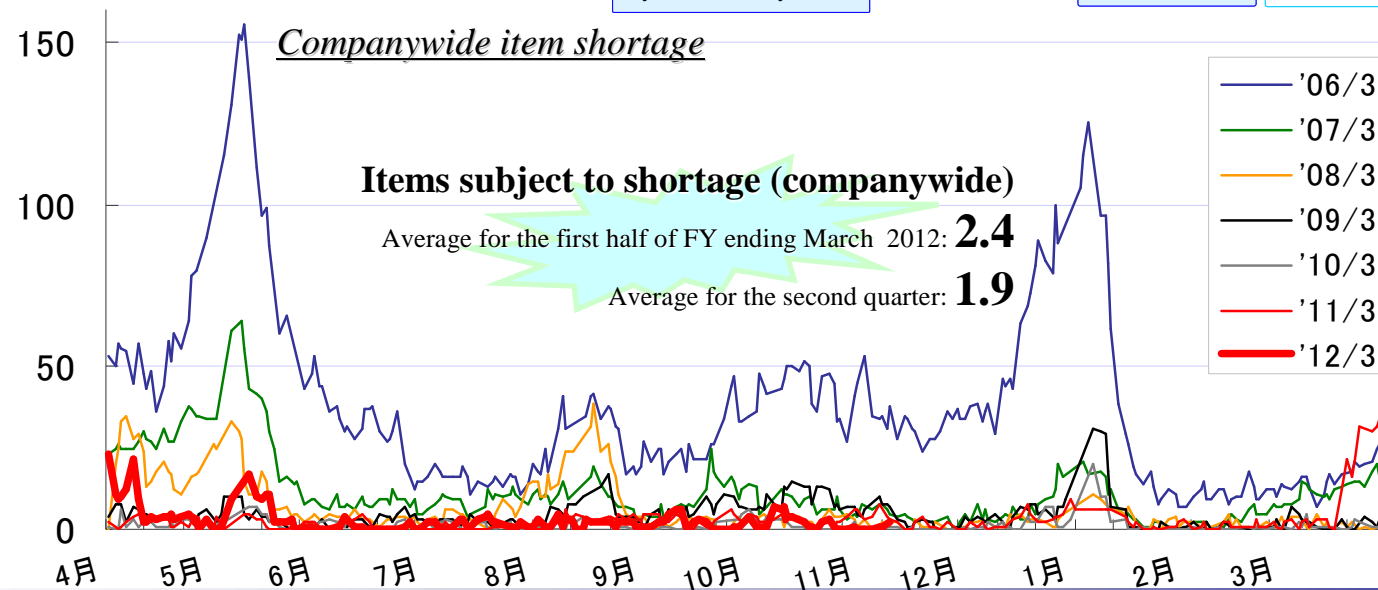
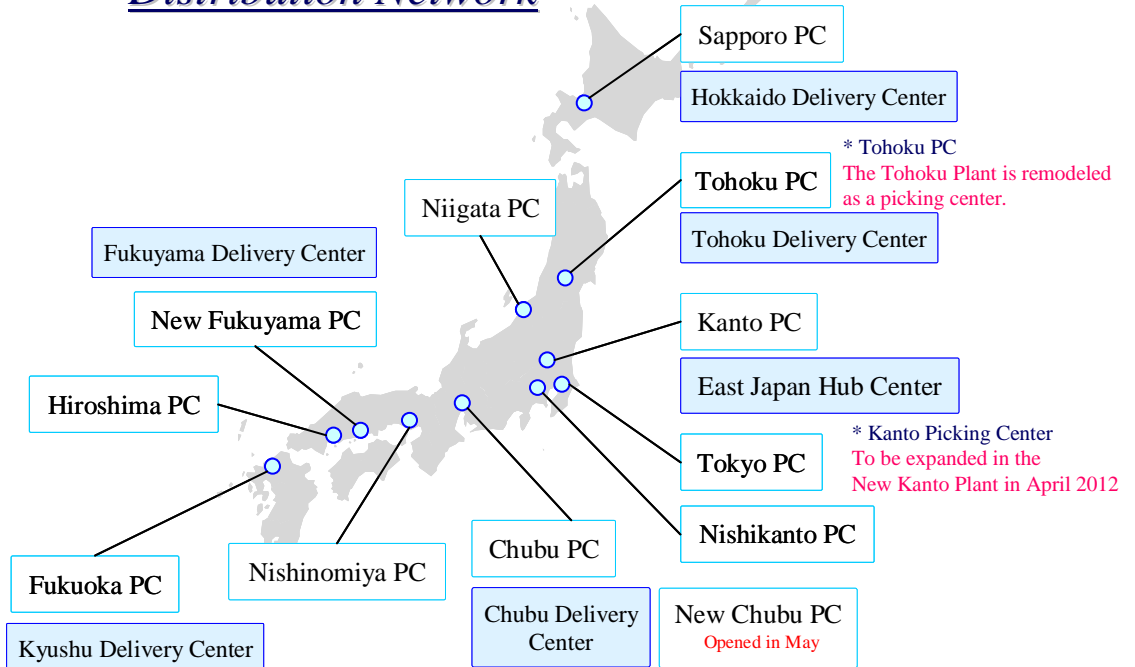


# Comprehensive Nationwide Production & Distribution Networks

## Production Network



## Distribution Network



## Network Enhancement for Expanding Picking Operations

A comprehensive nationwide network of picking centers

- > 11 centers
- > 35,000 tsubo

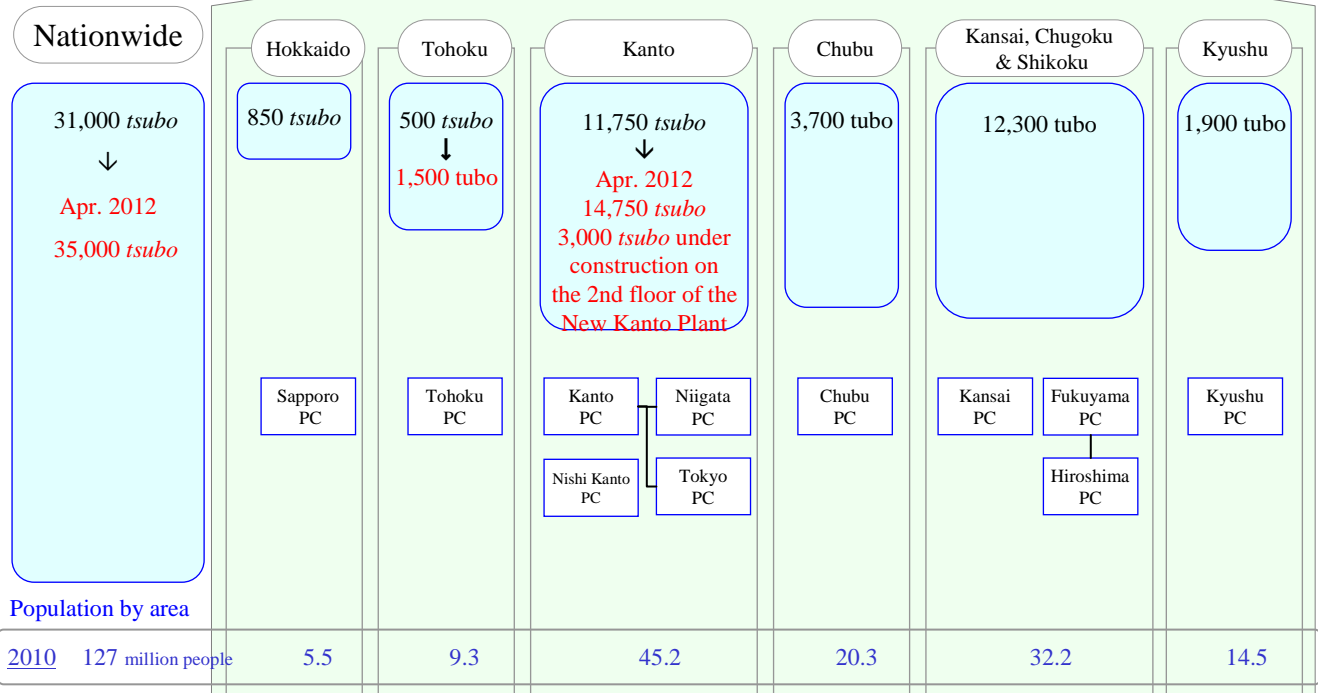
(estimate for April 2012)



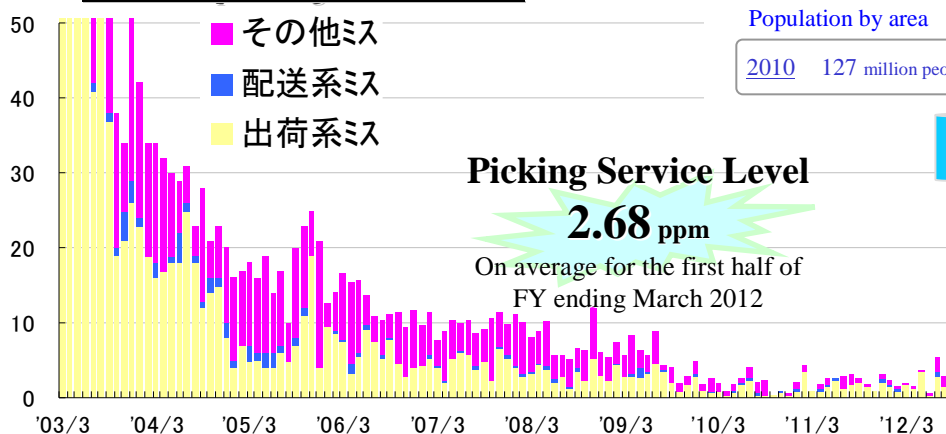
### Picking Operations Data

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

### Packaging Materials & Supplies Market



### Trend in picking service level

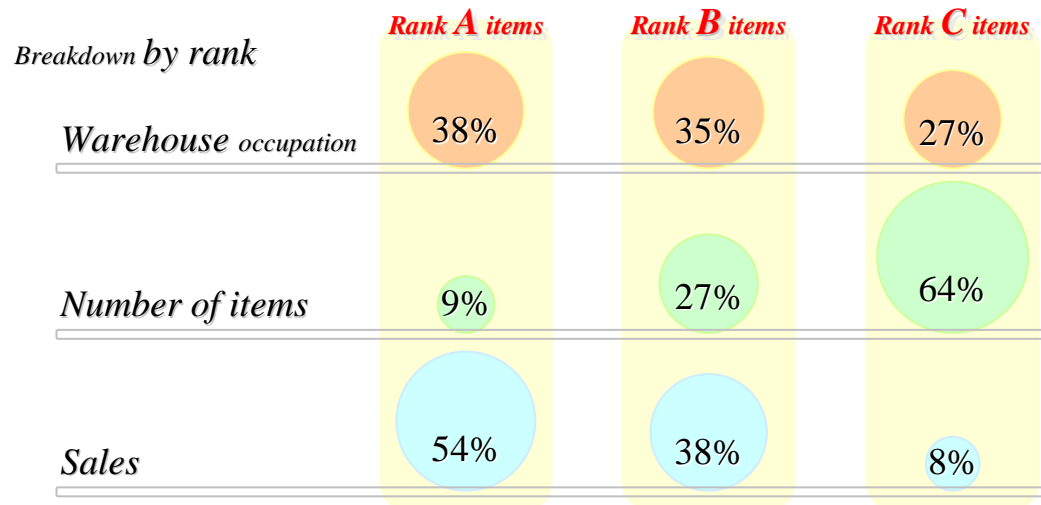
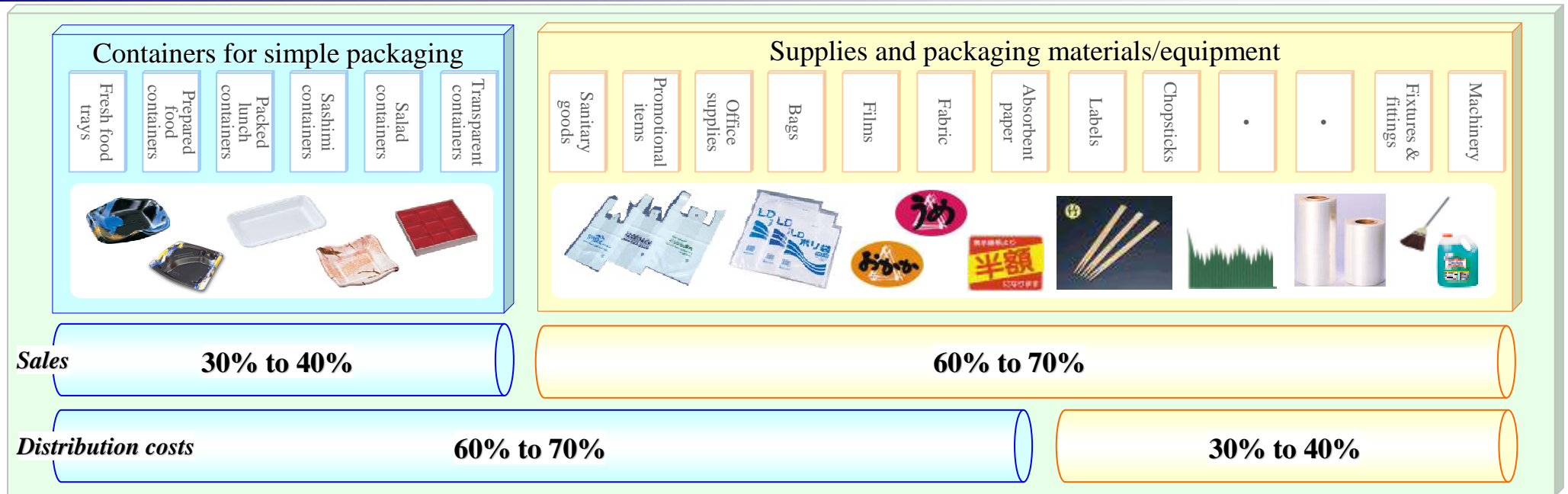


### Distribution Network & SCM

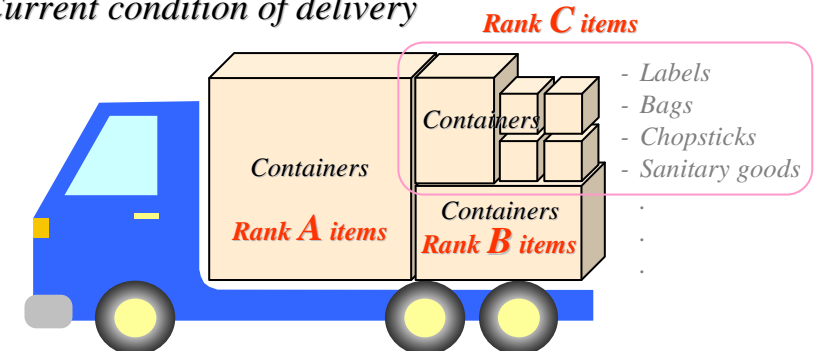
FPCO

Suppliers

# Approaching Packaging Materials and Supplies Markets



*Current condition of delivery*



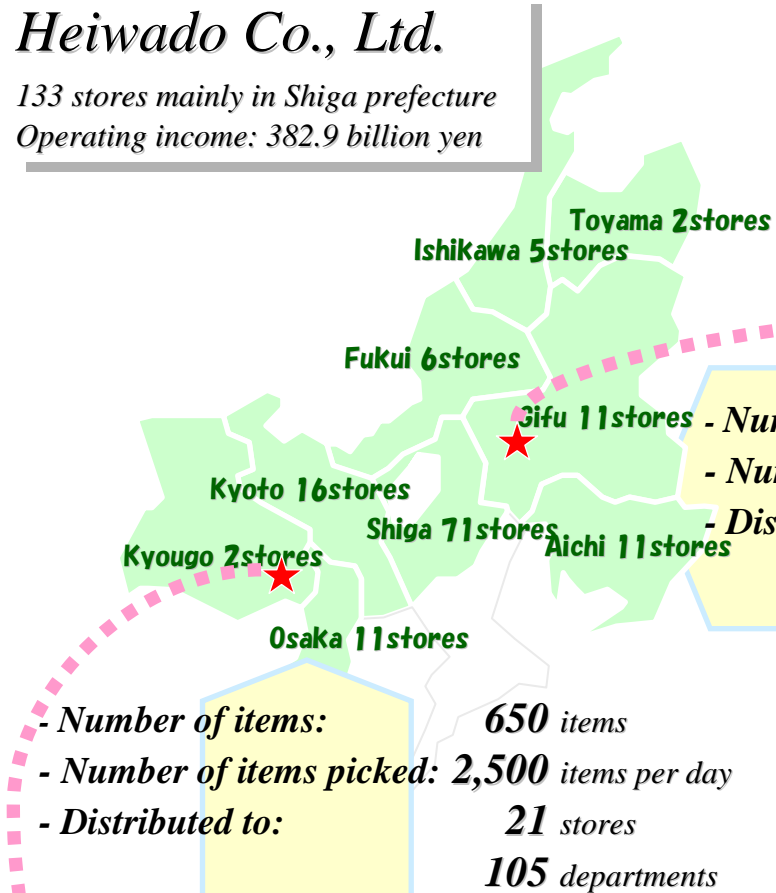
**Cut distribution costs, especially distribution costs for containers**

- *Streamline operations*
- *Reduce procurement costs*
- *Enhance the service level*

## Heiwado Co., Ltd.

133 stores mainly in Shiga prefecture

Operating income: 382.9 billion yen



*Started in August 2011*

*Started without any trouble.*



# New Recycling Network

**Approx. 8,000 collection points** (As of the end of September 2011)



Collecting 8,350 tons of used containers using returning trucks after delivery (FY ended of March 2011)

## Nine sorting centers

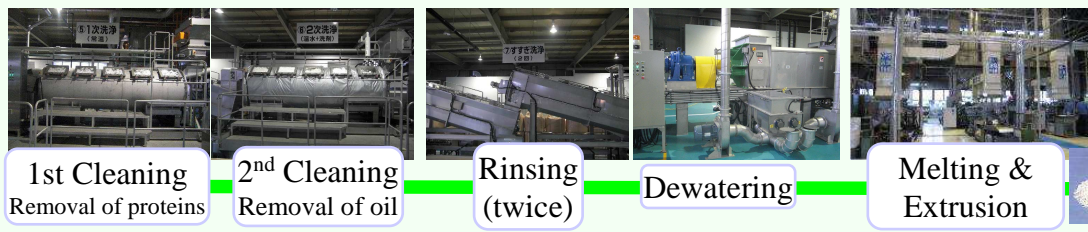


- ★ *Sorting and volume reduction of foam trays and transparent containers*
  - Foam trays: sorted into white ones and color ones
  - Transparent containers: sorted by material  
→ Volume reduction after sorting
- ★ *Personnel with disabilities involved in the sorting process*



Volume reduction, followed by transport to recycling plants

## Three recycling plants



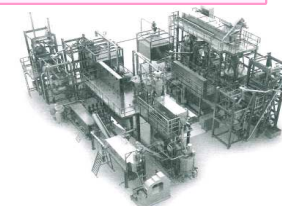
Recycled container sales of **¥16 bn.**

(FY ended of march 2011)



**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

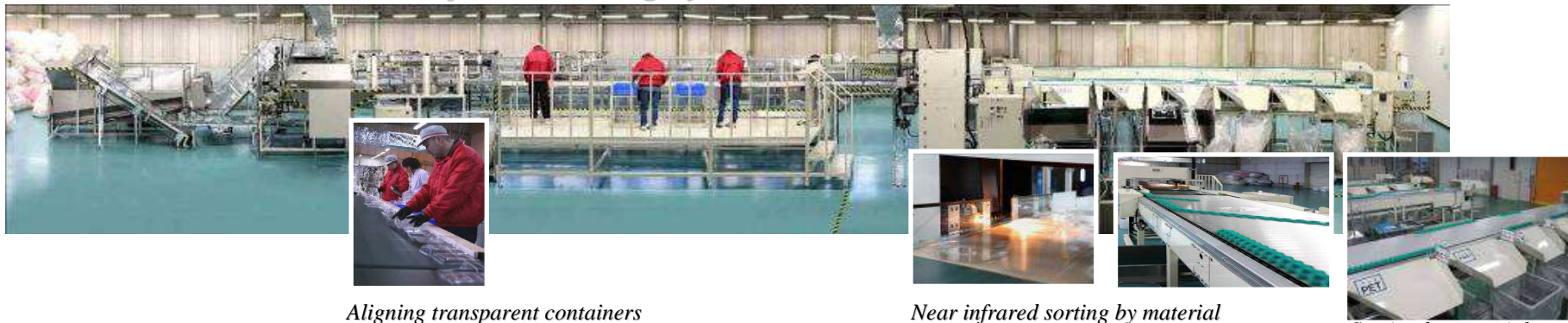
### Disabled employees engaged in

- 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

### PS Container Recycling Line

Hot water and alkali cleaning



1st Cleaning  
Removal of proteins



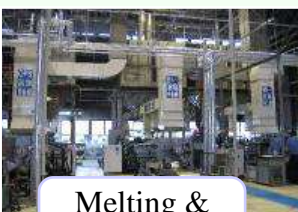
2nd Cleaning  
Removal of oil



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



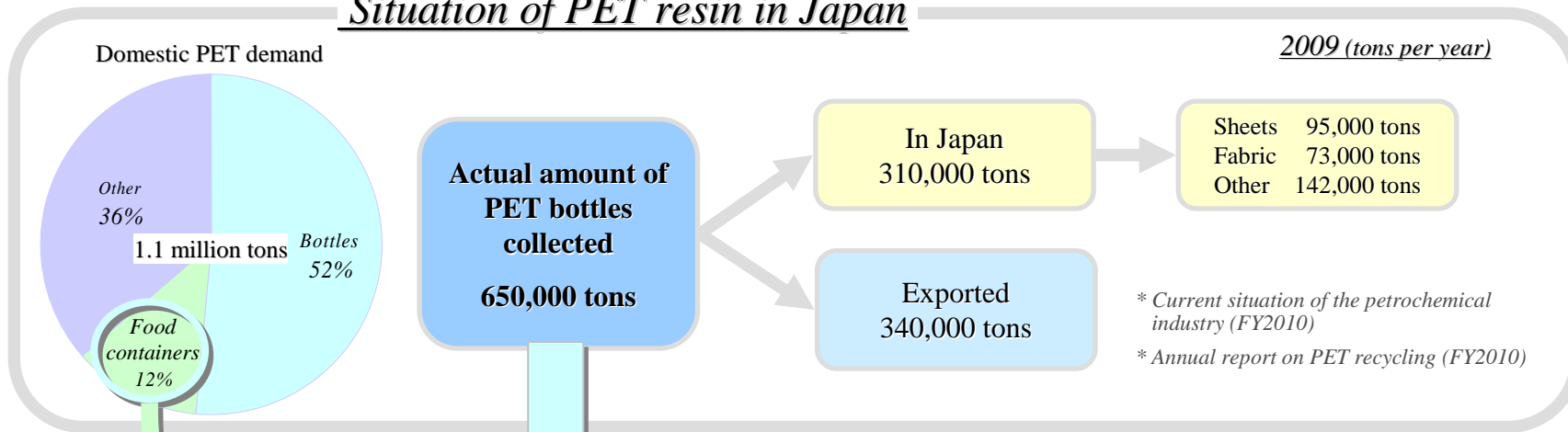
- PET bottles

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

\* The FDA letter of no objection was acquired in the summer of 2011.

# PET Recycling Containers + Bottles

## Situation of PET resin in Japan

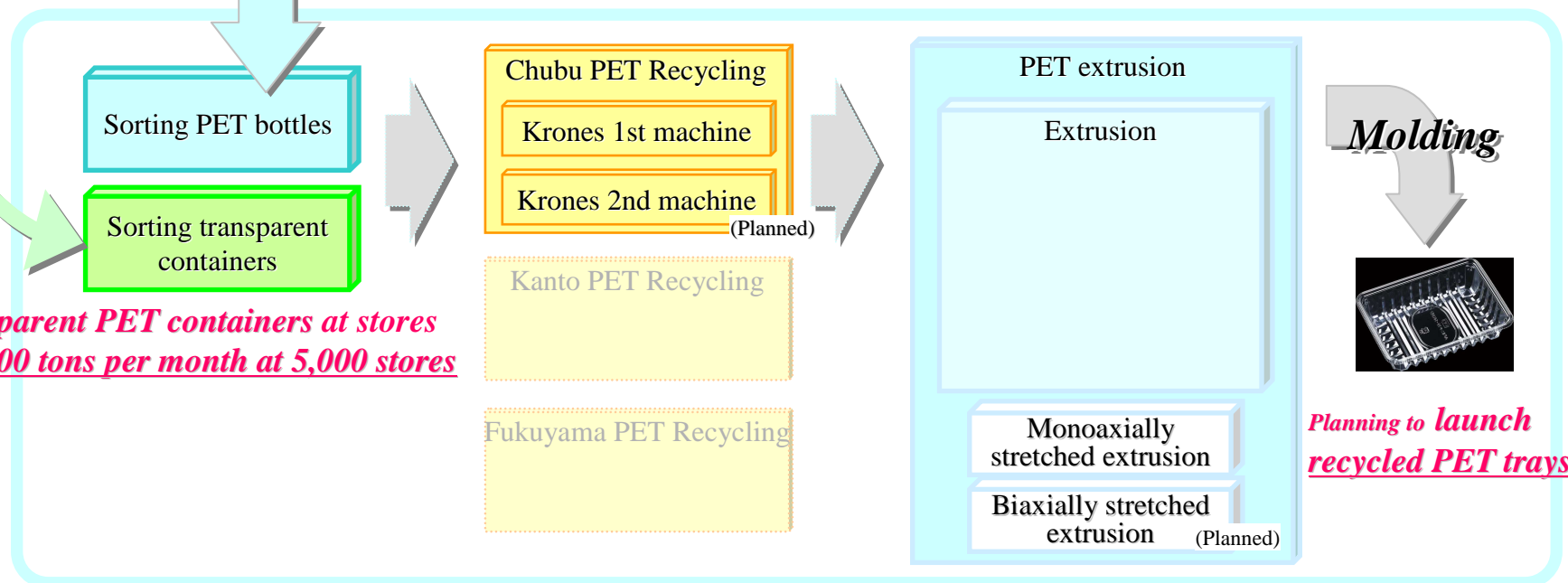


### *Collection of PET bottles at stores*

*Aiming for 1,000 tons per month at 1,500 stores*

### *Collection of transparent PET containers at stores*

*Aiming for 200 tons per month at 5,000 stores*





## 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

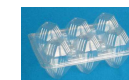
- The second-largest market share in egg boxes
- Containers for agricultural goods
- VRV-based PET containers and polylactic acid containers

Product sales: ¥4 bn.

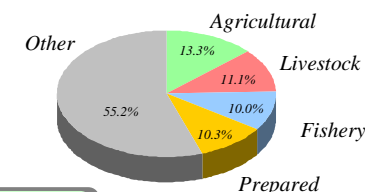
Gaining ground in new fields

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

# Large-Scale Investments

## ★ I Logic Chubu Picking Center 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
- 14,500 *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 (6,300 *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 (3,600 *tsubo*)

Preparation for expansion of picking operations

3<sup>rd</sup> Fl.: Warehouse facilities (4,600 *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



***Expanding the scale of operations  
through alliances and M&A***

***Continued development of infrastructure***

***Materials and  
technologies***

***Development***

***Recycling***

***SCM***

***Sales***

***Distribution***

# *Supporting Data 1*

Forecast for Fiscal Year ending March 2012

# Sales Plan (for Fiscal Year Ending March 2012)



Unit: million yen	Performance		Prospects		Increase/ decrease	
	Fyended Marche 2011	percentage	Fyended Marche 2012	percentage	Year-on-year	
Trays	28,045	19.9	29,500	18.4	+ 1,454	105.2%
Lunchbox Containers	71,860	51.1	79,700	49.8	+ 7,839	110.9%
<b>total</b>	<b>99,906</b>	<b>71.0</b>	<b>109,200</b>	<b>68.3</b>	<b>+ 9,293</b>	<b>109.3%</b>
other products	4,645	3.3	7,800	4.9	+ 3,154	167.9%
<b>[Products total]</b>	<b>104,551</b>	<b>74.3</b>	<b>117,000</b>	<b>73.1</b>	<b>+ 12,448</b>	<b>111.9%</b>
Packaging materials	27,292	19.4	34,000	21.3	+ 6,707	124.6%
other goods	8,876	6.3	9,000	5.6	+ 123	101.4%
<b>[Goods total]</b>	<b>36,168</b>	<b>25.7</b>	<b>43,000</b>	<b>26.9</b>	<b>+ 6,831</b>	<b>118.9%</b>
<b>[Sales]</b>	<b>140,720</b>	<b>100.0</b>	<b>160,000</b>	<b>100.0</b>	<b>+ 19,279</b>	<b>113.7%</b>

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

Unit: million yen	Performance		Prospects		Increase/ decrease	
	Fyended Marche 2011	percentage	Fyended Marche 2012	percentage	Year-on-year	
[Net sales]	140,720	100.0	160,000	100.0	+ 19,279	113.7%
sales of products	104,551	74.3	117,000	73.1	+ 12,448	111.9%
sales of goods	36,168	25.7	43,000	26.9	+ 6,831	118.9%
[Operating income]	13,058	9.3	14,494	9.1	+ 1,435	111.0%
[Ordinary income]	13,465	9.6	14,900	9.3	+ 1,434	110.7%
[Income for current year]	7,959	5.7	8,600	5.4	+ 640	108.0%

# Plan for Capital Investment and Research and Development Cost

(for Fiscal Year Ending March 2012)



Unit: million yen		Performance	Prospects	Increase / decrease	
		Fyended Marche 2011	Fyended Marche 2012	Year-on-year	
Capital investment		12,585	12,020	△ 565	95.5%
	Tangible fixed assets	12,352	11,730	△ 622	95.0%
	(lands only)	218	255	+ 36	
	Intangible fixed assets	232	290	+ 57	124.5%
Depreciation and amortizaion		9,316	10,030	+ 713	107.7%
Research and development cost		1,101	970	△ 131	88.1%

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

## Major capital investments

(million yen)

- ◆ New Kanto Plant 2,932 (Total investment: ¥8,500 million) Scheduled to commence operations in the spring of 2012
- ◆ Recycling
  - Improvement of collection and sorting plants and recycling plants 693
  - PET Mechanical Recycling Plant 685 (Total investment in the second machine: ¥1,000 million) Scheduled to commence operations in the spring of 2012
- ◆ Picking Center New Chubu 1,187 (Total investment: ¥2,217 million) Commenced operations in May 2011
- ◆ Mold 1,847
- ◆ IT investment 417

## *Supporting Data 2*



# Ordinary Income Projections for Fiscal 2011

**Initial projections**



Unit: billion yen

Ordinary income for FY ended March 2011: 13.47 bn.

First half of year: 6.83 bn.

Second half of year: 6.64 bn.

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

First  
half

Second  
half

**Increases in raw material:**  
-4.7 bn.

-2.2

-2.5

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

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

+1.5

+2.5

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

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

+0.6

+1.0

**Production improvement:**  
+0.9 bn.

+0.4

**Increase in income  
+3.6 bn.**

**Distribution improvement:**  
+0.4 bn.

+0.2

+0.2

**Increase in income from group  
companies: +0.7 bn.**

+0.4

+0.3

**Increase in expenses due to  
strategic investment: -0.6 bn.**

-0.4

-0.2

**Cost increase, etc.: -0.8 bn.**

-0.4

-0.4

**Cost  
-1.4 bn.**

First half of year: 6.9 bn.

+0.1 bn. (1%) year on year

Second half of year: 8.0 bn.

+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.

# 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
Ordinary income for previous year	63.1	28.6	33.6	36.3	66.5	43.4	37.8	81.2	32.0	32.5	64.5	39.2	53.7	92.9	60.1	62.1	122.2	68.3	66.4	134.7
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	-	-	-	+10.0	+18.0	+28.0
									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	-19.0	-18.0	-37.0
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	+11.0	+10.5	+21.5	+7.0	+10.0	+17.0
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						
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	+5.5	+5.0	+10.5
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	+3.0	+2.5	+5.5
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	-7.6	-5.9	-13.5
Ordinary income	28.6	33.6	36.3	66.5	81.2	32.0	32.5	64.5	39.2	53.7	92.9	60.1	62.1	122.3	68.3	66.4	134.7	69.2	80	149

# 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	New Chubu Picking Center	Kanto PC extension
		Hokkaido HC				Shin Hokkaido HC				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 Land for New Kanto Plant	Land & building in Chubu	Yuka Shoji	Interpack
Capital investment	7,096	5,037	2,742	2,394	9,885	10,909	13,007	9,090	12,585	12,020
Tangible	6,138	4,248	2,621	2,156	9,523	10,655	12,166	8,827	12,352	11,730
Intangible	958	789	120	238	362	254	841	263	233	255
Figures for molds only	780	460	436	550	771	609	1,892	1,507	1,833	1,847
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.

# Impact of Fluctuations in Raw Material Prices

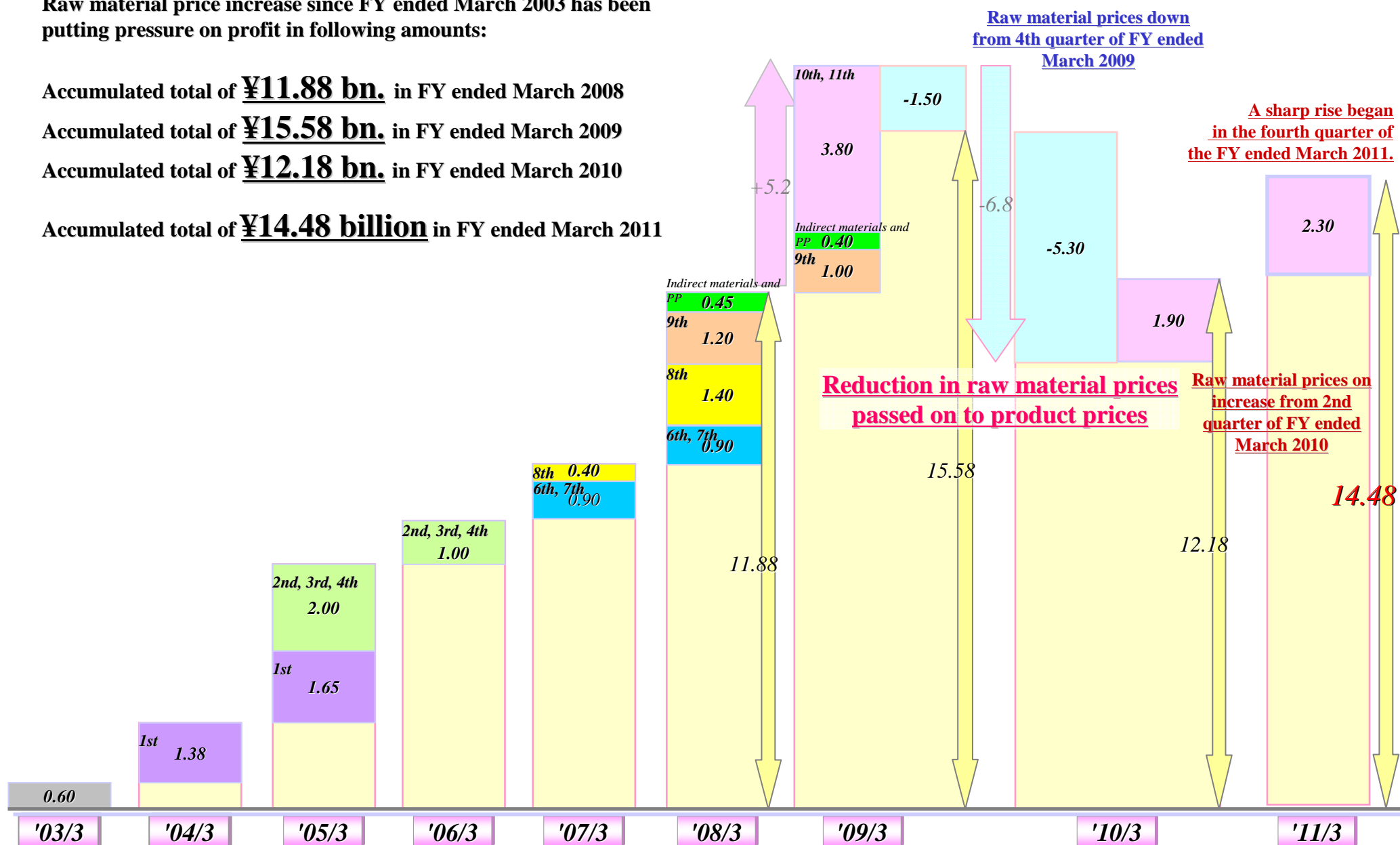
Raw material price increase since FY ended March 2003 has been putting pressure on profit in following amounts:

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

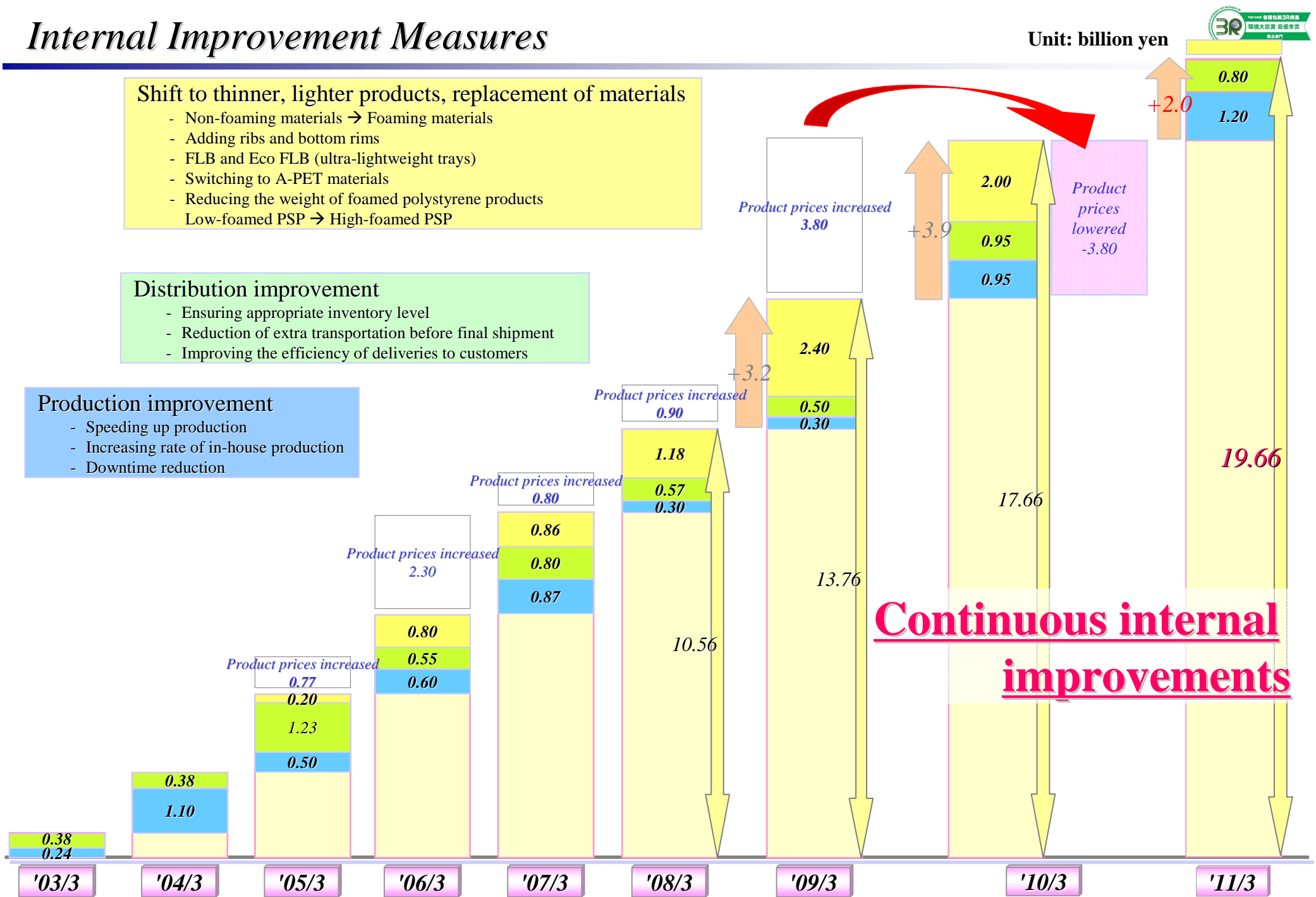
- Non-foaming materials → Foaming materials
- Adding ribs and bottom rims
- FLB and Eco FLB (ultra-lightweight trays)
- Switching to A-PET materials
- Reducing the weight of foamed polystyrene products
- Low-foamed PSP → High-foamed PSP

## Distribution improvement

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

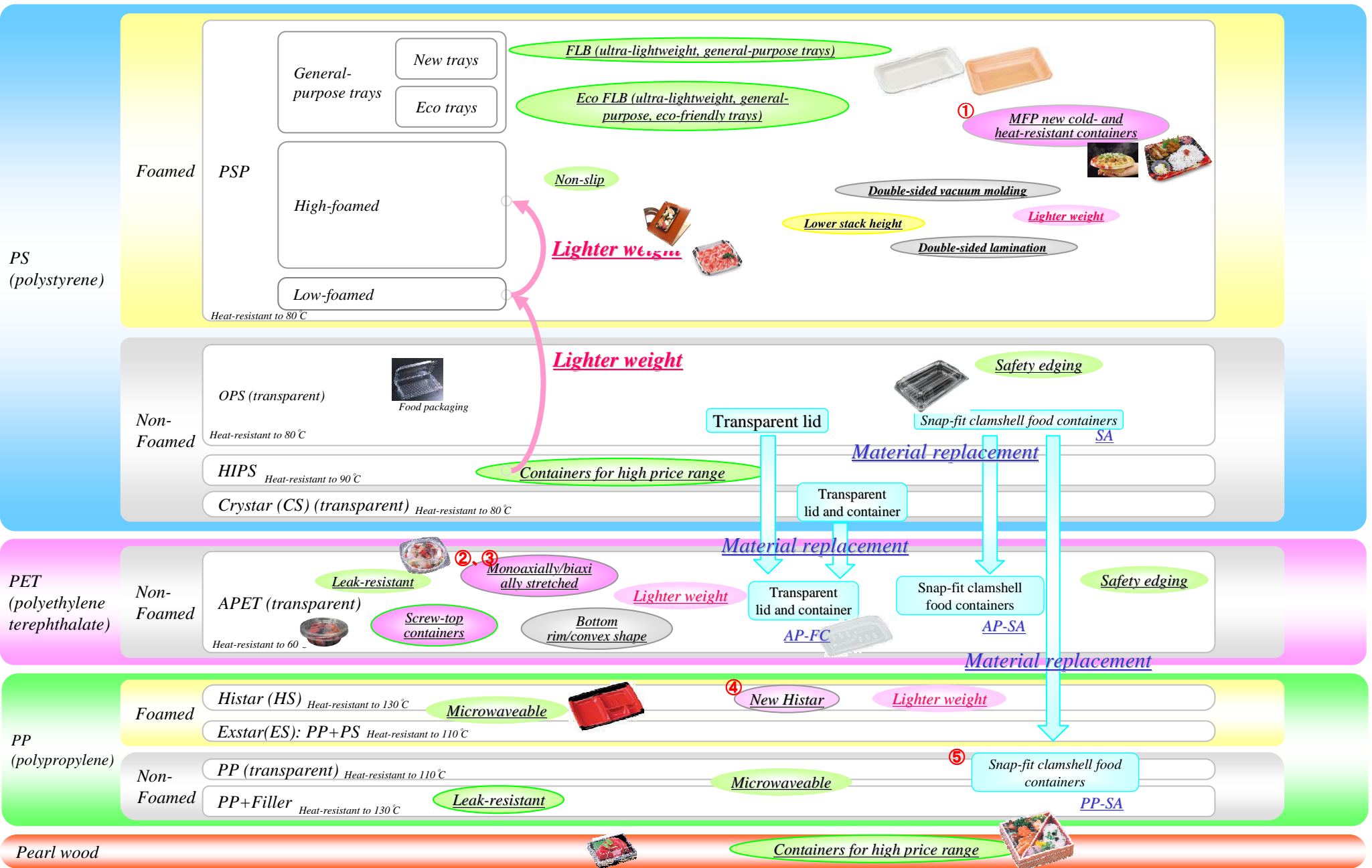
## Production improvement

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





# Breakdown of Products According to Material



## We are accepting applications for a facility tour.

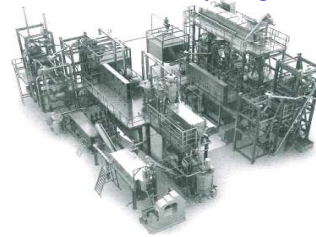
### ☆ **Sorting center**

- Sorting foamed PS containers by color
- Sorting transparent containers by material

### ☆ **Recycling plant**

- PS container recycling
- PET container recycling

PET Mechanical Recycling Plant



• PET Container recycling

• Sorting center  
• PS Container recycling



### ☆ **I Logic Chubu Picking Center Chubu Distribution Center II**

### ☆ **Chubu Plant II**

- PSP (foamed PS) container production

• I Logic Chubu Picking Center  
• Chubu Distribution Center II



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

- The closest station is Gifu Hashima Station on JR Central Lines.
- You can arrange a tour at a convenient time for you.
- A tour takes around three hours.
- Contact Kodama at the Corporate Planning Department (03-5325-7756).



April 2007

Received the Award for Excellence in the Product Division of the First Container and Packaging 3R Promotion Minister of the Environment Awards.

[http://www.env.go.jp/recycle/yoki/b\\_2\\_approach/](http://www.env.go.jp/recycle/yoki/b_2_approach/)



March 2009

Certified as a leading company in the employment of disabled workers by (received the “Heartful Ribbon Mark” from) the Japan Association of Employers of Persons with Severe Disabilities

<http://www.mhlw.go.jp/bunya/koyou/shougaisha/dl/110420-1.pdf>



February 2011

Received the Gold Prize of Eco Mark Award 2010 (first Eco Mark Award) from the Japan Environmental Association.

[http://www.ecomark.jp/award/award\\_2010.html](http://www.ecomark.jp/award/award_2010.html)



April 2011

Made an “Eco-First promise” to the Environment Minister as an environmentally-advanced company and was certified as an “Eco-First company.”

<http://www.env.go.jp/guide/info/eco-first/index.html>