



May 9, 2014

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 <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 COO  
 Contact: Isao Ikegami, Senior Vice President,  
 Director and Head of Finance and Accounting Division  
 Tel. +81-8-4953-1145

Scheduled date for ordinary general meeting of shareholders: June 27, 2014  
 Scheduled date of commencement of dividend payment: June 9, 2014  
 Scheduled date for filing of securities report: June 30, 2014  
 Supplementary documents for financial results: Yes  
 Financial results briefing: Yes

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

#### (1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2014	161,121	1.9	9,760	(33.0)	10,054	(33.5)	6,137	(30.6)
March 31, 2013	158,192	1.6	14,564	(1.9)	15,122	1.1	8,846	9.3

(Note) Comprehensive income: Fiscal year ended March 31, 2014: 6,148 million yen [(32.2)%]  
 Fiscal year ended March 31, 2013: 9,063 million yen [10.9%]

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2014	148.27	–	7.8	5.7	6.1
March 31, 2013	213.71	–	12.0	8.9	9.2

(Reference) Shares of (profit) loss of entities accounted for using equity method: Fiscal year ended March 2014: – million yen  
 Fiscal year ended March 2013: – million yen

(Note) On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. Figures for net income per share have been calculated as though this share split was conducted on April 1, 2013.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2014	180,476	80,062	44.3	1,933.55
March 31, 2013	172,260	76,682	44.5	1,851.96

(Reference) Equity: As of March 31, 2014: 80,040 million yen  
 As of March 31, 2013: 76,663 million yen

(Note) On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. Figures for net assets per share have been calculated as though this share split was conducted on April 1, 2013.

### (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, 2014	17,981	(11,766)	(4,120)	16,153
March 31, 2013	15,806	(13,076)	(2,579)	14,060

### 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, 2013	–	64.00	–	65.00	129.00	2,670	30.2	3.6
March 31, 2014	–	64.00	–	65.00	129.00	2,670	43.5	3.4
Fiscal year ending March 31, 2015 (forecast)	–	24.00	–	26.00	50.00		30.3	

(Note) On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. The dividend forecast for the fiscal year ending March 31, 2015 reflects this share split.

For Information of Dividends as though this share split was conducted on April 1, 2013, please refer to (3) Basic Principles of Profit Distribution and Dividends for the Fiscal Year under Review and for the Next Fiscal Year of 1. Consolidated Financial Results on page 6.

### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six-month cumulative period	82,300	2.2	4,570	(7.3)	5,200	1.7	3,200	2.9	77.30
Fiscal year ending March 31, 2015	167,000	3.6	10,340	5.9	11,100	10.4	6,840	11.4	165.20

(Note) On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. The forecast for net income per share reflects this share split.

#### \* 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.: Yes

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

(Note) For details, please refer to (5) Notes to Consolidated Financial Statements—Changes in Accounting Policies of 4. Consolidated Financial Statements on page 20.

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

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

As of March 31, 2014: 44,284,212 shares

As of March 31, 2013: 44,284,212 shares

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

As of March 31, 2014: 2,888,624 shares

As of March 31, 2013: 2,888,328 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2014: 41,395,735 shares

Fiscal year ended March 31, 2013: 41,395,989 shares

(Note) On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. Figures for the numbers of shares have been calculated as though this share split was conducted on April 1, 2013.

**(Reference) Overview of non-consolidated operating results**  
**Overview of non-consolidated operating results for the fiscal year ended March 31, 2014**  
**(April 1, 2013 – March 31, 2014)**

**(1) Non-Consolidated Results of Operations**

(Percentages show year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2014	131,322	4.5	7,517	(38.6)	7,717	(39.7)	4,933	(36.4)
March 31, 2013	125,649	2.0	12,245	1.0	12,791	5.8	7,763	15.8

Fiscal year ended	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
March 31, 2014	119.19	–
March 31, 2013	187.54	–

(Note) On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. Figures for net income per share have been calculated as though this share split was conducted on April 1, 2013.

**(2) Non-Consolidated Financial Position**

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2014	161,759	68,006	42.0	1,642.84
March 31, 2013	154,708	65,734	42.5	1,587.94

(Reference) Equity: As of March 31, 2014: 68,006 million yen  
As of March 31, 2013: 65,734 million yen

(Note) On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. Figures for net assets per share have been calculated as though this share split was conducted on April 1, 2013.

**\* Indication concerning the condition of carrying-out of the audit procedure**

This Summary of Consolidated Financial Statements does not require the audit procedure based on the Financial Instruments and Exchange Act. As of the time of disclosure of this Summary of Consolidated Financial Statements, the procedure to audit financial statements based on the Financial Instruments and Exchange Act was not yet completed.

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

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.

## Accompanying Materials – Contents

<b>1. Consolidated Financial Results</b> .....	2
<b>(1) Analysis of Financial Results</b> .....	2
<b>(2) Analysis of Financial Situation</b> .....	5
<b>(3) Basic Principles of Profit Distribution and Dividends for the Fiscal Year under Review and for the Next Fiscal Year</b> .....	6
<b>2. Business Overview and Organization</b> .....	7
<b>3. Management Policy</b> .....	9
<b>(1) Management’s Basic Principle</b> .....	9
<b>(2) Targeted Management Indicators</b> .....	9
<b>(3) Medium- to Long-Term Management Strategy</b> .....	9
<b>(4) Issues Facing the Company</b> .....	10
<b>4. Consolidated Financial Statements</b> .....	12
<b>(1) Consolidated Balance Sheet</b> .....	12
<b>(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income</b> .....	14
Consolidated Statement of Income .....	14
Consolidated Statement of Comprehensive Income .....	15
<b>(3) Consolidated Statement of Changes in Equity</b> .....	16
<b>(4) Consolidated Statement of Cash Flows</b> .....	18
<b>(5) Notes to Consolidated Financial Statements</b> .....	20
Note to Going Concern Assumption .....	20
Changes of Basic Important Matters for the Preparation of Consolidated Financial Statements .....	20
Changes in Accounting Policies .....	20
Consolidated Balance Sheet .....	21
Consolidated Statement of Income .....	21
Segment Information .....	22
Per Share Information .....	22
Important Subsequent Events .....	23
Omission of Notes .....	23
<b>5. Other</b> .....	23
<b>(1) Change in Officers</b> .....	23

# 1. Consolidated Financial Results

## (1) Analysis of Financial Results

### a) Results of operations for the year under review

During the fiscal year under review, the Japanese economy showed a basic recovery trend as the government's economic stimulus measures and the Bank of Japan's monetary policies, along with the yen's continued depreciation, caused corporate earnings to improve, mainly for exporters, and employment and personal incomes also increased. However, the future outlook remains uncertain, clouded by such factors as slowing growth in emerging countries and other overseas economies, and increases in the electricity charges.

In these circumstances, the Group's sales of containers with new designs and functions, such as the Multi FP and Multi Solid, which is produced using scraps of materials created in the production process of the Multi FP, rose steadily. Meanwhile, sales of OPET transparent containers and new transparent PP containers, sales of which commenced in the previous fiscal year, saw sales volumes increase considerably as customers appreciated their superior functionality (oil resistance and thermal insulation). In particular, the PPSAV (new transparent PP containers), which expanded their lineup to 56 sizes from this spring, are expected to see a significant growth in demand due to their superior transparency and thermal insulation compared with previous products, and because they allow new products to be made by heating in a microwave.

In addition, the Eco APET series of recycled PET transparent containers, now on the market for their second year, sold briskly, and the shift from products using virgin raw materials to products using recycled raw materials is well underway. Together with the recycled PSP containers (Eco Tray), which are on the market for their 22<sup>nd</sup> year, these eco products are expected to see a further increase in sales due to their advantage in relatively low risk of cost increase associated with the rising raw material prices because of their production using recycled raw materials, increasing customer awareness of environmental and recycling issues, and the national policy aiming for the realization of Japan as a nation in environmental conservation.

Costs rose due to sharp rises in raw material prices, the depreciation of the yen and an increase in electric power charges. As a result, the Company announced on May 20, 2013 that it would revise its product prices, where it is difficult for it to absorb the higher costs on its own by reducing product weights and making cost reductions, and it negotiated earnestly with customers. However, due to a delay in the product price revision from the original schedule, the situation became extremely challenging.

Meanwhile, price competition in general-purpose products remained fierce, and the Company was obliged to review unprofitable transactions with respect to some general-purpose products.

As a result, overall volumes of product sold rose 3.0% from a year ago, and sales of manufactured goods increased 2.9% year on year.

Sales of commodities declined 0.9% from the previous fiscal year as a result of a Group-wide revision of commercial distribution; however, sales in joint delivery operations increased with efforts to upgrade and enhance the distribution network and to increase the volume of products handled.

As a result, net sales for the fiscal year under review increased to 161,121 million yen, an increase of 2,928 million yen (up 1.9%) from the previous fiscal year.

In terms of income, prices of raw materials soared from the end of the third quarter, and increased even further from the fourth quarter, driving raw material costs to increase approximately 4,600 million yen year on year, while capital expenditure, which the Company focused on, and other expenses climbed approximately 1,700 million yen. In addition, the Company recorded an income loss of approximately 1,300 million yen as a result of reviewing transactions in conjunction with price competition, mainly in general-purpose products.

Meanwhile, sales of lunchbox and prepared foods containers remained brisk and the entire Group made efforts to improve costs in the face of rising electric power charges and unit delivery cost, and product prices rose. As a result, income improved by around 2,500 million yen in total. However, the increase in costs was not offset. As a result, ordinary income for the fiscal year under review decreased 5,068 million yen, or 33.5% year on year, to 10,054 million yen. Net income stood at 6,137 million yen (down 30.6% from a year earlier).

In 2013, the Company focused on negotiating with customers regarding price revisions. Now the Company will focus on further increasing the speed of new product development and product line expansion. Another focus will be to increase sales of the Company's original products such as Multi FP, Multi Solid, OPET, and new transparent polypropylene (PP) and eco products. As for general-purpose products, the Company will work on extensive cost cuts, and prepare to expand sales volume. In addition, the Company will promote information proposals to customers on sales floors that are effective for selling. In another initiative, the FPCO Fair 2014 was held at Tokyo Big Site in March 2014, drawing 13,000 visitors. The number of users visiting the event increased in particular, and going forward the Company will contribute to solving customers' issues using its strengths, such as original products like PPSA Series, steps to promote environmental conservation, recycling, and reduced logistics costs.

As for logistics facilities, the No. 2 Kyushu Distribution Center began operating in July 2013, and the No. 1 Kansai Distribution Center launched its operation in October 2013. Meanwhile, construction has commenced on the Fukuyama Cross-Docking Center, which is scheduled to start operation in July 2014, and on the Hachioji Center, which is scheduled to begin operating as a new logistics base in October 2014. Through these capital expenditures, the Company will construct a nationwide logistics network, and offer customers lower costs throughout the entire distribution process from procurement to delivery.

In production facilities, the Company renovated the production facilities of the No. 1 Kanto Plant, which had been refurbished, and began operating in June 2013. In other developments, the Kanto Yachiyo Plant added a OPET transparent sheet extrusion equipment (No. 2 machine) and product molding machines (four lines) from April 2014, and has begun operating them in preparation for increased sales. There are also plans to increase productions lines in response to sales expansion of new transparent PP containers. In addition, the Company began constructing a development and training block, targeting an operational start in December 2014, with the goal of researching new materials with competitive price capabilities, which are one of the Group's strengths, even faster development of new products, and improvements in quality.

With respect to the employment of disabled workers, as of March 31, 2014 the Group provided employment opportunities for 372 individuals (647 disabled workers employed), and 33 at its tie-up partners. The overall employment ratio of disabled workers at the Company was 16.0%.

(Explanation of terms)

Multi FP (MFP):	A foamed PS (polystyrene) container with cold and heat resistance to temperatures between -40°C and +110°C and with superior oil and acid resistance and thermal insulation.
Multi Solid (MSD):	A non-foamed PS (polystyrene) container with a heat resistance temperature of +110°C 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 polystyrene terephthalate transparent container with a heat resistance temperature of +80°C 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 +110°C, which has achieved the same transparency as OPS using standard-grade polypropylene raw material.
PPSA Series:	A snap-lock food pack made from a transparent PP container with a heat resistance temperature of +110°C
OPS transparent container:	A conventional transparent container with a heat resistance temperature of +80°C that is molded from the bi-axially oriented polystyrene sheets.
Eco Tray:	A recycled expanded polystyrene container for which polystyrene containers collected at shop counters and scrap pieces collected within plants are used as raw materials (sales commenced in 1992).

Eco APET:	A recycled PET transparent container for which PET transparent containers collected at shop counters, PET bottles and scrap pieces collected within plants are used as raw materials (sales commenced in 2012).
Cross-docking center:	A center that achieves a cross-docking method of gathering all the products to be shipped in one place, and loading them in order of delivery after an all-in assortment by each delivery route, replacing the method of loading products sent to customers using individual delivery trucks making rounds of visits to warehouses.

#### b) Projections for the fiscal year ending March 31, 2015

In the forecast for the fiscal year ending March 31, 2015, the Company is projecting continued effects from the government's economic stimulus measures, however the outlook is expected to remain uncertain with a decline in consumer spending anticipated due to the consumption tax hike from April 2014.

Responding to this environment, as part of initiatives to bolster sales, taking into account the impact of FPCO Fair 2014, the Company will develop and propose products, and improve the product lineup, particularly original products such as containers with new designs and new functions, Multi FP, Multi Solid, OPET, and new transparent polypropylene (PP), in response to diversified eating habits, including microwaving, eating alone, takeout food, home delivery, and industrial catering.

On the other hand, general-purpose products are expected to continue to suffer from price competition. The Company will respond with extensive cost cuts, and prepare to expand sales volume.

Through these initiatives, the Company strives to increase Group-wide sales, also for packaging material consumables and packaging containers for agricultural and egg industries, etc., and expects sales to increase 3.6% year on year, to 167,000 million yen.

In logistics facilities, the Company will start operations at the Fukuyama Cross-Docking Center in July 2014 and at the Hachioji Center as a new logistics base in October 2014, to cope with expansion in logistics volumes and increases in delivery unit prices, and to build a logistics network.

On the production facilities front, the Company added an OPET transparent sheet extrusion equipment (No. 2 machine) and product molding machines (four lines) from April 2014, and has begun operating them. Now the Company will successively add new transparent PP product molding machines (three lines). Finally, in December the Company plans to complete a development and training block for researching new materials, achieving even faster development of new products, and making improvements in quality.

In terms of profits, while costs are expected to rise due to further rises in raw materials prices compared with the fourth quarter of the previous fiscal year, an increase in electric power charges and unit delivery costs, and higher expenses, mainly from a series of large-scale capital expenditures in line with the above measures, the Company aims to absorb the rises in costs by executing Group-wide initiatives to streamline costs and improve efficiency. As a result, the Company expects ordinary income to increase 10.4% year on year, to 11,100 million yen, with net income rising 11.4%, to 6,840 million yen. Moreover, the Company is projecting ordinary income before amortization to increase 13.0% year on year, to 22,300 million yen.

While making further strategic upfront investments in the next fiscal year to meet medium-term targets, the Company will strive to increase sales and profit by focusing on expanding sales of original products.

In other areas, to bolster its PET recycling business the Company plans to acquire the shares of Nishinohon PET-Bottle Recycle Co., Ltd. in June 2014 and make it into a consolidated subsidiary. Nishinohon PET-Bottle Recycle Co., Ltd. possesses technology for producing high purity recycled resin from used PET bottles. The Company will therefore consider Nishinohon PET-Bottle Recycle Co., Ltd. as an important manufacturing and production site in Western Japan besides Chubu PET Recycling Plant.

The Group will continue to strive to maximize its corporate value over the medium term, using its strengths of original products with unique materials, functions, and other aspects, a nationwide logistics network, and its role as a recycled resource manufacturer aiming to achieve a recycling-oriented society.

## **(2) Analysis of Financial Situation**

### **(i) State of assets, liabilities and net assets**

Assets for the Group totaled 180,476 million yen at the end of the fiscal year under review, up 8,216 million yen from the end of the previous fiscal year. Major factors in this increase were respective increases in cash and deposits of 2,093 million yen, inventory assets of 1,323 million yen, property, plant and equipment of 9,994 million yen, and deferred tax assets of 471 million yen. These were partially offset by decreases in notes and accounts receivable - trade of 5,852 million yen and goodwill of 397 million yen.

Consolidated liabilities amounted to 100,414 million yen, up 4,836 million yen from the end of the previous fiscal year. Major factors in this increase were respective increases in Accounts payable - other of 1,286 million yen, long-term loans payable of 7,048 million yen, lease obligations (both short-term and long-term) of 3,374 million yen. These were partially offset by decreases in accounts payable - trade of 1,819 million yen, short-term loans payable of 5,089 million yen, and income taxes payable of 1,135 million yen.

Consolidated net assets reached 80,062 million yen, up 3,380 million yen from the end of the previous fiscal year. This change mainly reflected the posting of net income of 6,137 million and decreases including dividends of surplus of 2,670 million yen.

### **(ii) State of cash flows**

Cash and cash equivalent (hereinafter “cash”) totaled 16,153 million yen at the end of the fiscal year under review, up 2,093 million yen from the end of the previous fiscal year.

The status of respective cash flows and its causes are as follows.

#### **(Cash flows from operating activities)**

Net cash provided by operating activities came to 17,981 million yen (an increase of 2,174 million yen from the previous fiscal year). Key factors were net income before income taxes of 9,883 million yen, depreciation of 9,703 million yen and decrease in notes and accounts receivable - trade of 5,771 million yen, among other cash inflows, which offset cash outflows, including an increase in inventory assets of 1,318 million yen, decrease in notes and accounts payable - trade of 1,966 million yen, income taxes paid of 5,345 million yen, and other cash outflows.

#### **(Cash flows from investing activities)**

Net cash used in investment activities reached 11,766 million yen (a decrease in outflow of 1,309 million yen from the previous fiscal year). Key factors included 11,568 million yen used for the acquisition of non-current assets including facilities for distribution centers and picking centers.

#### **(Cash flows from financing activities)**

Net cash used in financing activities was 4,120 million yen (an increase in outflow of 1,541 million yen from the previous fiscal year). Key factors included a net increase in loans payable of 1,958 million yen, among other cash inflows, which was offset by cash dividends paid of 2,669 million yen, repayments of lease obligations of 3,408 million yen, and other cash outflows.



(Reference) Indicators related to cash flow

	FY ended March 31, 2010	FY ended March 31, 2011	FY ended March 31, 2012	FY ended March 31, 2013	FY ended March 31, 2014
Capital adequacy ratio (%)	43.4	41.4	42.3	44.5	44.3
Capital adequacy ratio on a market value basis (%)	64.8	58.6	65.0	73.8	75.3
Interest-bearing liabilities/cash flow (per year)	3.0	4.1	3.4	3.8	3.7
Interest coverage ratio (times)	27.3	28.4	41.3	44.8	53.7

Capital adequacy ratio: net worth equity capital/total assets

Capital adequacy ratio on a market value basis: total market capitalization/total assets

Interest-bearing liabilities/cash flow: interest-bearing liabilities/operating cash flow

Interest coverage ratio: operating cash flow/interest payment

\* Each indicator is calculated based on consolidated financial data.

\* Total market capitalization is calculated based on shares outstanding, excluding treasury shares.

\* Interest-bearing liabilities include all the liabilities reported on the consolidated balance sheet for which interest is paid.

\* Operating cash flow and interest payment are calculated based on "cash flows from operating activities" and "interest expenses paid" recorded in the consolidated statement of cash flows.

### (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 64 yen and the year-end dividend at 65 yen, for an annual dividend of 129 yen.

The annual dividend for the next fiscal year is expected to be 50 yen per share.

(On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. The dividend would be 100 yen per share on the assumption that the share split was not implemented. )

(Reference)

Assuming that the share split was conducted on April 1, 2013, the dividends are retrospectively restated as follows:

	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, 2013	–	32.00	–	32.50	64.50	2,670	30.2	3.6
March 31, 2014	–	32.00	–	32.50	64.50	2,670	43.5	3.4
Fiscal year ending March 31, 2015 (forecast)	–	24.00	–	26.00	50.00		30.3	

## 2. Business Overview and Organization

The Group consists of FP Corporation and 32 subsidiaries. The principle businesses of the Group are related to simplified food containers, namely the manufacture and marketing of trays and lunchbox containers and the marketing of related packaging materials.

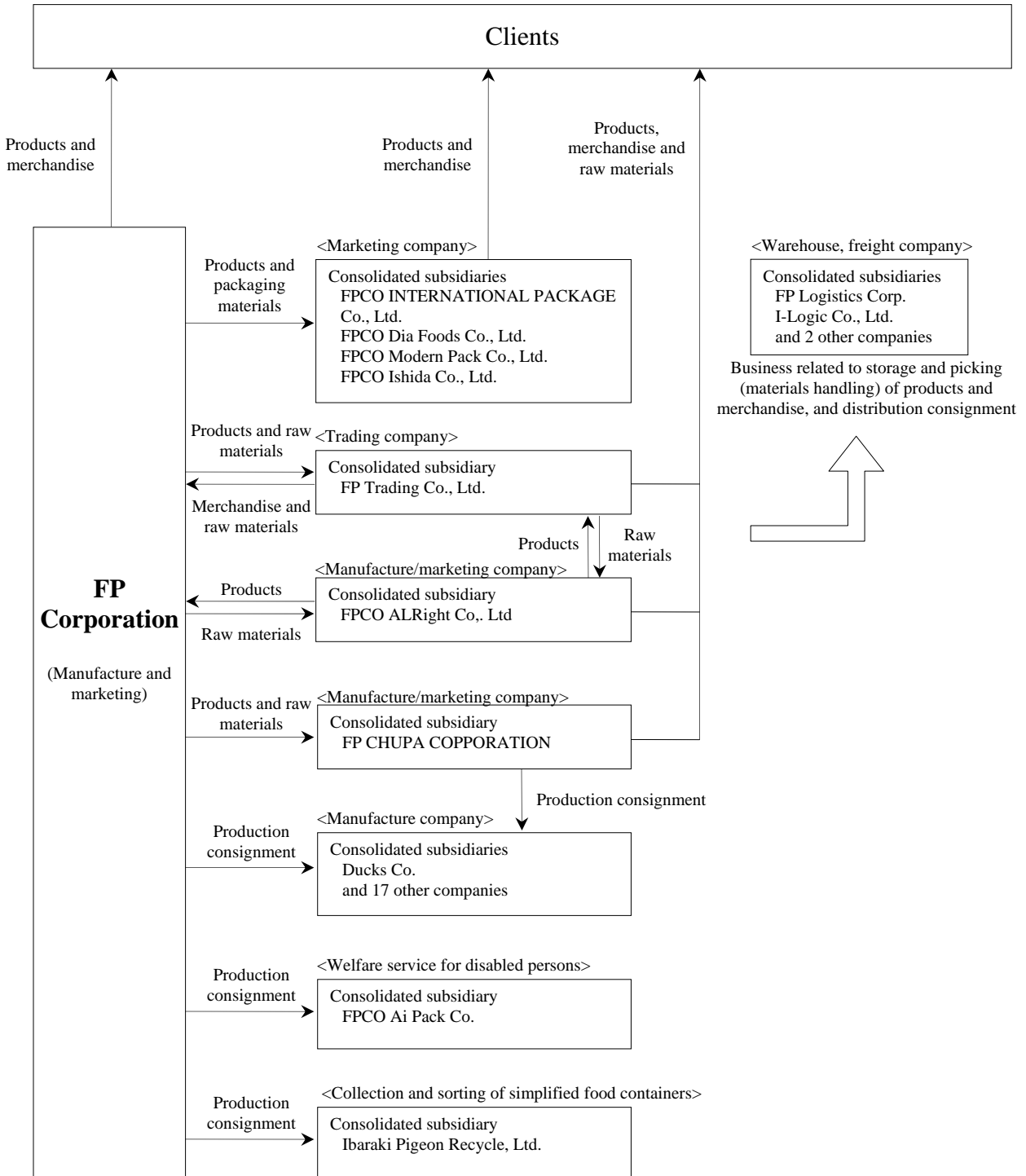
The business and role of each company in the Group are as follows:

Business segment	Major business and role	Major company
Businesses related to simplified food containers	Manufacture and marketing of simplified food containers made from compound resins	Reporting company
	Marketing of packaging materials and packaging machinery	
	Purchase of raw materials and merchandise for the manufacture of simplified food containers made from compound resins	FP Trading Co., Ltd. (Note 1)
	Marketing of raw materials and merchandise for the manufacture of simplified food containers made from compound resins	
	Import and export business	
	Manufacture and marketing of simplified food containers made from compound resins	FP CHUPA COPPORATION
	Marketing of packaging materials	
	Manufacture of simplified food containers made from compound resins	Ducks Co. and 17 other companies
	Manufacture and marketing of plastic films	FPCO ALRight Co., Ltd (Note 1)
	Welfare services for disabled persons based on the Total Supports for Persons with Disabilities Act	FPCO Ai Pack Co.
	Business related to collection and sorting of simplified food containers made from compound resins	Ibaraki Pigeon Recycle, Ltd.
	Administration of franchise chain systems for the marketing and retailing of packaging materials	FPCO Modern Pack, Co., Ltd.
	Mail order marketing using catalogues for food containers and packaging materials	
	Marketing of simplified food containers made from compound resins	FPCO INTERNATIONAL PACKAGE Co., Ltd.
Marketing of packaging materials	FPCO Dia Foods Co., Ltd. FPCO Ishida Co., Ltd. (Note 2)	
Business related to the storage and picking of products and merchandise for marketing by the reporting company and certain subsidiaries, and distribution business	FP Logistics Corp. I-LogicCo., Ltd. and 2 other companies	
Business related to trading	Business related to the sale of machinery	FP Trading Co., Ltd. (Note 1)
Other business	Business related to the manufacture of cardboards	FPCO ALRight Co., Ltd (Note 1)
	Rental business	FP Trading Co., Ltd. and 1 other company (Note 1)

(Notes) 1. Multitasking companies are listed as major company under both “Business related to trading” and “Other business.”

2. FPCO Ishida Co., Ltd. became a subsidiary of the Company after the transfer of shares as of April 1, 2013.

An organization chart of the Group's business is as follows.



### **3. Management Policy**

#### **(1) Management's Basic Principle**

Based on the management philosophy of "Customer First," the Group 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.

We have established an environmental management system to meet our obligations to the community and our responsibility to make a social contribution. We have also been promoting the FP Corporation recycling method (Tray-to-Tray) to contribute to the establishment of a recycling-oriented society.

The Group has been involved in employment support for disabled persons, and has been striving to conduct its business to maximize corporate value in cooperation with all stakeholders, including clients, customers, shareholders, employees and local communities.

#### **(2) Targeted Management Indicators**

In the pursuit of shareholder-oriented management, we will increase corporate value by soundly executing Group management policies, aiming at earnings per share of 450 yen. (The new target of net income per share is 225 yen after the share split.)

#### **(3) Medium- to Long-Term Management Strategy**

With the aim of achieving its management policies and target management indicators and becoming "a corporate group that creates comfortable dietary lives for customers through food containers," the Group will pursue the following three basic objectives as a manufacturer: "reliably delivering as needed" "the highest quality products," "at the most competitive price" and "reliably delivering as needed."

To fulfill its responsibilities as a company playing a role in the dietary environment, we aim to build a solid management base by bolstering our capability to develop materials and products, as well as to sell and distribute the finished goods, improving quality, productivity and services, and reducing the total cost. We will actively expand the market through consolidation and acquisition, leveraging the foundations we have been building to date.

##### **(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**

Anticipating changes in the dietary environment, such as greater demand for quality, function and utility in the market and growing demand for eating at home or alone, we will provide customers with products that meet their needs and containers that help to provide their venues with a competitive edge.

With respect to customer efforts to protect the environment and reduce distribution costs, we will propose comprehensive solutions to the problems of retailers, utilizing the FP Corporation recycling method and FPCO distribution networks.

(iii) Enhancement of supply system

We will seek to further strengthen supply chain management (SCM), developing systems for procurement, manufacture and distribution with optimal efficiency and reducing total cost.

Taking advantage of the Group's nationwide distribution networks, we will strive to provide a distribution service that is rationalized at a higher dimension with a clean environment and to ensure zero customer claims related to delivery errors.

(iv) Environmentally friendly operation

We will execute a new Medium-Term Environmental Management Plan, FP Corporation Eco Action 50 (FPEA 50), as a more advanced plan 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). Furthermore, we are examining the development of industry's leading environmentally-friendly containers with environment-conscious design, and will implement various measures such as reducing and recycling waste from our business activities.

(v) Activities emphasizing social responsibility

We will continue with our positive involvement in employment support for disabled persons, and activities to win the trust of local communities.

We will facilitate communications with consumers through such opportunities as inviting them for tours through recycling plants and collection and sorting centers as well as various fairs. Based on our commitment to safety and security, we will also strive to pay attention to safety and hygiene and quality management through enhanced traceability.

(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, and 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, distribution and recycling, resourcefulness and networks for distribution and information, we will get prepared for rapid expansion of the market.

#### **(4) Issues Facing the Company**

Despite a deteriorating management environment, as seen in price competition in general-purpose products and rising prices of raw materials and electricity charges, the Group will soundly follow through the medium term management plan and strive to build a firm corporate structure that is cost competitive and that ensures consistent earnings by resting on the management foundations the Group has developed and strengthened in the past.

Information about risks associated with business operations is not stated in this document because there has been no significant change from the information disclosed in the brief announcement of the consolidated financial results for the first six months of the fiscal year ended March 31, 2008 (announced on November 9, 2007).

The above report may be viewed on the following Internet site.

(The Company web page)

<http://www.fpcj.co.jp/en/>

(The web page of the Tokyo Stock Exchange (search page for information of listed companies))

<http://www.tse.or.jp/listing/compsearch/index.html>

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Million yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	14,060	16,153
Notes and accounts receivable - trade	36,450	30,598
Merchandise and finished goods	16,597	17,810
Work in process	116	78
Raw materials and supplies	2,807	2,957
Deferred tax assets	1,144	1,272
Accounts receivable - other	2,245	2,634
Other	451	527
Allowance for doubtful accounts	(30)	(31)
Total current assets	73,843	72,001
Non-current assets		
Property, plant and equipment		
Buildings and structures	78,268	83,589
Accumulated depreciation	(40,622)	(42,757)
Buildings and structures, net	37,645	40,831
Machinery, equipment and vehicles	31,166	29,963
Accumulated depreciation	(21,335)	(22,231)
Machinery, equipment and vehicles, net	9,830	7,731
Land	27,805	31,945
Leased assets	18,933	23,952
Accumulated depreciation	(8,955)	(10,775)
Leased assets, net	9,977	13,177
Construction in progress	1,765	3,348
Other	18,118	19,021
Accumulated depreciation	(14,495)	(15,414)
Other, net	3,622	3,607
Total property, plant and equipment	90,647	100,641
Intangible assets		
Goodwill	1,127	730
Other	918	1,085
Total intangible assets	2,046	1,816
Investments and other assets		
Investment securities	3,388	3,304
Deferred tax assets	1,100	1,444
Other	1,298	1,335
Allowance for doubtful accounts	(64)	(66)
Total investments and other assets	5,722	6,017
Total non-current assets	98,416	108,475
<b>Total assets</b>	<b>172,260</b>	<b>180,476</b>

(Million yen)

	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	21,051	19,231
Short-term loans payable	15,066	9,976
Commercial papers	15,000	15,000
Lease obligations	2,695	3,642
Accounts payable - other	4,247	5,533
Income taxes payable	2,692	1,556
Accrued consumption taxes	246	326
Provision for bonuses	1,540	1,475
Provision for directors' bonuses	93	55
Other	1,865	2,677
<b>Total current liabilities</b>	<b>64,499</b>	<b>59,476</b>
<b>Non-current liabilities</b>		
Long-term loans payable	19,728	26,777
Lease obligations	7,931	10,359
Deferred tax liabilities	26	14
Provision for retirement benefits	2,134	–
Provision for directors' retirement benefits	1,135	1,207
Net defined benefit liability	–	2,465
Other	121	114
<b>Total non-current liabilities</b>	<b>31,078</b>	<b>40,938</b>
<b>Total liabilities</b>	<b>95,578</b>	<b>100,414</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	13,150	13,150
Capital surplus	15,843	15,843
Retained earnings	52,062	55,529
Treasury shares	(4,938)	(4,939)
<b>Total shareholders' equity</b>	<b>76,117</b>	<b>79,583</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	546	553
Remeasurements of defined benefit plans	–	(97)
<b>Total accumulated other comprehensive income</b>	<b>546</b>	<b>456</b>
<b>Minority interests</b>	<b>18</b>	<b>21</b>
<b>Total net assets</b>	<b>76,682</b>	<b>80,062</b>
<b>Total liabilities and net assets</b>	<b>172,260</b>	<b>180,476</b>



**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**Consolidated Statement of Income**

(Million yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	158,192	161,121
Cost of sales	109,510	115,243
Gross profit	48,681	45,877
Selling, general and administrative expenses	34,117	36,117
Operating income	14,564	9,760
Non-operating income		
Interest income	6	6
Dividend income	54	94
Rent income	98	89
Gain on sales of scraps	146	229
Receipt charge for development	319	–
Other	447	380
Total non-operating income	1,072	800
Non-operating expenses		
Interest expenses	347	326
Other	167	180
Total non-operating expenses	514	507
Ordinary income	15,122	10,054
Extraordinary income		
Gain on sales of non-current assets	26	14
Insurance income	–	210
Gain on sales of investment securities	31	–
Gain on step acquisitions	–	6
Total extraordinary income	57	231
Extraordinary losses		
Loss on sales and retirement of non-current assets	307	179
Loss on sales of shares of subsidiaries and associates	17	–
Loss on disaster	–	212
Loss on valuation of investment securities	1	–
Other	58	9
Total extraordinary losses	385	402
Income before income taxes and minority interests	14,794	9,883
Income taxes - current	5,798	4,210
Income taxes - deferred	148	(467)
Total income taxes	5,946	3,742
Income before minority interests	8,847	6,140
Minority interests in income	1	3
Net income	8,846	6,137

## Consolidated Statement of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	8,847	6,140
Other comprehensive income		
Valuation difference on available-for-sale securities	215	7
Total other comprehensive income	215	7
Comprehensive income	9,063	6,148
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,062	6,145
Comprehensive income attributable to minority interests	1	3

### (3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2013

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,150	15,843	45,784	(4,938)	69,840
Changes of items during period					
Dividends of surplus			(2,566)		(2,566)
Net income			8,846		8,846
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation			(2)		(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	6,277	(0)	6,276
Balance at end of current period	13,150	15,843	52,062	(4,938)	76,117

	Accumulated other comprehensive income			Minority 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	330	–	330	31	70,202
Changes of items during period					
Dividends of surplus					(2,566)
Net income					8,846
Purchase of treasury shares					(0)
Change of scope of consolidation					(2)
Net changes of items other than shareholders' equity	215	–	215	(12)	202
Total changes of items during period	215	–	215	(12)	6,479
Balance at end of current period	546	–	546	18	76,682

Fiscal year ended March 31, 2014

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,150	15,843	52,062	(4,938)	76,117
Changes of items during period					
Dividends of surplus			(2,670)		(2,670)
Net income			6,137		6,137
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,467	(0)	3,466
Balance at end of current period	13,150	15,843	55,529	(4,939)	79,583

	Accumulated other comprehensive income			Minority 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	546	-	546	18	76,682
Changes of items during period					
Dividends of surplus					(2,670)
Net income					6,137
Purchase of treasury shares					(0)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity	7	(97)	(89)	3	(86)
Total changes of items during period	7	(97)	(89)	3	3,380
Balance at end of current period	553	(97)	456	21	80,062

#### (4) Consolidated Statement of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	14,794	9,883
Depreciation	9,746	9,703
Increase (decrease) in provision for bonuses	(186)	(73)
Increase (decrease) in provision for directors' bonuses	(6)	(37)
Increase (decrease) in allowance for doubtful accounts	(69)	0
Increase (decrease) in provision for directors' retirement benefits	52	72
Increase (decrease) in net defined benefit liability	165	180
Loss (gain) on valuation of investment securities	1	–
Loss (gain) on sales and retirement of non-current assets	281	165
Interest and dividend income	(60)	(101)
Interest expenses	347	326
Insurance income	–	(210)
Loss on disaster	–	212
Decrease (increase) in notes and accounts receivable - trade	790	5,771
Decrease (increase) in inventories	(2,581)	(1,318)
Decrease (increase) in accounts receivable - other	51	(179)
Increase (decrease) in notes and accounts payable - trade	(477)	(1,966)
Increase/decrease in other assets/liabilities	(5)	256
Increase (decrease) in accrued consumption taxes	(403)	74
Other, net	796	803
Subtotal	23,235	23,563
Interest and dividend income received	61	101
Interest expenses paid	(352)	(335)
Payments for loss on disaster	–	(2)
Income taxes paid	(7,137)	(5,345)
Net cash provided by (used in) operating activities	15,806	17,981
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,829)	(11,568)
Purchase of intangible assets	(331)	(485)
Purchase of investment securities	(202)	(27)
Proceeds from sales of investment securities	67	203
Payments of long-term loans receivable	(25)	(25)
Collection of long-term loans receivable	81	28
Other, net	163	108
Net cash provided by (used in) investing activities	(13,076)	(11,766)

(Million yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,380	(3,800)
Proceeds from long-term loans payable	13,010	15,000
Repayments of long-term loans payable	(11,814)	(9,241)
Purchase of treasury shares	(0)	(0)
Repayments of lease obligations	(2,576)	(3,408)
Cash dividends paid	(2,571)	(2,669)
Cash dividends paid to minority shareholders	(7)	–
Net cash provided by (used in) financing activities	(2,579)	(4,120)
Net increase (decrease) in cash and cash equivalents	150	2,093
Cash and cash equivalents at beginning of period	13,909	14,060
Cash and cash equivalents at end of period	14,060	16,153

## **(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: 32

All subsidiaries are consolidated.

Names of principal consolidated subsidiaries

The names are omitted because they are listed in 2. Business Overview and Organization.

FPCO Ishida Co., Ltd. was included in the scope of consolidation from the fiscal year under review following the purchase of its shares.

### **Changes in Accounting Policies**

(Application of the Accounting Standard for Retirement Benefits and its Guidance)

The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) were applied effective the end of the fiscal year under review; provided, however, they were applied except for the provisions specified in the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits. Under the new accounting policy, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability and the unrecognized actuarial differences and unrecognized prior service cost were recognized in net defined benefit liability.

The application of the Accounting Standard for Retirement Benefits and its Guidance by the Company is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the effects of the changes in accounting policies were recognized in remeasurements of defined benefit plans under accumulated other comprehensive income as of the end of the fiscal year under review.

As a result, as of March 31, 2014, net defined benefit liability of 150 million yen was recognized. Also, accumulated other comprehensive income decreased by 97 million yen.

Net assets per share decreased by 2.35 yen.

## 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, 2013 and 2014 under these agreements is as follows:

	(Million yen)	
	As of March 31, 2013	As of March 31, 2014
Total of overdraft limit and loan commitments	41,100	43,600
Exercised outstanding	6,800	3,000
Difference	34,300	40,600

## 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, 2013	Fiscal year ended March 31, 2014
Promotion expenses	2,652	3,336
Warehousing and carrying charges	12,765	13,467
Remuneration for officers	444	450
Salaries for employees	5,731	6,056
Provision for reserve for bonuses to officers	94	55
Provision for reserve for bonuses	708	652
Retirement benefit expenses	271	258
Provision for reserve for officer's retirement	77	83
Depreciation and amortization	2,102	2,221
Provision for allowance for doubtful accounts	(33)	17

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, 2013	Fiscal year ended March 31, 2014
	1,062	1,148

3. Insurance income is the amount of insurance payments anticipated for damage to non-current assets and inventory assets caused by heavy snowfalls in the Kanto-Koshin region.



4. A loss on disaster is posted because of heavy snowfalls in the Kanto-Koshin region. Details are as follows:

(Million yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Restoration cost for non-current assets damaged by disaster	–	153
Loss on valuation of inventories	–	18
Other	–	41
Total	–	212

### Segment Information

Segment information

Fiscal year ended March 31, 2013 and fiscal year ended March 31, 2014

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

### Per Share Information

(Yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net assets per share	1,851.96	1,933.55
Net income per share	213.71	148.27

- (Notes) 1. On April 1, 2014, the Company conducted a 2-for-1 share split of its common shares. Figures for net assets per share and net income per share have been calculated as though this share split was conducted on April 1, 2013.
2. Diluted net income per share was not presented because there was no dilution for the fiscal year.
3. The basis for estimating net income per share is as follows:

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net income (million yen)	8,846	6,137
Amount not attributable to common shareholders (million yen)	–	–
Total net income attributable to common shares (million yen)	8,846	6,137
Average number of shares outstanding during the year (thousands of shares)	41,395	41,395

## Important Subsequent Events

Based on the resolution of the Board of Directors meeting held on January 24, 2014, the Company conducted a share split on April 1, 2014.

(1) Purpose of the share split

The Company split its shares for the purpose of improving liquidity and further enlarging the investor base through reduction of the investment unit amount of the Company's shares.

(2) Overview of the share split

(i) Method of the share split

Shares held by shareholders listed or recorded in the final registry of shareholders as of the record date of March 31, 2014 were split at a ratio of two shares to one share.

(ii) Increase in the number of shares resulting from the share split

Total number of shares outstanding before the share split:	22,142,106 shares
Number of shares increased resulting from the share split:	22,142,106 shares
Total number of shares outstanding after the share split:	44,284,212 shares
Total number of shares authorized to be issued after the share split	120,000,000 shares

(3) Effective date of the share split

April 1, 2014

(4) Impact on per share information

The impact of the share split has been calculated as though the share split was conducted on April 1, 2013 and described in Per Share Information.

## Omission of Notes

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

## 5. Other

### (1) Change in Officers

(i) Change in representative directors

\* Please refer to "Notice Regarding Change in Representative Director, Directors and Operating Officers" released on April 25, 2014.

(ii) Change in other officers

\* Please refer to "Notice Regarding Change in Representative Director, Directors and Operating Officers" released on April 25, 2014.