

Business Results for the Year Ended December 31, 2013 [Japan GAAP] (Consolidated)

February 12, 2014

Company: **The Pack Corporation**

Listed on the TSE1

Stock code: 3950

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Expected date of annual shareholders' meeting: March 28, 2014

Expected starting date of dividend payment: March 31, 2014

Expected date of filing of annual securities report: March 28, 2014

Preparation of supplementary financial document: Yes

Results briefing: Yes (for institutional investors and securities analysts)

(Rounded down to million yen)

1. Consolidated business results for the year ended December 31, 2013

(January 1, 2013 through December 31, 2013)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 31, 2013	84,315	(0.3)	5,253	4.3	5,391	2.5	3,301	9.7
Year ended Dec. 31, 2012	84,554	2.4	5,036	(4.4)	5,261	(3.1)	3,009	12.3

(Note) Comprehensive income Year ended Dec. 31, 2013: 3,932 million yen (up 13.5%)

Year ended Dec. 31, 2012: 3,463 million yen (up 28.2%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Dec. 31, 2013	165.98	-	8.7	8.3	6.2
Year ended Dec. 31, 2012	151.30	-	8.5	8.2	6.0

(Reference) Investment earnings/loss on equity-method Year ended Dec. 31, 2013: - million yen

Year ended Dec. 31, 2012: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2013	65,091	39,507	60.7	1,984.74
As of Dec. 31, 2012	65,532	36,569	55.8	1,837.34

(Reference) Shareholders' equity As of Dec. 31, 2013: 39,483 million yen As of Dec. 31, 2012: 36,551 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Dec. 31, 2013	3,736	39	(2,310)	10,581
Year ended Dec. 31, 2012	6,819	(3,283)	(2,647)	9,051

2. Dividends

	Annual dividend					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Dec. 31, 2012	-	25.00	-	25.00	50.00	994	33.1	2.8
Year ended Dec. 31, 2013	-	25.00	-	25.00	50.00	994	30.1	2.6
Year ending Dec. 31, 2014 (forecasts)	-	25.00	-	25.00	50.00			

3. Forecast of consolidated business results for the year ending December 31, 2014

(January 1, 2014 through December 31, 2014)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	39,500	2.7	2,100	5.6	2,180	6.8	1,180	(8.0)	59.32
Fiscal year	86,000	2.0	5,700	8.5	5,800	7.6	3,310	0.2	166.39

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

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

1) Changes in accounting policies associated with revision of accounting standards: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Shares outstanding (common stock)

1) Number of shares outstanding at the end of period (treasury stock included)

As of Dec. 31, 2013: 19,900,000 shares As of Dec. 31, 2012: 19,900,000 shares

2) Number of shares of treasury stock at the end of period

As of Dec. 31, 2013: 6,602 shares As of Dec. 31, 2012: 6,562 shares

3) Average number of stock during period

Year ended Dec. 31, 2013: 19,893,431 shares Year ended Dec. 31, 2012: 19,893,445 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended December 31, 2013

(January 1, 2013 through December 31, 2013)

(1) Non-consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 31, 2013	77,236	(0.8)	4,798	1.2	5,103	(0.4)	3,159	5.3
Year ended Dec. 31, 2012	77,873	3.0	4,740	(1.4)	5,123	0.0	3,001	19.4

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec. 31, 2013	158.80	-
Year ended Dec. 31, 2012	150.87	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2013	63,577	39,027	61.4	1,961.84
As of Dec. 31, 2012	63,919	36,420	57.0	1,830.78

(Reference) Shareholders' equity As of Dec. 31, 2013: 39,027 million yen As of Dec. 31, 2012: 36,420 million yen

2. Forecast of non-consolidated business results for the year ending December 31, 2014

(January 1, 2014 through December 31, 2014)

(% change from the previous corresponding period)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	36,600	4.0	2,100	6.1	1,350	7.4	67.86
Fiscal year	80,000	3.6	5,500	7.8	3,330	5.4	167.39

***Implementation status of auditing procedure**

This financial summary is not subject to auditing procedure pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this report, the auditing procedure of financial statements pursuant to the Financial Instruments and Exchange Act has not been completed.

***Explanation regarding appropriate use of business forecasts and other special instructions**

Note concerning forward-looking statements

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Therefore, actual results may differ significantly from the forecasts due to various factors. Please refer to "1. Analysis of Results of Operations and Financial Position, (1) Analysis of results of operations" on page 2 for forecast assumptions and notes of caution for usage.

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1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

In 2013, there were numerous signs of a recovery in the Japanese economy as the government and Bank of Japan took many actions in line with policies referred to as Abenomics. Stock prices rose as the yen weakened and there were rebounds in corporate earnings and exports. However, the outlook for consumer spending is still uncertain. Consumers in Japan are retaining an extremely defensive stance and strong desire to live economically because of higher prices, including electricity rates, resulting from the weaker yen and suspension of nuclear power plant operations.

In the packaging industry where The Pack Group is active, costs increased because of the higher cost of imported products and raw materials because of the weaker yen, the higher cost of electricity, and other reasons. Since packaging companies have been unable to raise prices to fully offset these expenses, the operating environment has been consistently challenging.

Based on the slogan “we enthusiastically strive always to produce excellence and best possible results,” the Group further increased solidarity among group companies and concentrated on forming ties with new customers, mainly in the Tokyo area. Other actions to increase sales and earnings included selling unused land and reexamining and improving unprofitable operations.

In the current fiscal year, net sales decreased 0.3% year-on-year to 84,315 million yen, operating income increased 4.3% to 5,253 million yen, ordinary income was up 2.5% to 5,391 million yen, and net income increased 9.7% to 3,301 million yen.

(Paper Products)

The paper products segment accounts for 57.9% of total sales. Sales of paper bags, which account for 30.7% of total sales, remained firm overall and increased 1.5% to 25,843 million yen.

Sales of paper folding cartons, which account for 14.7% of total sales, increased 3.9% to 12,371 million yen mainly because of higher sales of cartons for food products.

Sales of corrugated boxes, which account for 10.2% of total sales, decreased 6.5% to 8,574 million yen. Sales were down despite the start of a recovery late in the fiscal year in the consumer electronics industry, which is the primary source of demand for these boxes.

Printing sales, which account for 2.4% of total sales, increased 8.5% to 2,003 million yen mainly because of higher sales in eastern Japan.

Overall, sales in this segment increased 0.9% to 48,794 million yen. Operating income was up 27.7% to 3,664 million yen due mainly to a decline in depreciation at The Tokyo plant.

(Film Packaging)

Sales in the film packaging segment, which accounts for 20.7% of total sales, decreased 2.5% to 17,465 million yen as a recovery in sales of plastic bags for disposable diapers was insufficient to offset its lower sales in the fiscal year’s first half. Segment operating income was down 35.0% to 913 million yen.

(Other Businesses)

Other businesses account for 21.4% of total sales. Sales of clothing and gift products were higher than one year earlier but there was a decline in sales of products used in conjunction with the Pack Assortment Service system, which is a comprehensive outsourcing system that covers everything from manufacturing and procuring packaging materials and other products to inventory control and delivery. As a result, sales decreased 1.1% to 18,056 million yen and operating income decreased 4.3% to 1,662 million yen.

Outlook for 2014

There are hopes that Abenomics will support a continuation of Japan's economic recovery in 2014. However, the outlook for the distribution and manufacturing sectors, which are the main sources of sales for the Company, and consumer spending is uncertain in part due to concerns about the effect of the April 2014 consumption tax hike. Furthermore, the packaging industry will probably be affected again in 2014 by the higher cost of raw materials and imported products caused by the weaker yen. At the same time, price-based competition is expected to continue. As a result, the business climate will probably remain challenging for the foreseeable future.

In 2014, we will maximize the use of our facilities and production capacity to further develop markets and expand operations in Japan and overseas. We will also work on selling our products at adequate prices while focusing on developing products and services, proposing new ideas to customers, and improving quality. Meanwhile, we will continue to reexamine business activities and use reforms to streamline operations in order to further improve our performance.

As we take these actions, we ask for the continued support and understanding of our shareholders.

(2) Analysis of Financial Position

1) Balance sheet position

Assets totaled 65,091 million yen at the end of the current fiscal year, down 441 million yen from the end of the previous fiscal year. The main factors were increases of 501 million yen in securities, 596 million yen in investment securities, and decreases of 338 million yen in buildings and structures, and 482 million yen in deferred tax assets.

Liabilities decreased 3,378 million yen to 25,584 million yen. The main factors were decreases of 1,039 million yen in notes and accounts payable-trade, and 562 million yen in long-term loans payable.

Net assets increased 2,937 million yen to 39,507 million yen. The main factors were increases of 2,307 million yen in retained earnings, and 435 million yen in valuation difference on available-for-sale securities.

2) Cash flow position

The balance of cash and cash equivalents at the end of the current fiscal year increased 1,529 million yen, or 16.9% from the end of the previous fiscal year to 10,581 million yen.

Cash flows from operating activities

Operating activities provided net cash of 3,736 million yen (down 45.2% from net cash provided of 6,819 million yen in the previous fiscal year). The principal factors were depreciation and amortization of 2,012 million yen, while there were a decrease of 1,108 million yen in notes and accounts payable-trade, and income taxes paid of 2,774 million yen.

Cash flows from investing activities

Investing activities provided net cash of 39 million yen (net cash used of 3,283 million yen in the previous fiscal year). The principal factors were 1,116 million yen in purchase of property, plant and equipment, 1,201 million yen in purchase of securities, while there were proceeds from sales of securities of 2,200 million yen.

Cash flows from financing activities

Financing activities used net cash of 2,310 million yen (net cash used of 2,647 million yen in the previous fiscal year). This was mainly due to the cash dividends paid of 994 million yen and the repayment of long-term loans payable of 1,245 million yen.

Reference: Cash flow indicators

Fiscal years ended	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Shareholders' equity ratio	53.8	49.5	53.8	55.8	60.7
Shareholders' equity ratio based on market prices	46.1	44.4	35.2	44.0	57.1
Interest-bearing debt to cash flow ratio	0.1	1.1	1.1	0.3	0.2
Interest coverage ratio	277.7	282.6	157.5	340.1	237.6

Notes: 1. Cash flow indices are calculated, using consolidated financial figures, as follows:

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares issued and outstanding at the end of the period, net of treasury stock.

3. Interest-bearing debt includes all liabilities on the consolidated balance sheets that incur interest.

4. Operating cash flows and interest payments are taken from "Net cash provided by (used in) operating activities" and "Interest expenses paid" on the consolidated statement of cash flows, respectively.

(3) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Under Review and the Subsequent Fiscal Year

The fundamental policy on dividend payments is to pay a stable dividend while taking into consideration each year's performance as well as the need to retain earnings to expand businesses and build a sound base for growth.

Retained earnings are used to sustain and increase the dividend by funding initiatives that are expected to increase earnings in the future, such as strengthening the financial position and paying for production facilities, R&D programs and other activities.

The Pack Group intends to pay a year-end dividend of 25 yen per share for Fiscal Year 2013. This will make the company's total dividend distributions for Fiscal Year 2013 50 yen per share, as planned.

In Fiscal Year 2014, we plan to pay an interim dividend of 25 yen per share and a year-end dividend of 25 yen per share, resulting in an annual dividend of 50 yen.

(4) Business Risks

The following risk factors could have a material effect on decisions by investors. Forward-looking statements in this section are based on the judgments of management as of the end of 2013. The Pack Group is aware that the following events may occur and has taken actions to avoid these problems or respond properly.

1) Decline in domestic demand or lower market prices

Since our operations rely mainly on demand within Japan, sales are greatly influenced by the health of the Japanese economy. If domestic demand shrinks or market prices fall due to a major recession in Japan, there could be an adverse impact on the financial position or performance of the Group.

2) Impact of a disaster

We have done everything possible to minimize the impact of a disaster, but there is no guarantee that the effects of a disaster can be prevented or minimized. If the Group is unable to prevent or minimize the effects of a disaster, there could be an adverse impact on the financial position or performance of the Group caused by a reduction in the Group's production capacity or an increase in manufacturing costs.

3) Risks involving legal and regulatory requirements or litigation

Our business activities are subject to a variety of legal and regulatory requirements, including environmental regulations and intellectual property law, and there could be a risk of litigation in connection with these legal and regulatory requirements.

There could be an adverse impact on the financial position or performance of the Group based on the outcome of such litigation.

4) Product liability

In connection with its products, the Group is subject to claims for damages based on product liability.

At present the Group has not received any major claim for damages, but there could be a claim in the future.

The Group has product liability insurance, but it is conceivable that this insurance could be insufficient to a liability payment that the Group may be required to make.

5) Procuring raw materials and merchandise

We constantly work on maintaining stable supplies and prices for the raw materials and merchandise that we procures by using a variety of Japanese and foreign manufacturers. Nevertheless, if a surge in the price of oil upset the balance of supply and demand, there could be an adverse impact on the financial position or performance of the Group.

6) Impairment accounting

There may be asset impairment losses that result from how the Group uses noncurrent assets.

7) Counterparty credit risk

There are risks associated with the payments received by the Group from counterparties. We use commercial credit insurance and other measures to manage credit risk. However, if the financial soundness of a major customer deteriorated, there could be an adverse impact on the financial position or performance of the Group.

2. The Pack Corporation Group

There are eight companies in The Pack Group: the parent company and seven consolidated subsidiaries. The primary business activities are the manufacturing and marketing of paper products, film packaging and other products, as well as research, distribution and services associated with these businesses.

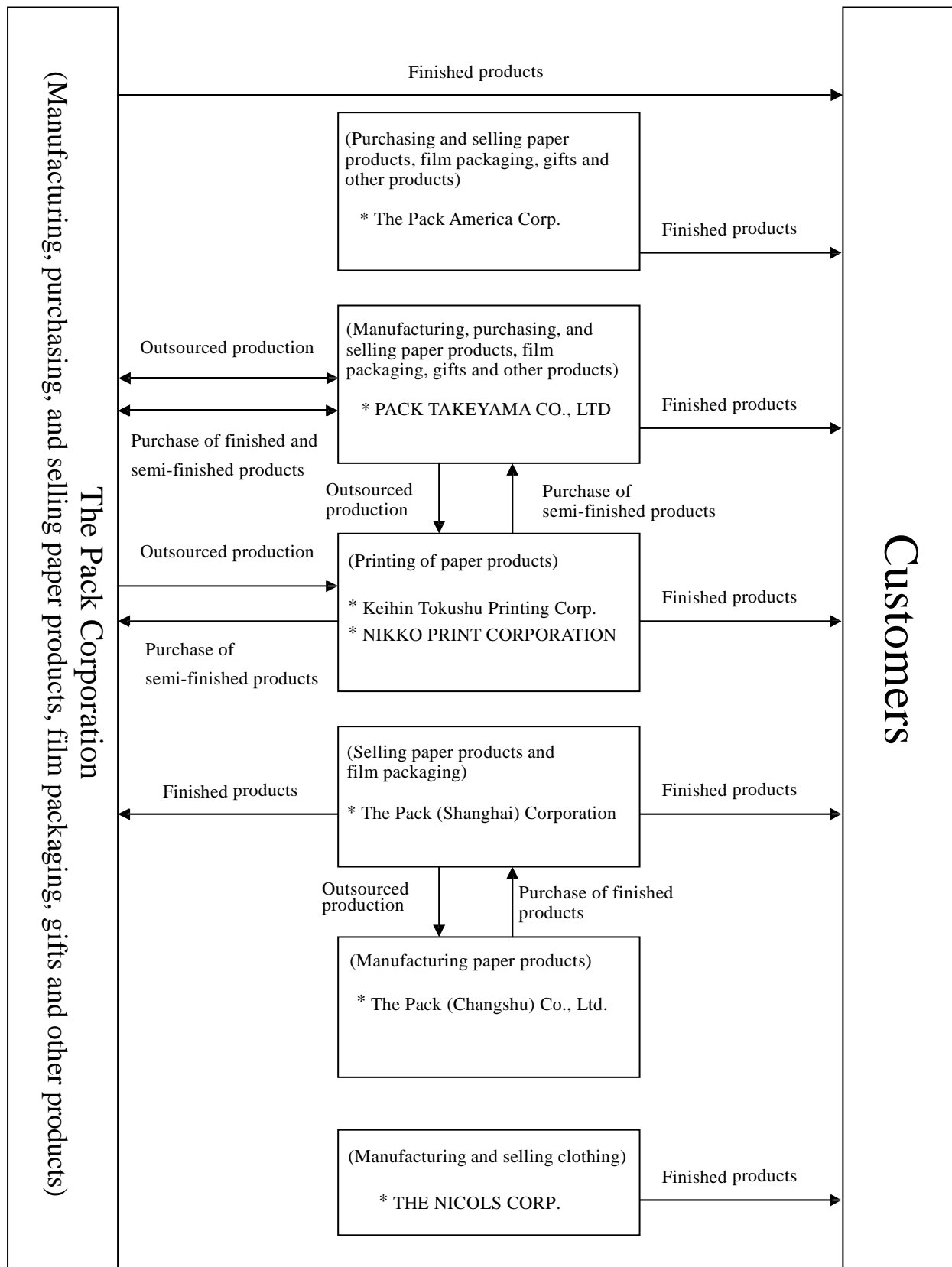
The activities of the Group and information about each business segment are shown in the following table.

Name of business segment	Businesses	Company name
Paper products	Manufacturing, purchasing, and selling paper bags, printed paper folding cartons, corrugated boxes and other products	The Pack Corporation Keihin Tokushu Printing Corp. NIKKO PRINT CORPORATION PACK TAKEYAMA CO., LTD The Pack America Corp. The Pack (Shanghai) Corporation The Pack (Changshu) Co., Ltd.
Film packaging	Manufacturing, purchasing, and selling plastic bags, garment bags and other products	The Pack Corporation PACK TAKEYAMA CO., LTD The Pack America Corp. The Pack (Shanghai) Corporation
Other businesses	Manufacturing, purchasing, and selling gifts, clothing, supplies, price tags, calendars, designer creations, promotional goods and other products	The Pack Corporation THE NICOLS CORP. PACK TAKEYAMA CO., LTD The Pack America Corp.

The Pack America Corp. is incorporated in the United States. Sales are mainly within the United States and Canada.

The Pack (Shanghai) Corporation mainly sells products to customers in China and the parent company in Japan. The Pack (Changshu) Co., Ltd. manufactures paper bags for sale in China. Both companies are incorporated in China.

THE NICOLS CORP. was absorbed by the parent company on January 1, 2014.



(Note) * Consolidated subsidiaries

3. Management Principles

(1) Fundamental Management Principles

With "management that values and nurtures people" as our guiding principle, we aim to create "a management culture that is capable of adapting to any type of change in our markets." Furthermore, while keeping in mind our responsibilities to society, such as addressing global environment issues, as an integrated packaging company we will strive to achieve even better performance and meet the expectations of our shareholders while contributing to the development and prosperity of society.

(2) Goals and Performance Indicators

We are committed to building a sound financial base in order to increase profitability in each business and maintain stable relationships with all of our stakeholders, including business partners, employees and, foremost, shareholders. For this reason, our current goal is to increase our shareholders' equity ratio and return on equity. We also place emphasis on the dividend yield and dividend payout ratio.

(3) Medium-term Business Strategy

The Pack Group has established a medium-term management plan with the goals of raising sales to 100 billion yen, ordinary income to 10 billion yen and the shareholders' equity ratio to 70%. To accomplish these goals, we are pursuing the 3S Vision, which consists of Scale, Speed and Saving. All employees have established their own targets in order to contribute to reaching the overall goals of the medium-term management plan.

(4) Important Issues

In the packaging industry, the outlook for the performance of companies in the distribution and manufacturing sectors, our main sales targets, and consumer spending is unclear. We believe that the business climate will remain challenging for the time being because prices of raw materials are increasing while the competition to keep the prices down continues.

One goal of ours is to grow by developing new markets in Japan and overseas. For example, we plan to take full advantage of the facilities and capabilities of The Tokyo plant that started operations in July 2011 to targeting demand in the Tokyo area. We will also develop new products and services and upgrade quality. Building a stronger profit structure by using reforms to further streamline operations is another goal. By taking these actions, we are determined to make steady progress in line with our medium-term management goals and to continue increasing sales and earnings.

4. Consolidated Financial Statements**(1) Consolidated Balance Sheet**

(Million yen)

	Previous fiscal year (As of December 31, 2012)	Current fiscal year (As of December 31, 2013)
Assets		
Current assets		
Cash and deposits	8,140	8,191
Notes and accounts receivable-trade	21,401	21,452
Securities	3,198	3,699
Merchandise and finished goods	4,702	4,761
Work in process	573	605
Raw materials and supplies	652	606
Deferred tax assets	230	167
Other	1,325	592
Allowance for doubtful accounts	(33)	(16)
Total current assets	40,192	40,059
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	8,043	7,704
Machinery, equipment and vehicles, net	5,509	5,281
Tools, furniture and fixtures, net	283	253
Land	7,219	7,146
Construction in progress	152	59
Total property, plant and equipment	21,209	20,445
Intangible assets	233	187
Investments and other assets		
Investment securities	2,769	3,365
Deferred tax assets	875	456
Other	312	638
Allowance for doubtful accounts	(59)	(62)
Total investments and other assets	3,897	4,398
Total noncurrent assets	25,340	25,031
Total assets	65,532	65,091

(Million yen)

	Previous fiscal year (As of December 31, 2012)	Current fiscal year (As of December 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,201	19,161
Short-term loans payable	1,545	792
Income taxes payable	1,576	703
Provision for bonuses	168	166
Provision for directors' bonuses	27	30
Other	2,248	2,069
Total current liabilities	25,766	22,923
Noncurrent liabilities		
Long-term loans payable	562	-
Provision for retirement benefits	2,531	2,576
Other	102	84
Total noncurrent liabilities	3,196	2,661
Total liabilities	28,963	25,584
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,165	3,165
Retained earnings	30,696	33,003
Treasury stock	(6)	(6)
Total shareholders' equity	36,409	38,716
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	531	967
Deferred gains or losses on hedges	-	7
Foreign currency translation adjustment	(390)	(207)
Total accumulated other comprehensive income	141	766
Minority interests	18	23
Total net assets	36,569	39,507
Total liabilities and net assets	65,532	65,091

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

(Million yen)

	Previous fiscal year (from January 1, 2012 to December 31, 2012)	Current fiscal year (from January 1, 2013 to December 31, 2013)
Net sales	84,554	84,315
Cost of sales	65,642	65,270
Gross profit	18,911	19,045
Selling, general and administrative expenses	13,875	13,792
Operating income	5,036	5,253
Non-operating income		
Interest income	79	79
Dividend income	64	72
Rent income	25	21
Foreign exchange gains	17	-
Other	77	34
Total non-operating income	265	208
Non-operating expenses		
Interest expenses	20	15
Loss on sales of accounts receivable	5	4
Compensation expenses	1	2
Foreign exchange losses	-	30
Other	12	17
Total non-operating expenses	39	70
Ordinary income	5,261	5,391
Extraordinary income		
Gain on sales of noncurrent assets	305	1
Gain on sales of investment securities	-	110
Total extraordinary income	305	112
Extraordinary losses		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	63	4
Loss on valuation of investment securities	14	2
Impairment loss	116	-
Loss on closing of factory	15	-
Total extraordinary losses	209	7
Income before income taxes and minority interests	5,357	5,496
Income taxes-current	2,520	1,908
Income taxes-deferred	(171)	285
Total income taxes	2,348	2,193
Income before minority interests	3,008	3,302
Minority interests in income (loss)	(0)	0
Net income	3,009	3,301

Consolidated Statement of Comprehensive Income

(Million yen)

	Previous fiscal year (from January 1, 2012 to December 31, 2012)	Current fiscal year (from January 1, 2013 to December 31, 2013)
Income before minority interests	3,008	3,302
Other comprehensive income		
Valuation difference on available-for-sale securities	362	435
Deferred gains or losses on hedges	(0)	7
Foreign currency translation adjustment	92	186
Total other comprehensive income	454	629
Comprehensive income	3,463	3,932
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,462	3,927
Comprehensive income attributable to minority interests	1	4

(3) Consolidated Statement of Changes in Equity

Previous fiscal year (from January 1, 2012 to December 31, 2012)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,553	3,165	28,581	(6)	34,294
Changes of items during the period					
Dividend from surplus			(895)		(895)
Net income			3,009		3,009
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	2,114	(0)	2,114
Balance at the end of current period	2,553	3,165	30,696	(6)	36,409

(Million yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	169	0	(480)	(311)	17	34,001
Changes of items during the period						
Dividend from surplus						(895)
Net income						3,009
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	362	(0)	90	452	1	453
Total changes of items during the period	362	(0)	90	452	1	2,568
Balance at the end of current period	531	-	(390)	141	18	36,569

Current fiscal year (from January 1, 2013 to December 31, 2013)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,553	3,165	30,696	(6)	36,409
Changes of items during the period					
Dividend from surplus			(994)		(994)
Net income			3,301		3,301
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	2,307	(0)	2,307
Balance at the end of current period	2,553	3,165	33,003	(6)	38,716

(Million yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	531	-	(390)	141	18	36,569
Changes of items during the period						
Dividend from surplus						(994)
Net income						3,301
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	435	7	182	625	4	630
Total changes of items during the period	435	7	182	625	4	2,937
Balance at the end of current period	967	7	(207)	766	23	39,507

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (from January 1, 2012 to December 31, 2012)	Current fiscal year (from January 1, 2013 to December 31, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	5,357	5,496
Depreciation and amortization	2,279	2,012
Impairment loss	116	-
Amortization of goodwill	13	8
Increase (decrease) in allowance for doubtful accounts	(73)	(13)
Increase (decrease) in provision for bonuses	7	(1)
Increase (decrease) in provision for directors' bonuses	(0)	2
Increase (decrease) in provision for retirement benefits	81	44
Interest and dividend income	(143)	(152)
Interest expenses	20	15
Loss (gain) on sales of noncurrent assets	(305)	(0)
Loss on retirement of noncurrent assets	63	4
Loss (gain) on sales of investment securities	-	(110)
Loss (gain) on valuation of investment securities	14	2
Decrease (increase) in notes and accounts receivable-trade	(36)	83
Decrease (increase) in inventories	(76)	(27)
Increase (decrease) in notes and accounts payable-trade	728	(1,108)
Other, net	680	121
Subtotal	8,726	6,377
Interest and dividend income received	140	148
Interest expenses paid	(20)	(15)
Income taxes paid	(2,027)	(2,774)
Net cash provided by (used in) operating activities	6,819	3,736
Cash flows from investing activities		
Payments into time deposits	(26)	(2)
Purchase of securities	(3,404)	(1,201)
Proceeds from sales of securities	1,405	2,200
Payments of loans receivable	(313)	(110)
Collection of loans receivable	57	45
Purchase of property, plant and equipment	(1,819)	(1,116)
Proceeds from sales of property, plant and equipment	885	140
Purchase of intangible assets	(26)	(31)
Purchase of investment securities	(22)	(67)
Proceeds from sales of investment securities	-	208
Other, net	(18)	(25)
Net cash provided by (used in) investing activities	(3,283)	39
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	-	(70)
Repayments of long-term loans payable	(1,752)	(1,245)
Cash dividends paid	(895)	(994)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(2,647)	(2,310)
Effect of exchange rate change on cash and cash equivalents	28	63
Net increase (decrease) in cash and cash equivalents	916	1,529
Cash and cash equivalents at beginning of period	8,135	9,051
Cash and cash equivalents at end of period	9,051	10,581

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information**Segment Information**

1. Segment overview

The reportable segments of The Pack Group are the smallest units for which separate financial information can be obtained and for which regular examinations are performed by the Board of Directors in order to allocate resources and evaluate results of operations.

The Group is engaged primarily in the manufacture and sale of paper bags, paper folding cartons, corrugated boxes and plastic bags.

Therefore, based on the nature of products, there are two reportable segments: "Paper products" and "Film packaging."

The Group's major products are paper bags, paper folding cartons, corrugated boxes and printing in the "Paper products" segment and plastic bags and garment bags in the "Film packaging" segment.

2. Method to determine net sales, income or loss, assets, liabilities and other items by reportable segment

Accounting methods used for the reportable segments are generally the same as the methods used for the preparation of the consolidated financial statements with the exception of the standard for the valuation of inventories.

Profit for reportable segments is stated on an operating income basis.

3. Information concerning net sales, income or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (from January 1, 2012 to December 31, 2012)

(Million yen)

	Reportable segment			Other businesses (Note) 1	Total	Adjustment (Note) 2	Amount posted in the consolidated financial statements (Note) 3
	Paper products	Film packaging	Subtotal				
Net sales							
Sales to external customer	48,384	17,916	66,301	18,253	84,554	-	84,554
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	48,384	17,916	66,301	18,253	84,554	-	84,554
Segment income	2,869	1,404	4,273	1,736	6,010	(974)	5,036
Segment assets	34,817	9,408	44,226	7,430	51,656	13,876	65,532
Other items							
Depreciation	2,074	158	2,233	31	2,264	27	2,292
Increases in property, plant and equipment and intangible assets	516	589	1,106	9	1,116	8	1,124

(Notes) 1. "Other businesses" includes clothing, supplies and other goods.

2. The adjustments are as follows.

(1) The -974 million yen adjustment of segment income includes elimination of intersegment transactions of 29 million yen that are not allocated to reportable segments and -1,003 million yen in corporate expenses. Corporate expenses are mainly related to the parent company's Administrative Department.

(2) The 13,876 million yen adjustment of segment assets is corporate assets that are not allocated to reportable segments. Corporate assets of 680 million yen mainly include the parent company's surplus assets under management (cash and deposits of 7,231 million yen and securities of 3,198 million yen), long-term investments (investment securities of 2,766 million yen) and the parent company's land.

(3) The adjustment of depreciation and adjustment of increases in property, plant and equipment and intangible assets are related to the parent company's head office assets.

3. Segment income is adjusted for consistency with operating income in the consolidated statement of income.

Current fiscal year (from January 1, 2013 to December 31, 2013)

(Million yen)

	Reportable segment			Other businesses (Note) 1	Total	Adjustment (Note) 2	Amount posted in the consolidated financial statements (Note) 3
	Paper products	Film packaging	Subtotal				
Net sales							
Sales to external customer	48,794	17,465	66,259	18,056	84,315	-	84,315
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	48,794	17,465	66,259	18,056	84,315	-	84,315
Segment income	3,664	913	4,577	1,662	6,240	(986)	5,253
Segment assets	33,981	9,062	43,044	7,150	50,195	14,896	65,091
Other items							
Depreciation	1,728	236	1,964	27	1,992	28	2,020
Increases in property, plant and equipment and intangible assets	1,101	222	1,323	92	1,416	19	1,435

(Notes) 1. "Other businesses" includes clothing, supplies and other goods.

2. The adjustments are as follows.

(1) The -986 million yen adjustment of segment income includes elimination of intersegment transactions of 28 million yen that are not allocated to reportable segments and -1,015 million yen in corporate expenses. Corporate expenses are mainly related to the parent company's Administrative Department.

(2) The 14,896 million yen adjustment of segment assets is corporate assets that are not allocated to reportable segments. Corporate assets of 543 million yen mainly include the parent company's surplus assets under management (cash and deposits of 7,288 million yen and securities of 3,699 million yen), long-term investments (investment securities of 3,365 million yen) and the parent company's land.

(3) The adjustment of depreciation and adjustment of increases in property, plant and equipment and intangible assets are related to the parent company's head office assets.

3. Segment income is adjusted for consistency with operating income in the consolidated statement of income.

Per Share Information

(Yen)

Item	Previous fiscal year (from January 1, 2012 to December 31, 2012)	Current fiscal year (from January 1, 2013 to December 31, 2013)
Net assets per share	1,837.34	1,984.74
Net income per share	151.30	165.98

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding residual securities.

2. The basis of calculating the net income per share is as follows

(Million yen)

Item	Previous fiscal year (from January 1, 2012 to December 31, 2012)	Current fiscal year (from January 1, 2013 to December 31, 2013)
Net income per share		
Net income	3,009	3,301
Amounts unavailable to common shareholders	-	-
Net income related to common stock	3,009	3,301
Average number of shares outstanding during the period (thousand shares)	19,893	19,893

3. The basis of calculating the net assets per share is as follows

(Million yen)

Item	Previous fiscal year (As of December 31, 2012)	Current fiscal year (As of December 31, 2013)
Total net assets	36,569	39,507
Deduction on total net assets	18	23
[of which minority interests]	[18]	[23]
Net assets applicable to common shares	36,551	39,483
Number of common stock shares used in calculation of net assets per share (thousand shares)	19,893	19,893

Subsequent Events

Not applicable.

5. Other

(1) Changes in Executives

1) Change in representative

Not applicable.

2) Change in other executives (effective March 28, 2014)

1. Candidate for director

Director, Deputy General Manager of Administration HQ and General Manager of Corporate Planning Dept.
Michihisa Fujii (currently Corporate Officer, Deputy General Manager of Administration HQ and
General Manager of Corporate Planning Dept.)

2. Retiring director

Director, General Manager of Packaging Products Division
Yutaka Nishimura (to be appointed as Advisor of The Pack Corporation)

3. Candidates for corporate auditors

Standing Corporate Auditor

Hiroshi Nishikawa (currently delegated sales management operations)

Corporate Auditor

Hirofumi Hayashi (currently President of Hayashi Certified Public Accountant and Tax Accountant
Office)

4. Retiring auditor

Corporate Auditor

Tamotsu Kawachi

Note: Mr. Hirofumi Hayashi is a candidate to become an external auditor.

** This financial report is solely a translation of summary of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*