

President's Message for the New Year

Aiming to Create Appealing Products and Expanding into a Global Enterprise

A Happy New Year!

Since last year, the Japanese economy has been said to have enjoyed a record period of long-term economic growth since the Izanagi Keiki, which held the previous record. However, those of us who are engaged in the food industry have not felt the real benefit of the current economic growth. The rise in the prices of raw materials, the deferred end-product prices, and even the stagnation of total food consumption due to the falling birthrate/the aging population and falling population as a whole, all have led to the further intensification of price competition.

In order to survive within such a trying environment, manufacturers naturally regard the development of appealing products as the most important issue. For the creation of attractive products, it is vital to create delicious and original products with new functions through the allocation of sufficient time, to a certain extent. It is considered that making "unique" products is the most important of all tasks. Therefore, I shall continue to promote the three-pronged developments (development of new products, development of new production technologies, and development of new markets) and proactive sales. I certainly believe that the creation of appealing products, which satisfy the consumers, will lead to the vitalization of the entire food industry.

Fuji Oil is a food ingredient manufacturer with wide-ranging business operations, including functional oils and fats, functional confectionary and baking ingredients, and functional soy protein ingredients, and hence, I believe that Fuji Oil can be of beneficial assistance, in various ways, to the product development of our clientele. Although Fuji Oil has seen a decrease in profitability as a result of cost increases due to high raw-material costs, we are determined to make every effort to please our clientele, this year, as we have been for many years previously. Also, in the functional soy protein ingredients operation, we shall commit ourselves to strengthening the B to C business.

Domestically, in Japan, we have constructed the Chiba plant, following the Rinku Chocolate Plant, and we have begun the production of processed products of functional oils and fats. Also, from the January 4th of this year, the existing Tokyo Branch Office will be relocated to Mita, renewing it as the Tokyo Regional Office. From this, you can see our determination to enhance our services to our clientele in Eastern Japan. We have improved our "FUJI SUNNY PLAZA," which is our contact point with our clientele, and we sincerely hope that you visit us there.

As for our overseas business operations, we are expanding the business of professional-use chocolate, in addition to the existing business of hard butters for chocolate. Last year, we constructed a chocolate plant in Belgium, beginning sales to the EU and the Russian Region markets. To this very day, our company aims to become a global enterprise of a developmental type, and our overseas business hubs have now accumulated to 14 hubs. We continually endeavor to expand our business operations on a global scale, through proposals of specific product know-how which are appropriate to each nation, while taking full advantage of the world-wide Fuji Oil Group network.

Your cooperation and support of us will be greatly appreciated.

Thank you.

January 1, 2007
Kazuhiro Asahara
President and CEO, Fuji Oil Co., Ltd.