

Reference Materials

[Sales of products and their markets]

The company plans to sell bio-diesel fuel mainly within Brazil and as exports to Europe. Brazil's current demand for light oil is approximately 40 million tons, yet the government will enforce a mandatory mix of bio-diesel fuel into light oil from FY2008. The mixture ratio is currently planned to be a minimum of 2% for FY2008 and a minimum of 5% for 2013, but there are moves to bring the 5% goal forward to 2010, anticipating a rapid expansion of the bio-diesel fuel market.

In Europe, a European Union directive stipulates that member states advance bio-fuel consumption for transportation vehicles to 5.75% of total fuel consumption by 2010. Countries such as Germany and France are pushing their bio-fuel mandates to achieve the EU directive ahead of the deadline, triggering a major expansion of the bio-diesel fuel market. Japan has also begun organizing a market as it plans to legalize bio-diesel fuel standards by the end of this fiscal year.

The Company plans to sell soybean meal to domestic chicken farms, and export to Southeast Asia and Europe. It will target Brazil's domestic chicken market, the largest in the world, as well as markets in Southeast Asia and Europe, where demand is rising. It would also develop concentrated protein, a value-adding by-product of soybean meal that becomes feed for aquiculture.

[What is bio-diesel fuel?]

Bio-diesel fuel is an alternative to light oil, manufactured mainly from vegetable oil and capable of operating diesel engines. Possesses the following characteristics:

- It is recyclable energy.
- It is carbon-neutral and will not increase carbon dioxide in the atmosphere.
- It is an oxidized fuel that easily achieves complete combustion, and contains no sulfur.
- It will run most diesel engines without hardly any modifications required.
- It can be mixed with light oil or used alone.

In Japan, the city of Kyoto, among others, is working on commercializing bio-diesel fuel using waste cooking oil. Bio-diesel fuel, together with bioethanol fuel, is attracting global attention in light of rising crude oil prices, the finiteness of fossil fuel, and environmental concerns.