May 9, 2014

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

(Japanese Accounting Standards)

Name of the Listed Company: **Nitta Gelatin Inc.**
Listing: First Section of Tokyo Stock Exchange
Stock code: 4977
URL: http://www.nitta-gelatin.co.jp
Representative: Norimichi Soga, Representative Director and President
Contact Person: Tsuneo Sasaki, Director and Senior Managing Executive Officer; General Manager of the General Administration Division
Tel: +81-72-949-5381
Scheduled date of General Shareholders' Meeting: June 26, 2014
Scheduled date to file Securities Report: June 26, 2014
Scheduled date to commence dividend payments: June 27, 2014
Supplementary explanatory materials prepared: Yes
Explanatory meeting: Yes (For analysts and institutional investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2014	32,814	14.0	955	(40.1)	1,115	(43.6)	665	(56.4)
March 31, 2013	28,772	—	1,595	—	1,978	—	1,525	—

(Note) Comprehensive income
For the year ended March 31, 2014: ¥1,227 million (-35.9%)
For the year ended March 31, 2013: ¥1,913 million (—%)

	Net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income/Total assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2014	37.90	—	5.7	3.9	2.9
March 31, 2013	96.72	—	17.3	8.2	5.5

(Reference) Equity in earnings of affiliates
For the year ended March 31, 2014: ¥97 million
For the year ended March 31, 2013: ¥262 million

Note: Consolidated financial results for the year ended March 31, 2013 were adjusted retroactively, applying accounting policies that were changed in line with revisions of accounting standards. Accordingly, the Company has not disclosed year-on-year comparisons between results for the year ended March 31, 2012.
Diluted net income per share is not disclosed due to the absence of latent shares with dilution effect.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2014	31,389	13,781	43.4	742.20
March 31, 2013	25,190	9,724	38.0	607.31

(Reference) Equity
As of March 31, 2014: ¥13,636 million

As of March 31, 2013: ¥9,577 million

Note: The consolidated financial position as of March 31, 2013 was adjusted retroactively, applying accounting policies that were changed in line with revisions of accounting standards.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2014	(692)	(3,105)	3,875	2,406
March 31, 2013	2,050	(1,557)	(376)	2,258

2. Cash dividends

	Cash dividends per share					Total amount of dividends (annual)	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2013	—	6.00	—	8.00	14.00	220	14.5	2.5
Fiscal year ended March 31, 2014	—	6.00	—	6.00	12.00	220	31.7	1.8
Fiscal year ending March 31, 2015 (Forecasts)	—	6.00	—	6.00	12.00		18.4	

Note: Breakdown of dividends for the March 31, 2013 fiscal year-end: ¥6.00 in ordinary dividend and ¥2.00 in commemorative dividend per share

3. Consolidated financial forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2014	18,000	12.3	800	46.8	800	26.9	500	8.5	27.21
Fiscal year ending March 31, 2015	36,500	11.2	1,800	88.4	1,900	70.4	1,200	80.3	65.31

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): No

New: None

Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

a. Changes in accounting policies due to revisions to accounting standards and other guidelines: Yes

b. Changes in accounting policies due to reasons other than a. above: No

c. Changes in accounting estimates: No

d. Restatement of revisions: No

(Note) For details, please refer to "(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" in "3. Consolidated Financial Statements" on page 21 of the Attachment to this report.

(3) Number of common shares issued

a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2014 18,373,974 shares

As of March 31, 2013 15,770,074 shares

b. Number of shares of treasury stock at the end of the period

As of March 31, 2014 162 shares

As of March 31, 2013 162 shares

c. Average number of shares

For the year ended March 31, 2014	17,556,927 shares
For the year ended March 31, 2013	15,769,912 shares

(Reference) Summary of non-consolidated operating results

1. Non-consolidated financial results for the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2014	22,159	9.4	684	(24.8)	1,020	(21.2)	713	(18.4)
March 31, 2013	20,261	(1.5)	910	(33.6)	1,294	(8.0)	874	13.0

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2014	40.63	—
March 31, 2013	55.42	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2014	25,196	12,868	51.1	700.35
March 31, 2013	21,177	9,162	43.3	581.04

(Reference) Equity
As of March 31, 2014: ¥12,868 million
As of March 31, 2013: ¥9,162 million

* Disclosure of status of audit procedures

This report falls outside the scope of audit procedures as laid out in the Financial Instruments and Exchange Act. As of the time of the release of this report, the audit procedures of the consolidated and non-consolidated financial statements outlined in the Act had not been concluded.

* Proper use of earnings forecasts, and other special matters

(Disclaimer to forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to various factors. For details on the conditions assumed and the cautionary notes and items in the financial forecasts, please refer to “(1) Analysis of Operating Results, 3) Earnings forecasts for the fiscal year ending March 31, 2015” under “1. Analysis of Operating Results and Financial Position” on page 2 of the Attachment to this report.

(How to obtain earnings results presentation materials)

The Company plans to hold an earnings results briefing for institutional investors and analysts on May 16, 2014. The earnings results presentation materials are scheduled to be promptly posted on the Company’s webpage following the briefing.

Attachment Contents

1. Analysis of Operating Results and Financial Position

As stated in "(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" in "3. Consolidated Financial Statements," certain overseas affiliate companies started applying the revised IAS 19 from the three months ended June 30, 2013. This change in accounting policy was also applied retroactively to restate financial results from the previous fiscal year in year-on-year comparisons.

(1) Analysis of Operating Results

1) Operating results for the fiscal year ended March 31, 2014

In the fiscal year ended March 31, 2014, the global economy continued to recover gradually, despite continuing uncertainty due to issues such as the tapering of quantitative easing in the United States, concerns of a slowdown among emerging economies, and the future development of the European debt problem. Meanwhile, the Japanese economy also continued to recover gradually, with the yen depreciating and stock prices rising as a result of government policies and the Bank of Japan's monetary easing. Nevertheless, the situation remains unclear, due to sluggish consumer spending following the increase in the consumption tax rate, along with concerns over the impact of a downturn in the global economy.

Against this backdrop, Nitta Gelatin faced challenging business conditions including the increased cost of import procurements in Japan due to the yen's depreciation, rising prices for gelatin and other raw materials for the Group, and higher energy prices in Japan.

The Group worked to provide products and services a step ahead of customers' expectations, develop new products, cultivate new markets and reduce costs, under the slogan of "Amaze the World!" and a basic strategy to "Win out!! in growing Asian market."

Meanwhile, the Company issued 2,603,900 shares of common stock by way of public subscription in July and third-party allocation in August 2013. The resulting proceeds of ¥3,135 million in total were used to secure funds for capital expenditures and to improve the Group's financial position.

As a result, in the fiscal year ended March 31, 2014, net sales were up 14.0% year on year to ¥32,814 million. Operating income was down 40.1% to ¥955 million, mainly due to delays in passing along higher costs in Japan. Ordinary income decreased 43.6% to ¥1,115 million on account of a decrease in equity in earnings of affiliates due to a decline in the performance of an Indian affiliate. Net income decreased 56.4% to ¥665 million, mainly reflecting the booking of an extraordinary loss in line with a reduction in the Company's shareholding in an Indian affiliate due to Indian shareholding regulations.

2) Segment business performance

(Collagen Material Business)

In the gelatin field, sales of mainly edible gelatin and gelatin for capsules increased in Japan. Profit margins declined, however, as a result of increased import procurement costs due to the yen's sharp depreciation, and insufficient progress in passing along higher costs driven by rising raw material prices worldwide. In the North American and Asian markets, sales increased owing to sales volume growth and price revisions backed by buoyant demand for edible gelatin and gelatin for capsules. Earnings also grew steadily in the North American and Asian markets.

Collagen peptide sales posted strong growth in Japan and Asia overall, but profitability declined because of the rise in raw material prices.

Collagen casing sales were lackluster and a loss was incurred due to quality issues that arose during the first six-months of the fiscal year in connection with collagen casing manufactured and sold by a U.S. subsidiary.

As a result, net sales in the segment were up 20.1% year on year to ¥22,436 million and segment income (operating income) was down 20.8% to ¥1,420 million.

(Formula Solution Business)

In food materials, performance was sluggish on the whole, with sales increasing only slightly. Earnings declined despite efforts to curtail advertising expenses.

In adhesives, overall sales increased only slightly due to delays in the adoption of new sealants by customers, despite strong sales of hot-melt adhesives due to increased demand pending the consumption tax rise. Earnings declined as selling, general and administrative expenses increased due to stronger efforts to develop new customers for sealants.

As a result, net sales in the segment were up 2.8% year on year to ¥10,377 million.

Segment income (operating income) was down 20.1% to ¥920 million.

3) Earnings forecasts for the fiscal year ending March 31, 2015

(Progress on the medium-term management plan during the fiscal year ended March 31, 2014)

The cost of sales for gelatin sold in the Japanese market increased drastically compared with initial assumptions, due to surging gelatin raw material prices worldwide, higher energy prices in Japan, and the yen's depreciation, which was much sharper than expected. The Company worked vigorously to revise the price of gelatin sold in the Japanese market, and to cut costs, but was unable to fully make up for the higher cost of sales. Efforts were also made to expand sales of sealants, but deliveries of new sealant products were pushed back to the fiscal year ending March 31, 2015.

Furthermore, the Company incurred losses on quality issues that arose during the first six months of the fiscal year ended March 31, 2014 in connection with collagen casing manufactured and sold by a U.S. subsidiary. Moreover, during the same period, an Indian affiliate saw a large decline in the capacity utilization rate due to the need to respond to environmental issues, resulting in a decline in business performance.

Meanwhile, the Company executed main capital investment projects largely on schedule. The Company plans to complete construction of the following projects on schedule in the year ending March 2015: gelatin production facilities, a new adhesives building and related production facilities at the Osaka Plant, and collagen casing production facilities in the U.S. However, the completion of a U.S. collagen peptide plant has been pushed back to May 2014.

As a result of the foregoing, the Company's progress on achieving the goals of the medium-term management plan in the fiscal year ended March 31, 2014 was as follows:

(millions of yen)

	Medium-term management plan target	Forecasts	Difference
Net sales	32,700	32,814	＋114
Operating income	1,700	955	(745)
Ordinary income	1,890	1,115	(775)
Net income	1,380	665	(715)

(Business Forecasts for the Fiscal Year Ending March 31, 2015)

The Company is positioning the fiscal year ending March 31, 2015 as a year for strengthening its earnings base to achieve the numerical targets of the medium-term management plan in the year ending March 31, 2016. Accordingly, the Company's top priority will be to secure adequate profit margins on products sold in the Japanese market. To this end, the Company will make every effort to revise prices. Another measure will be to rigorously reduce costs, including reforming the procurement structure.

Furthermore, Asia is seeing growing demand for gelatin, collagen peptide, collagen casing and sealants. Eyeing this demand, the Company will work to expand sales globally, centered on Asia.

With regard to capital investment, the Company will actively invest in projects that realize high-value added products and services in Japan. Overseas, the Company will actively invest in projects aimed at increasing production and enhancing productivity in order to boost its supply capacity.

Meanwhile, the Company had planned to convert an Indian affiliate into a consolidated subsidiary in the fiscal year ending March 31, 2015. However, the Company has postponed these plans to the fiscal year ending March 31, 2016.

Based on the aforementioned assumptions, the Company's consolidated business forecasts for the fiscal year ending March 31, 2015, and differences from the targets of the medium-term management plan, are as follows:

(millions of yen)

	Medium-term management plan target	Forecasts	Difference
Net sales	38,600	36,500	(2,100)
Operating income	2,700	1,800	(900)
Ordinary income	2,600	1,900	(700)
Net income	1,500	1,200	(300)

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Total assets amounted to ¥31,389 million at March 31, 2014, ¥6,199 million higher than at March 31, 2013.

(Current assets)

Current assets rose ¥3,365 million from March 31, 2013 to ¥18,685 million. This was mainly attributable to a ¥147 million increase in cash and deposits, a ¥2,324 million increase in notes and accounts receivable-trade, and a ¥810 million increase in inventories.

(Noncurrent assets)

Noncurrent assets increased ¥2,833 million from March 31, 2013 to ¥12,704 million at March 31, 2014. This was mainly due to a ¥2,516 million increase in property, plant and equipment in line with capital investments and a ¥307 million increase in investment securities.

(Current liabilities)

Current liabilities stood at ¥10,080 million at March 31, 2014, ¥443 million higher than at March 31, 2013. This was mainly attributable to a ¥518 million increase in notes and accounts payable-trade, and a ¥161 million increase in accounts payable-other, despite a ¥135 million decrease in the current portion of long-term loans payable, and a decrease of ¥200 million in the current portion of bonds.

(Noncurrent liabilities)

Noncurrent liabilities increased ¥1,699 million to ¥7,528 million. This was mainly due to a ¥1,273 million increase in long-term loans payable and a ¥175 million increase in lease obligations.

(Net assets)

Net assets were ¥13,781 million as of March 31, 2014, ¥4,056 million higher than as of March 31, 2013. This was mainly attributable to a ¥429 million increase in retained earnings, and increases of ¥1,567 million each in capital stock and capital surplus resulting from the issuance of common stock by way of public subscription and third-party allocation. As a result, the equity ratio stood at 43.4% as of March 31, 2014, compared to 38.0% as of March 31, 2013.

2) Cash flows

Cash and cash equivalents as of March 31, 2014 were ¥2,406 million, up ¥147 million from March 31, 2013.

Cash flows for each activity and reasons are as follows.

(Net cash used in operating activities)

Operating activities used net cash of ¥692 million. This was mainly due to a ¥2,147 million increase in notes and accounts receivable-trade and a ¥624 million increase in inventories. These factors were partly offset by ¥1,070 million in income before income taxes and minority interests and ¥914 million in depreciation and amortization.

The increase in notes and accounts receivable-trade reflects a temporary curtailment of the liquidation of receivables due to fund procurement by way of public subscription and third-party offering.

(Net cash used in investing activities)

Investing activities used net cash of ¥3,105 million. The main uses of cash were ¥2,949 million for the purchase of property, plant and equipment.

(Net cash provided by financing activities)

Financing activities provided net cash of ¥3,875 million. The main sources of cash were proceeds from long-term loans payable of ¥3,222 million and proceeds from issuance of common stock of ¥3,135 million. These cash inflows were partly offset by a ¥2,165 million repayment of long-term loans payable.

(Reference)

Trends in cash flow indicators are as shown below:

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Equity ratio (%)	27.2	28.5	34.4	38.0	43.4
Market value equity ratio (%)	–	–	34.3	80.6	61.3
Interest-bearing debt to cash flow ratio (Years)	9.7	4.7	12.4	3.4	(11.8)
Interest coverage ratio (Times)	3.8	8.6	3.4	13.8	(5.2)

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / paid interest

Notes:
1. All indicators are calculated using consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares, excluding treasury stock, as of the end of the fiscal year.
3. The figure used for cash flow is “net cash provided by operating activities” on the consolidated statements of cash flows.
4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which interest was paid. Furthermore, regarding the paid interest, we use “interest expenses paid” recorded on the consolidated statements of cash flows.

2. Management Policies

(1) Basic Management Policies of the Company

At its heart, our management policy is to contribute to the creation of a prosperous society for all humankind. The Group's approach to achieve this is to make full use of collagen materials that have been utilized over the years and to add high market value to them for return to society as food and industrial materials. Our policy also calls for management from a global perspective, as a Company contributing to the conservation of the Earth's environment.

Corporate Philosophy

Based on a spirit of empathy and sincerity, we, the members of the Nitta Gelatin Family, are dedicated to the development of our business and contributions to the global community.

We will lead prosperous and fulfilling lives through our competence and utmost efforts.

Corporate Vision

The Nitta Gelatin Group, as a world leading gelatin manufacturer, uses its proprietary technology to quickly and efficiently provide superior products and services to global customers.

The Group produces healthy, functional and valuable products in multinational facilities that are safe, reliable and environmentally friendly.

Basic Management Policies

(1) Customer First

(2) Globalization & Innovation

(3) Selection and Concentration

(2) Target Management Indicators

From the viewpoint of improving both business growth and profitability, management indicators important to the Nitta Gelatin Group are the consolidated growth rate of net sales, consolidated operating margin, and consolidated ordinary margin. The Group aims to maximize earnings on stable business growth by providing products and services that exceed customers' expectations, and by continually reducing cost and improving productivity to remain competitive as a manufacturer.

(3) Medium- to Long-term Management Strategies and Issues Facing the Company

At the same time as the Japanese market continues to mature and change structurally, new markets in China, India and Southeast Asia continue to expand as a result of greater economic development. We recognize that the Group's prime mission in business management is to remain on top of markets as they change and develop our business.

Out of this recognition, and given the upcoming 100th anniversary of its founding in 2018, Nitta Gelatin decided to formulate a new long-term management vision, 100th Year Vision, and a medium-term management plan based on it covering the 3-year period from the year ended March 2014 to the year ending March 2016.

The slogan for Nitta Gelatin's 100th Year Vision is to "Amaze the World!" Under this slogan, the Company's basic strategy is to "Win out!! in growing Asian market." The Company aims to develop products and services that are one step ahead of customer expectations, develop new products and cultivate new markets in order to expand earnings. This should help raise the Company's corporate value and ensure it can continue contributing to society for many years to come.

This medium-term management plan sets ¥41 billion in net sales and ¥4.2 billion in operating income as consolidated targets for the year ending March 2016.

To achieve these targets, the Company's highest priorities are to make progress on passing along higher costs to secure adequate profit margins and to reduce costs, as the Company responds to the higher cost of sales driven primarily by the yen's depreciation, higher raw materials prices, and rising energy costs in Japan. At the same time, the Company will strive to expand business through the following business strategies.

(Collagen Material Business)

In the gelatin business, Nitta Gelatin plans to strengthen competitiveness by achieving global cost competitiveness through energy savings, increased production efficiency and a strengthened supply chain of raw materials. To expand production and sales, the Company intends to ramp up production and secure new supply bases in North America and India. Moreover, Nitta Gelatin will develop new applications, develop new products and open up new markets. In the peptide business, we will open up new markets by commercializing our research on the functional properties of collagen peptides. We will expand our business globally by expanding production and sales in China, along with increasing sales in the Japanese market and creating new markets in North America following the start of production in the U.S. In the casing business, we intend to increase business scale by expanding production and sales through increasing productivity at our manufacturing facilities in North America, and by upgrading our production and sales framework in China. In the life science business, Nitta Gelatin will commercialize high-quality, safe medical-use materials and popularize their application in the field of regenerative medicine, as it works to build future business.

(Formula Solution Business)

In the food material business, we will expand sales by strengthening the functions of our application laboratories in Japan and various regions, and also expand sales to provide food solutions globally. Furthermore, we will open up new markets in Vietnam. In the adhesives business, we will globally develop the business of sealants (high-performance gaskets), a product we have developed, as we nurture sealants into a viable business. At the same time, Nitta Gelatin will strengthen the cost competitiveness of hot-melt adhesives. By so doing, we will transform the adhesives business into a high-profit business.

*Details of our 100th Year Vision and medium-term management plan" are given in the press release entitled "Nitta Gelatin Announces Medium-term Management Plan" issued on May 10, 2013.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2013 (As of March 31, 2013)	Fiscal 2014 (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	2,278,659	2,426,006
Notes and accounts receivable-trade	5,839,913	8,164,776
Merchandise and finished goods	4,404,789	4,732,050
Work in process	918,045	1,089,542
Raw materials and supplies	1,508,837	1,820,812
Deferred tax assets	134,495	158,974
Other	251,267	306,558
Allowance for doubtful accounts	(16,176)	(13,339)
Total current assets	15,319,831	18,685,381
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,204,905	7,564,325
Accumulated depreciation	(4,412,697)	(4,749,184)
Buildings and structures, net	2,792,208	2,815,141
Machinery, equipment and vehicles	8,554,619	9,841,487
Accumulated depreciation	(7,210,943)	(7,702,186)
Machinery, equipment and vehicles, net	1,343,676	2,139,301
Land	761,832	768,167
Lease assets	786,743	1,136,742
Accumulated depreciation	(348,502)	(476,051)
Lease assets, net	438,240	660,690
Construction in process	777,786	2,260,999
Other	1,279,099	1,316,976
Accumulated depreciation	(1,105,331)	(1,156,989)
Other, net	173,767	159,987
Total property, plant and equipment	6,287,512	8,804,286
Intangible assets		
Other	48,696	50,795
Total intangible assets	48,696	50,795
Investments and other assets		
Investment securities	2,768,381	3,075,772
Long-term loans receivable	13,026	8,997
Deferred tax assets	524,310	399,428
Other	230,368	367,102
Allowance for doubtful accounts	(1,809)	(2,111)
Total investments and other assets	3,534,277	3,849,189
Total noncurrent assets	9,870,486	12,704,270
Total assets	25,190,318	31,389,652

(Thousands of yen)

	Fiscal 2013 (As of March 31, 2013)	Fiscal 2014 (As of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,736,664	4,255,505
Short-term loans payable	1,145,432	1,121,491
Current portion of long-term loans payable	2,068,482	1,932,912
Current portion of bonds	200,000	—
Lease obligations	154,276	215,598
Accounts payable-other	1,586,416	1,747,879
Income taxes payable	81,273	147,730
Provision for bonuses	220,847	177,916
Other	443,685	481,346
Total current liabilities	9,637,079	10,080,381
Noncurrent liabilities		
Long-term loans payable	3,142,014	4,415,868
Lease obligations	319,983	495,768
Deferred tax liabilities	3,760	4,501
Provision for retirement benefits	2,276,795	—
Net defined benefit liability	—	2,524,417
Provision for directors' retirement benefits	35,422	37,072
Other	50,600	50,600
Total noncurrent liabilities	5,828,575	7,528,227
Total liabilities	15,465,655	17,608,608
Net Assets		
Shareholders' equity		
Capital stock	1,577,121	3,144,929
Capital surplus	1,398,633	2,966,442
Retained earnings	8,194,375	8,623,463
Treasury stock	(68)	(68)
Total shareholders’ equity	11,170,062	14,734,766
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	499,868	622,837
Deferred gains on hedges	27,858	(5,110)
Foreign currency translation adjustments	(667,634)	(187,061)
Remeasurements of defined benefit plans	—	(1,528,458)
Pension liability adjustment of foreign subsidiaries	(1,452,870)	—
Total accumulated other comprehensive income	(1,592,778)	(1,097,792)
Minority interests	147,379	144,069
Total net assets	9,724,663	13,781,043
Total liabilities and net assets	25,190,318	31,389,652

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Net sales	28,772,135	32,814,056
Cost of sales	22,100,462	26,329,988
Gross profit on sales	6,671,672	6,484,068
Selling, general and administrative expenses	5,075,794	5,528,497
Operating income	1,595,878	955,571
Non-operating income		
Interest income	786	4,790
Dividend income	19,137	19,649
Rent income	29,960	35,144
Equity in earnings of affiliates	262,677	97,018
Foreign exchange gains	179,871	166,412
Other	67,181	45,299
Total non-operating income	559,616	368,315
Non-operating expenses		
Interest expenses	147,302	133,865
Public offering expenses	—	23,385
Commissions paid	15,305	37,627
Other	13,976	13,761
Total non-operating expenses	176,584	208,640
Ordinary income	1,978,910	1,115,245
Extraordinary income		
Gain on sales of noncurrent assets	11,624	—
Guarantees received	—	89,079
Total extraordinary income	11,624	89,079
Extraordinary losses		
Loss on retirement of noncurrent assets	58,855	29,985
Loss on valuation of investment securities	12,111	—
Loss on sales of golf club memberships	4,060	—
Loss on change in equity	—	104,278
Total extraordinary losses	75,027	134,263
Income before income taxes and minority interests	1,915,508	1,070,062
Income taxes	402,377	350,892
Income taxes-deferred	1,104	67,504
Total income taxes	403,481	418,397
Income before minority interests	1,512,026	651,665
Minority interests in income (loss)	(13,217)	(13,824)
Net income	1,525,243	665,490

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Income before minority interests	1,512,026	651,665
Other comprehensive income		
Valuation difference on other available-for-sale securities	83,388	123,050
Deferred gains (losses) on hedges	17,235	(30,416)
Foreign currency translation adjustments	600,430	388,414
Pension liability adjustment of foreign subsidiaries	(395,117)	(11,620)
Share of other comprehensive income of associates accounted for using equity method	95,824	105,920
Total other comprehensive income	401,761	575,348
Total comprehensive income	1,913,787	1,227,013
Comprehensive income attributable to:		
Owners of the parent	1,918,535	1,224,443
Minority interests	(4,747)	2,569

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2013 (From April 1, 2012 to March 31, 2013)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of fiscal year	1,577,121	1,398,633	6,889,910	(68)	9,865,597
Cumulative effect of changes in accounting policies					–
Balance at the beginning of year after reflecting changes in accounting policies	1,577,121	1,398,633	6,889,910	(68)	9,865,597
Changes during fiscal year					
Issuance of new shares					–
Dividends from surplus			(220,778)		(220,778)
Net income			1,525,243		1,525,243
Net changes of items other than shareholders' equity					–
Total changes during fiscal year	–	–	1,304,464	–	1,304,464
Balance at the end of fiscal year	1,577,121	1,398,633	8,194,375	(68)	11,170,062

	Other accumulated comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Pension liability adjustment of foreign subsidiaries	Total other accumulated comprehensive income		
Balance at the beginning of fiscal year	416,438	6,173	(1,350,928)	–	(903,985)	(1,832,302)	74,881	8,108,176
Cumulative effect of changes in accounting policies					(153,767)	(153,767)		(153,767)
Balance at the beginning of year after reflecting changes in accounting policies	416,438	6,173	(1,350,928)	–	(1,057,753)	(1,986,070)	74,881	7,954,408
Changes during fiscal year								
Issuance of new shares						–		–
Dividends from surplus						–		(220,778)
Net income						–		1,525,243
Net changes of items other than shareholders' equity	83,430	21,685	683,294	–	(395,117)	393,291	72,497	465,789
Total changes during fiscal year	83,430	21,685	683,294	–	(395,117)	393,291	72,497	1,770,254
Balance at the end of fiscal year	499,868	27,858	(667,634)	–	(1,452,870)	(1,592,778)	147,379	9,724,663

Fiscal 2014 (From April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of fiscal year	1, 577, 121	1, 398, 633	8, 194, 375	(68)	11, 170, 062
Cumulative effect of changes in accounting policies					–
Balance at the beginning of year after reflecting changes in accounting policies	1, 577, 121	1, 398, 633	8, 194, 375	(68)	11, 170, 062
Changes during fiscal year					
Issuance of new shares	1, 567, 808	1, 567, 808			3, 135, 616
Dividends from surplus			(236, 402)		(236, 402)
Net income			665, 490		665, 490
Net changes of items other than shareholders' equity					–
Total changes during fiscal year	1, 567, 808	1, 567, 808	429, 087	–	3, 564, 704
Balance at the end of fiscal year	3, 144, 929	2, 966, 442	8, 623, 463	(68)	14, 734, 766

	Other accumulated comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Pension liability adjustment of foreign subsidiaries	Total other accumulated comprehensive income		
Balance at the beginning of fiscal year	499, 868	27, 858	(667, 634)	–	(1, 452, 870)	(1, 592, 778)	147, 379	9, 724, 663
Cumulative effect of changes in accounting policies								–
Balance at the beginning of year after reflecting changes in accounting policies	499, 868	27, 858	(667, 634)	–	(1, 452, 870)	(1, 592, 778)	147, 379	9, 724, 663
Changes during fiscal year								
Issuance of new shares						–		3, 135, 616
Dividends from surplus						–		(236, 402)
Net income						–		665, 490
Net changes of items other than shareholders' equity	122, 968	(32, 968)	480, 573	(1, 528, 458)	1, 452, 870	494, 985	(3, 310)	491, 675
Total changes during fiscal year	122, 968	(32, 968)	480, 573	(1, 528, 458)	1, 452, 870	494, 985	(3, 310)	4, 056, 379
Balance at the end of fiscal year	622, 837	(5, 110)	(187, 061)	(1, 528, 458)	–	(1, 097, 792)	144, 069	13, 781, 043

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	1,915,508	1,070,062
Depreciation and amortization	825,227	914,014
Decrease in provision for retirement benefits	(81,106)	—
Increase in provision for directors' retirement benefits	1,650	1,650
(Decrease) increase in provision for bonuses	(21,740)	(46,885)
Increase (decrease) in allowance for doubtful accounts	1,369	(2,979)
Increase (decrease) in net defined benefit liability	—	(27,814)
Interest and dividends income	(19,924)	(24,440)
Interest expenses	147,302	133,865
Foreign exchange (gains) losses	(71,623)	(35,170)
Equity in earnings of affiliates	(262,677)	(97,018)
Gain on sales of property, plant and equipment	(11,624)	—
Loss on retirement of noncurrent assets	58,855	29,985
Loss on valuation of investment securities	12,111	—
Loss (gain) on change in equity	—	104,278
Loss on sales of golf club memberships	4,060	—
Decrease (increase) in notes and accounts receivable-trade	897,844	(2,147,017)
Increase in inventories	(650,199)	(624,983)
Increase (decrease) in notes and accounts payable-trade	40,608	324,513
(Decrease) increase in accrued consumption taxes	(66,858)	(52,417)
Other, net	13,389	88,867
Subtotal	2,732,173	(391,490)
Interest and dividends income received	153,026	134,220
Interest paid	(148,862)	(134,451)
Income taxes paid	(686,124)	(301,162)
Net cash provided by (used in) operating activities	2,050,213	(692,883)
Cash flows from investing activities		
Payments into time deposits	(20,000)	(20,000)
Proceeds from withdrawal of time deposits	20,000	20,000
Purchase of property, plant and equipment	(1,193,457)	(2,949,907)
Proceeds from sales of property, plant and equipment	14,324	—
Purchase of intangible assets	(40,388)	(12,271)
Purchase of investment securities	(38,279)	(6,576)
Purchase of stocks of affiliates	(302,278)	(142,136)
Proceeds from cancellation of insurance funds	29,610	15,599
Purchase of insurance funds	(4,992)	(4,993)
Other, net	(21,830)	(5,018)
Net cash used in investing activities	(1,557,292)	(3,105,304)

(Thousands of yen)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	84,107	(91,377)
Proceeds from long-term loans payable	2,124,830	3,222,449
Repayment of long-term loans payable	(2,103,447)	(2,165,372)
Redemption of bonds	(330,000)	(200,000)
Proceeds from issuance of common stock	—	3,135,616
Proceeds from stock issuance to minority shareholders	85,418	—
Proceeds from sale-and-leaseback transactions	132,632	432,475
Repayments of lease obligations	(140,920)	(216,341)
Cash dividends paid	(220,778)	(236,402)
Cash dividends paid to minority shareholders	(8,173)	(5,880)
Net cash (used in) provided by financing activities	(376,330)	3,875,166
Effect of exchange rate change on cash and cash equivalents	63,763	70,368
Net increase in cash and cash equivalents	180,354	147,346
Cash and cash equivalents at beginning of the fiscal year	2,078,305	2,258,659
Cash and cash equivalents at end of the fiscal year	2,258,659	2,406,006

(5) Notes to Consolidated Financial Statements

(Note Concerning Going Concern Assumption)

None.

(Changes in Accounting Policies)

(1) Application of International Accounting Standards (IAS) 19 Employee Benefits

Certain overseas affiliate companies started applying IAS 19 Employee Benefits (June 16, 2011) from the three months ended June 30, 2013. This change in accounting policy was also applied retroactively to restate results for the fiscal year ended March 31, 2013 in the Consolidated Financial Statements.

As a result, net income for the year ended March 31, 2013 decreased ¥40,635 thousand after restatement. Moreover, net assets as of April 1, 2012 were restated ¥153,767 thousand lower to mainly reflect the accumulative impact of this accounting policy change.

(2) Application of Accounting Standard for Retirement Benefits, etc.

The Company has applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; the “Retirement Benefit Accounting Standard”) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; the “Retirement Benefit Accounting Guidance”) from the fiscal year ended March 31, 2014 (excluding, however, the stipulations of the body text of Article 35 of the Retirement Benefit Accounting Standard and the body text of Article 67 of the Retirement Benefit Accounting Guidance). Under this accounting standard, the Company has adopted the method of recording unrecognized actuarial gains and losses and unrecognized prior service costs after tax as a net defined benefit liability. The Company has also recorded the amounts of retirement benefit obligations minus pension assets as a net defined benefit liability.

In accordance with the transitional treatment stipulated by Article 37 of the Retirement Benefit Accounting Standard, as of March 31, 2014, the amounts of the impacts resulting from the application of Retirement Benefit Accounting Standard, etc., were added to, or deducted from, remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, the Company recorded a net defined benefit liability of ¥2,524,417 thousand as of March 31, 2014, and accumulated other comprehensive income was reduced by ¥75,663 thousand, as of the same date.

Following the application of the Retirement Benefit Accounting Standard, etc., the Company has included pension liability adjustment of foreign subsidiaries in re-measurements of defined benefit plans on the consolidated balance sheets and the consolidated statements of changes in net assets from March 31, 2014. Previously, the Company had shown pension liability adjustment of foreign subsidiaries as a separate account on the consolidated balance sheets and the consolidated statements of changes in net assets.

(Changes in Presentation Basis)

(Consolidated Statements of Income)

From the fiscal year ended March 31, 2014, the Company has shown commissions paid separately because it now represents more than 10% of non-operating expenses. Previously, commissions paid were included in other under non-operating expenses. The consolidated financial statements for the fiscal year ended March 31, 2013 have been restated to reflect this change in presentation basis.

As a result, the Company has restated the ¥29,281 thousand shown as other under non-operating expenses on the consolidated statement of income for the fiscal year ended March 31, 2013, as commissions paid of ¥15,305 thousand and other of ¥13,976 thousand.

(Additional Information)

Restatement of amounts of deferred tax assets and deferred tax liabilities due to changes in the corporate income tax rate, etc.

Following the promulgation of the "Act for Partial Revision of the Income Tax Act" (Act No.10, 2014) on March 31, 2014, the special corporate tax for reconstruction will no longer be levied from fiscal years beginning on or after April 1, 2014. In line with this change, the statutory income tax rate used to calculate deferred tax assets and deferred tax liabilities in the fiscal year ended March 31, 2014 for temporary differences expected to reverse in the fiscal year beginning on April 1, 2014, has been reduced mainly to 35.6% from 38.0% in the fiscal year ended March 31, 2014.

As a result, the amount of deferred tax assets (less the amount of deferred tax liabilities) was reduced by ¥7,626 thousand, while income taxes-deferred recorded in the fiscal year ended March 31, 2014 increased by ¥7,626 thousand.

(Segment Information)

a. Segment information

1 Overview of reporting segments

The Company's reporting segments are the compositional units of the Company for which separate financial information is available. They are periodically examined by the Board of Directors for the purpose of deciding on allocation of management resources and evaluating business results.

The Company formulates a comprehensive worldwide strategy for the products and services it handles and conducts business activities based on operations that are divided along product and service lines.

As a result, the Company is composed of product and service segments based on business activity, with two reporting segments: "Collagen Material" and "Formula Solution."

In Collagen Material Business, the Company manufactures gelatin, collagen peptide, collagen casings and other products.

In Formula Solution Business, the Company manufactures various food materials, adhesives and other products.

2 Calculation methods for net sales, income and loss, assets and other items by reporting segment

The accounting methods used for the reported business segments are the same as the accounting methods the Company applies for consolidated financial reporting purposes.

Segment income for reporting segments represents operating income.

Intersegment sales and transactions are based on prevailing market prices.

3 Matters concerning changes in reporting segments

Certain overseas affiliate companies started applying IAS 19 Employee Benefits (June 16, 2011) from the three months ended June 30, 2013. This change in accounting policy was also applied retroactively to restate results for the fiscal year ended March 31, 2013 in the Consolidated Financial Statements.

As a result, segment income for the Collagen Material Business for the fiscal year ended March 31, 2013 decreased by ¥23,114 thousand after restatement.

4 Information on net sales, income and loss, assets and other items by reporting segment

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Thousands of yen)

Reporting segment			Total	Adjustments*1	Amounts in the consolidated financial statements*2
	Collagen material business	Formula solution business			
Net sales					
Sales to third parties	18,674,637	10,097,497	28,772,135	—	28,772,135
Inter-segment sales and transfers	1,304,577	—	1,304,577	(1,304,577)	—
Total	19,979,215	10,097,497	30,076,712	(1,304,577)	28,772,135
Segment income	1,794,094	1,151,633	2,945,727	(1,349,849)	1,595,878
Segment assets	18,370,545	4,528,873	22,899,418	2,290,899	25,190,318
Other items					
Depreciation and amortization	721,203	72,444	793,648	31,579	825,227
Increase in property, plant and equipment and intangible assets	1,229,202	73,238	1,302,440	124,070	1,426,511

*Notes: 1. Adjustments are as follows:

(1) Adjustment for segment income of -¥1,349,849 thousand comprises elimination of intersegment transactions of ¥2,952 thousand and unallocated expenses of -¥1,352,802 thousand. Unallocated expenses are mainly general and administrative expenses.

(2) Adjustment for segment assets of ¥2,290,899 thousand comprises elimination of intersegment transactions of -¥458,447 thousand and unallocated assets of ¥2,749,346 thousand. Major components of the unallocated assets are cash and deposits, property, plant and equipment, and investment securities.

2. Segment income is adjusted against the operating income recorded in the consolidated income statement.

3. Segment liabilities have not been reported, as they are serviced periodically in consolidation by the Company’s highest decision making authority.

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Thousands of yen)

Reporting segment			Total	Adjustments*1	Amounts in the consolidated financial statements*2
	Collagen material business	Formula solution business			
Net sales					
Sales to third parties	22,436,889	10,377,166	32,814,056	—	32,814,056
Inter-segment sales and transfers	1,487,018	—	1,487,018	(1,487,018)	—
Total	23,923,908	10,377,166	34,301,074	(1,487,018)	32,814,056
Segment income	1,420,131	920,247	2,340,378	(1,384,807)	955,571
Segment assets	23,327,011	5,791,521	29,118,533	2,271,118	31,389,652
Other items					
Depreciation and amortization	808,491	70,273	878,765	35,249	914,014
Increase in property, plant and equipment and intangible assets	2,845,204	229,847	3,075,051	27,364	3,102,415

*Notes: 1. Adjustments are as follows:

(1) Adjustment for segment income of -¥1,384,807 thousand comprises elimination of intersegment transactions of ¥3,131 thousand and unallocated expenses of -¥1,387,939 thousand. Unallocated expenses are mainly general and administrative expenses.

(2) Adjustment for segment assets of ¥2,271,118 thousand comprises elimination of intersegment transactions of -¥567,877 thousand and unallocated assets of ¥2,838,996 thousand. Major components of the unallocated assets are cash and deposits, property, plant and equipment, and investment securities.

2. Segment income is adjusted against the operating income recorded in the consolidated income statement.

3. Segment liabilities have not been reported, as they are serviced periodically in consolidation by the Company’s highest decision making authority.

b. Related information

Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

1 Information by products and services

This information is omitted because it is the same as is recorded for segment information.

2 Information by countries and regions

(1) Net sales

(Thousands of yen)

Japan	Asia	North America	Other	Total
19,098,061	1,239,300	7,727,453	707,319	28,772,135

Note: Sales are classified into countries or regions based on customers' locations.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	North America	Total
2,955,248	91,312	3,240,951	6,287,512

3 Information by main customer

The Company has omitted disclosure because no sales to any external customer exceed 10% of the total net sales on the consolidated statements of income.

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

1 Information by products and services

This information is omitted because it is the same as is recorded for segment information.

2 Information by countries and regions

(1) Net sales

(Thousands of yen)

Japan	Asia	North America	Other	Total
19,684,052	2,022,724	10,408,071	699,208	32,814,056

Note: Sales are classified into countries or regions based on customers' locations.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	North America	Total
2,990,115	255,186	5,558,983	8,804,286

3 Information by main customer

The Company has omitted disclosure because no sales to any external customer exceed 10% of the total net sales on the consolidated statements of income.

c. Information on impairment loss on noncurrent assets by reporting segments

No items to report

d. Information on amortization of goodwill and unamortized amounts by reporting segments

No items to report

e. Information on gain on negative goodwill by reporting segment

No items to report

(Per Share Information)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Net assets per share	¥607.31	¥742.20
Net income per share	96.72	37.90

Notes: 1. Diluted net income per share is not disclosed due to the absence of latent shares with dilution effect.

2. Basis for calculating per share data is shown below.

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Net income (Thousands of yen)	1,525,243	665,490
Amounts not attributable to common shareholders (Thousands of yen)	—	—
Net income related to common shares (Thousands of yen)	1,525,243	665,490
Average number of common shares during the period (shares)	15,769,912	17,556,927

Note: Certain overseas affiliate companies started applying IAS 19 Employee Benefits (June 16, 2011) from the three months ended June 30, 2013. This change in accounting policy was also applied retroactively to restate results for the fiscal year ended March 31, 2013 in the Consolidated Financial Statements.

(Subsequent Events)

(Introduction of Stock Compensation-type Stock Options)

Nitta Gelatin has announced that at a Board of Directors' meeting held on April 25, 2014, the Company passed a resolution to submit a proposal regarding the introduction of stock compensation-type stock options for the Company's directors (excluding outside directors) at the Ordinary General Meeting of Shareholders scheduled for June 26, 2014.

Details are as follows:

Stock-compensation type stock options based on Article 361 of the Companies Act

Date of resolution	June 26, 2014
Eligible recipients	The Company's directors (excluding outside directors) (Note 1)
Class and number of shares underlying the stock acquisition rights	200,000 shares of the Company's common stock

Total number of stock acquisition rights	The maximum number of stock acquisition rights to be allotted on any day within one year of the day of the Ordinary General Meeting of Shareholders for each fiscal year shall be 2,000 (100 shares of common stock per stock acquisition right)
Amount to be paid in upon exercise of stock acquisition rights	One (1) yen per share
Exercise period of stock acquisition rights	The Company's Board of Directors shall determine the exercise period within a period not to exceed 40 years from the day after the allotment date for the stock acquisition rights.
Limits on acquisition of stock acquisition rights via assignment	Approval of the Board of Directors of the Company shall be required for the acquisition of stock acquisition rights via assignment.
Conditions for exercising stock acquisition rights	Conditions, including those enabling the recipients of stock acquisition rights allotments who have lost their position as a Director of the Company to exercise their stock acquisition rights from the day after the day they lose their position, shall be determined by the Company's Board of Directors.

Notes:
1. After the Ordinary General Meeting of Shareholders is adjourned, the Company plans to pass a Board of Directors resolution to allot stock compensation-type stock options based on the same details as the above to its executive officers.
2. For details, please see the press release titled "Notice Regarding Introduction of Stock Compensation-type Stock Options" issued on April 25, 2014.

4. Other

Change of Directors and Audit & Supervisory Board Members

1. Change of Representative Directors

No items to report.

2. Change of Other Directors and Audit & Supervisory Board Members

New candidates for director

Director	Toru Tamaoka	Currently Executive Officer, General Manager of Adhesives Div.
Director	Raymond Merz	Currently Executive Officer, General Manager of Gelatin Div.
Director	Hisayuki Suekawa	Currently Senior Adviser, Shiseido Company, Limited

Note: Mr. Hisayuki Suekawa is a candidate for outside director.

Directors scheduled to retire

Director	Takeo Yamaki
Director	Tatsuro Otsuka

New candidate for audit & supervisory board member

Outside Audit & Supervisory Board Member	Tamon Tsuda	Currently a certified public accountant

Note: Mr. Tamon Tsuda is a candidate for outside audit & supervisory board member.

Audit & supervisory board member scheduled to retire

Outside Audit & Supervisory Board Member	Yoshihiro Sakatani

3. Scheduled Date of Appointment

June 26, 2014

The appointment of the directors and the audit & supervisory board member will be submitted for the approval of the 75th Ordinary General Shareholders' Meeting to be held on June 26, 2014. This change of directors and audit & supervisory board members was announced on April 25, 2014.