



May 10, 2013

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013

(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
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Scheduled date of General Shareholders' Meeting: June 26, 2013
 Scheduled date to file Securities Report: June 26, 2013
 Scheduled date to commence dividend payments: June 27, 2013
 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, 2013 (from April 1, 2012 to March 31, 2013)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2013	28,772	3.6	1,618	(19.7)	2,002	(0.0)	1,565	13.8
March 31, 2012	27,763	(0.6)	2,015	35.6	2,002	44.8	1,375	30.8

(Note) Comprehensive income

For the year ended March 31, 2013: ¥2,003 million (103.1%)

For the year ended March 31, 2012: ¥986 million (14.3%)

	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, 2013	99.30	—	17.5	8.2	5.6
March 31, 2012	99.87	—	19.4	8.9	7.3

(Reference) Equity in earnings of affiliates

For the year ended March 31, 2013: ¥262 million

For the year ended March 31, 2012: ¥118 million

(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, 2013	25,449	9,968	38.6	622.75
March 31, 2012	23,371	8,108	34.4	509.41

(Reference) Equity

As of March 31, 2013: ¥9,820 million

As of March 31, 2012: ¥8,033 million

(3) Consolidated cash flows

	Net cash provided by 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 March 31, 2013	Millions of yen 2,050	Millions of yen (1,557)	Millions of yen (376)	Millions of yen 2,258
March 31, 2012	568	(733)	713	2,078

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, 2012	–	2.00	–	8.00	10.00	151	10.0	2.1
Fiscal year ended March 31, 2013	–	6.00	–	8.00	14.00	126	14.1	2.5
Fiscal year ending March 31, 2014 (Forecasts)	–	6.00	–	6.00	12.00		13.7	

Notes: 1. Breakdown of dividends for the March 31, 2012 fiscal year-end: ¥6.00 in ordinary dividend and ¥2.00 in commemorative dividend per share

2. 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, 2014

(from April 1, 2013 to March 31, 2014)

(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, 2013	16,200	15.5	750	(16.8)	840	(11.4)	580	(18.2)	36.78
Fiscal year ending March 31, 2014	32,700	13.7	1,700	5.0	1,890	(5.6)	1,380	(11.9)	87.51

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): Yes

New: 1 (Beijing Nitta Collagen Casing Co., Ltd.)

Excluded: None

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

a. Changes in accounting standards 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: Yes

d. Restatement of revisions: No

(Note) The above conforms to "Case When Change in Accounting Policy is Difficult to Distinguish from a Change in Accounting Estimate," Article 14-7 of "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements."

For details, please refer to "(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" in "3. Consolidated Financial Statements" on page 20 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, 2013 15,770,074 shares

As of March 31, 2012 15,770,074 shares

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

As of March 31, 2013 162 shares
As of March 31, 2012 162 shares

c. Average number of shares

For the year ended March 31, 2013 15,769,912 shares
For the year ended March 31, 2012 13,496,766 shares

(Reference) Summary of non-consolidated operating results

**1. Non-consolidated financial results for the fiscal year ended March 31, 2013
(from April 1, 2012 to March 31, 2013)**

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2013	20,261	(1.5)	910	(33.6)	1,294	(8.0)	874	13.0
March 31, 2012	20,567	0.2	1,371	15.9	1,407	17.0	773	0.4

Fiscal year ended	Net income per share	Diluted net income per share
March 31, 2013	Yen 55.42	Yen —
March 31, 2012	Yen 55.22	Yen —

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
March 31, 2013	Millions of yen 21,177	Millions of yen 9,162	% 43.3	Yen 581.04
March 31, 2012	Millions of yen 20,714	Millions of yen 8,409	% 40.6	Yen 533.24

(Reference) Equity

As of March 31, 2013: ¥9,162 million

As of March 31, 2012: ¥8,409 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” 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, 2013. 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

(1) Analysis of Operating Results	2
(2) Analysis of Financial Position	5

2. Management Policies

(1) Basic Management Policies of the Company	8
(2) Target Management Indicators	8
(3) Medium- to Long-term Management Strategies and Issues Facing the Company	9

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets	11
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	
Consolidated Statement of Income	13
Consolidated Statement of Comprehensive Income	14
(3) Consolidated Statements of Changes in Net Assets	15
(4) Consolidated Statements of Cash Flows	18
(5) Notes to Consolidated Financial Statements	20
(Note Concerning Going Concern Assumption)	20
(Changes in Accounting Policies)	20
(Accounting Standard and Guidance Yet to be Applied)	20
(Segment Information)	21
(Per Share Information)	26
(Subsequent Events)	26

4. Other

Transfer of Directors and Corporate Auditors	27
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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Operating results for the fiscal year ended March 31, 2013

In the fiscal year ended March 31, 2013, overseas economies remained on a weak recovery track on the whole. Although the U.S. economy continued to stage a gradual recovery, the European debt problem and financial crisis persisted, along with slowing expansion in the Indian and Chinese economies and flat growth in the Southeast Asian economies. On the other hand, the Japanese economy showed signs of gradual recovery related to demand generated by post-quake reconstruction. Deflation continued to spread, however, due to factors such as the global economic slowdown, anemic exports due to the yen's protracted appreciation, and concerns about the impact of Japan's strained diplomatic relations with other countries on economic activity. In Japan, the implementation of economic recovery measures by the new government formed at the end of last year and the Bank of Japan's loosening of monetary policy resulted in the outlook improving in some aspects due mainly to the depreciation of the yen and the rise in stock prices.

Against this backdrop, the Nitta Gelatin Group has adopted three basic management policies: (1) Customer First; (2) Globalization & Innovation; and (3) Selection and Concentration. Guided by these policies, the Group has actively worked to provide products and services that satisfy customers, and develop new products and cultivate new markets, with the aim of rising above the challenging business conditions.

Overseas, the Group posted strong sales atop buoyant demand. In Japan, sales declined, reflecting the deflation-mired economy.

As a result, in the fiscal year ended March 31, 2013, net sales were up 3.6% year on year to ¥28,772 million. Operating income was down 19.7% to ¥1,618 million due to a rise in energy costs in Japan and higher procurement costs of imports due to the yen's depreciation. Ordinary income was held to almost the same as the previous fiscal year at ¥2,002 million on account of an increase in equity in earnings of affiliates and a foreign exchange gain. Net income increased 13.8% to ¥1,565 million, mainly because of lower income taxes.

2) Segment business performance

(Collagen Material Business)

In the gelatin field, sales of gelatin for capsules performed strongly in Japan. The Group posted sharply lower photographic gelatin sales because demand for film fell due to the rapid digitalization of movies. Meanwhile, sales of edible gelatin in Japan declined, mainly reflecting the end of a temporary boost in sales from post-quake demand in the previous fiscal year. In overseas markets, on the other hand, sales increased due to buoyant demand for edible gelatin and gelatin for capsules. Another contributing factor was the positive impact of the revision of gelatin prices to the Group's advantage.

Collagen peptide sales declined year on year, mainly reflecting intensified competition with other materials in the health foods market in Japan, and due to stagnating sales overseas in the Asian market.

Collagen casing sales increased, buoyed by robust demand for collagen casings for snack sausages in the U.S. and strong exports to China.

As a result, net sales in the segment were up 7.1% year on year to ¥18,674 million and segment profit (operating income) was down 19.4% to ¥1,817 million.

(Formula Solution Business)

In food materials, overall sales were sluggish due to lackluster sales of ingredients for delicatessen items. This was despite steady growth in sales of stabilizers for ham, sausage and other meat products, in addition to gelling agents for use in chilled desserts sold in convenience stores.

In adhesives, overall sales declined mainly due to the sale of certain product businesses and lower sales of hot-melt adhesives for bookbinding applications owing to weak conditions in the publishing sector. This was partly offset by firm sales of hot-melt adhesives for building materials supported by recovery demand from the Great East Japan Earthquake, and high-performance gaskets developed by the Company.

As a result, net sales in the segment were down 2.2% year on year to ¥10,097 million. Segment profit (operating income) was up 6.3% to ¥1,151 million, as prices of raw materials for adhesives stopped increasing.

3) Earnings forecasts for the fiscal year ending March 31, 2014

We expect a recovery in the Japanese economy due to the implementation of economic stimulus measures by the government and the Bank of Japan's loosening of monetary policy, which should result in a correction of the strong yen, a rise in stock prices, and an improvement in consumer sentiment. However, we expect the outlook for the global economy, despite its maintaining a gradual recovery track overall, to remain uncertain due to the instability of downside risks such as the fiscal problems in Europe and the U.S.

Japan continues to see changes in diets and consumption spurred by market maturation and the population aging. The diversification in consumer needs amid these changes will present opportunities for creating new applications and markets for the Company's products. In the Asian market, meanwhile, rising incomes in various regions are expected to lead to increasingly Westernized and diverse diets, thereby expanding the processed food market. As a result, we expect a further increase in demand for gelatin, peptide, and casings.

In this manner, the markets that the Nitta Gelatin Group faces are constantly changing on a daily basis. Staying on top of the markets as they change will be an imperative if Nitta Gelatin and its businesses are to develop and achieve sustainable growth in this diversifying environment.

(Collagen Material Business)

The Collagen Material Business will continue to face a harsh environment that includes the rising costs of raw materials, the rising costs of energy in Japan, and the rising costs of imports due to the low yen. Product costs will be reduced to stay internationally competitive while answering a call from society to further save energy and downsize the CO₂ footprint, and while developing raw material sources and production technology. On the sales front, in addition to developing differentiated products, the Collagen Material Business will grow sales by creating new markets and providing products and services that respond to the needs of customers by taking full advantage of its application capabilities.

In the peptide business, peptide sales in China will undergo full-scale implementation and the business will be steadily expanded centering on Asia. Another collagen peptide plant will be built in North America for production to begin in March 2014. Moreover, the Collagen Material Business will conduct further research on the functional

properties of collagen peptide to develop new products and open up new markets underpinned by academic evidence of the health benefits to functional peptide.

Meanwhile, the casing business will innovate and revamp the manufacturing process for plant and equipment upgrades at our production facilities in North America, with a view to achieving competitive production costs and upgraded supply capabilities. In addition, we will build a framework for the manufacture and sale of casings to achieve the full-fledged development of the casings business in China.

(Formula Solution Business)

The food material business will make active use of application laboratories located in Japan, North America, India and China to develop products and applications in close contact with customers and expand sales in partnership with local affiliates and sales agent networks. In addition, the Company will start selling gelling agents in Southeast Asia centered on Vietnam.

In the adhesive business, we will expand sales of sealants (high-performance gaskets) in Japan and the rest of Asia. At the same time, the division aims to improve the profitability of the adhesive business by raising productivity, developing new products and expanding sales of core hot-melt adhesive products.

Based on the business plans described above, the Group projects consolidated net sales of ¥32,700 million (up 13.7% year on year), operating income of ¥1,700 million (up 5.0%), ordinary income of ¥1,890 million (down 5.6%) and net income of ¥1,380 million (down 11.9%) for the fiscal year ending March 31, 2014.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Total assets amounted to ¥25,449 million at March 31, 2013, ¥2,077 million higher than at March 31, 2012.

(Current assets)

Current assets rose ¥383 million from March 31, 2012 to ¥15,319 million. This was mainly attributable to a ¥180 million increase in cash and deposits and a ¥860 million increase in inventories, despite a ¥609 million decrease in notes and accounts receivable-trade.

(Noncurrent assets)

Noncurrent assets increased ¥1,693 million from March 31, 2012 to ¥10,129 million at March 31, 2013. This was mainly due to a ¥900 million increase in property, plant and equipment in line with capital investments and a ¥713 million increase in investment securities primarily caused by increased market value accompanying rising share prices.

(Current liabilities)

Current liabilities stood at ¥9,637 million at March 31, 2013, ¥460 million higher than at March 31, 2012. This was mainly attributable to a ¥260 million increase in notes and accounts payable-trade, a ¥220 million increase in short-term loans payable and a ¥190 million increase in the current portion of long-term loans payable, despite a decrease of ¥305 million in income taxes payable.

(Noncurrent liabilities)

Noncurrent liabilities decreased ¥242 million to ¥5,844 million. This was mainly due to a ¥200 million decrease in bonds payable and a ¥119 million decrease in long-term loans payable.

(Net assets)

Net assets increased ¥1,859 million to ¥9,968 million. This was mainly attributable to a ¥1,345 million increase in retained earnings and a ¥688 million increase in foreign currency translation adjustments due to the yen's depreciation.

2) Cash flows

Cash and cash equivalents as of March 31, 2013 were ¥2,258 million, up 8.7% from March 31, 2012.

Cash flows for each activity and reasons are as follows.

(Net cash provided by operating activities)

Operating activities provided net cash of ¥2,050 million, up 260.8% year on year. The main contributors to cash were ¥1,938 million in income before income taxes and minority interests, ¥825 million in depreciation and amortization and an ¥897 million decrease in notes and accounts receivable-trade. The main components of cash used were ¥650 million for an increase in inventories and ¥686 million for income taxes paid.

(Net cash used in investing activities)

Investing activities used net cash of ¥1,557 million, compared to ¥733 million used in the previous fiscal year. The main uses of cash were ¥1,193 million for the purchase of property, plant and equipment and ¥302 million for purchase of stocks of affiliates.

(Net cash provided by financing activities)

Financing activities used net cash of ¥376 million, compared to ¥713 million provided in the previous fiscal year. The main use of cash was ¥220 million for cash dividends paid.

(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
Equity ratio (%)	27.2	28.5	34.4	38.6
Market value equity ratio (%)	–	–	34.3	79.7
Interest-bearing debt to cash flow ratio (Years)	9.7	4.7	12.4	3.4
Interest coverage ratio (Times)	3.8	8.6	3.4	13.8

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 ending 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 be achieved by 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, starting production in the U.S., and increasing sales in the Japanese and North American markets.

In the casing business, we intend to increase business scale by expanding production and sales through increasing efficiency 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 matched to the needs of users, 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. We will build a production and sales framework in Vietnam to commence production and sales in Southeast Asia.

In the adhesive business, we will globally develop the business of sealants (high-performance gaskets), a product we have developed, to grow a high-profit business. At the same time, Nitta Gelatin will strengthen the cost competitiveness and expand sales of hot-melt adhesive. 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 today’s press release entitled “Nitta Gelatin Announces Medium-term Management Plan.”

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2012 (As of March 31, 2012)	Fiscal 2013 (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	2,098,305	2,278,659
Notes and accounts receivable-trade	6,449,185	5,839,913
Merchandise and finished goods	4,011,191	4,404,789
Work in process	651,952	918,045
Raw materials and supplies	1,308,008	1,508,837
Deferred tax assets	168,969	134,495
Other	262,277	251,267
Allowance for doubtful accounts	(14,013)	(16,176)
Total current assets	14,935,878	15,319,831
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,593,579	7,204,905
Accumulated depreciation	(4,074,067)	(4,412,697)
Buildings and structures, net	2,519,511	2,792,208
Machinery, equipment and vehicles	7,638,996	8,554,619
Accumulated depreciation	(6,478,942)	(7,210,943)
Machinery, equipment and vehicles, net	1,160,053	1,343,676
Land	741,409	761,832
Lease assets	654,920	786,743
Accumulated depreciation	(214,507)	(348,502)
Lease assets, net	440,412	438,240
Construction in process	365,756	777,786
Other	1,219,880	1,279,099
Accumulated depreciation	(1,059,848)	(1,105,331)
Other, net	160,031	173,767
Total property, plant and equipment	5,387,176	6,287,512
Intangible assets		
Other	18,491	48,696
Total intangible assets	18,491	48,696
Investments and other assets		
Investment securities	2,055,225	2,768,381
Long-term loans receivable	17,318	13,026
Deferred tax assets	477,298	488,505
Other	482,309	525,567
Allowance for doubtful accounts	(1,814)	(1,809)
Total investments and other assets	3,030,338	3,793,671
Total noncurrent assets	8,436,005	10,129,880
Total assets	23,371,884	25,449,711

(Thousands of yen)

	Fiscal 2012 (As of March 31, 2012)	Fiscal 2013 (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,476,611	3,736,664
Short-term loans payable	925,340	1,145,432
Current portion of long-term loans payable	1,878,380	2,068,482
Current portion of bonds	330,000	200,000
Lease obligations	127,548	154,276
Accounts payable-other	1,388,921	1,586,416
Income taxes payable	387,141	81,273
Provision for bonuses	235,319	220,847
Other	426,959	443,685
Total current liabilities	9,176,223	9,637,079
Noncurrent liabilities		
Bonds payable	200,000	—
Long-term loans payable	3,261,365	3,142,014
Lease obligations	348,047	319,983
Deferred tax liabilities	16,345	20,160
Provision for retirement benefits	2,158,327	2,276,420
Provision for directors' retirement benefits	33,772	35,422
Other	69,625	50,600
Total noncurrent liabilities	6,087,483	5,844,601
Total liabilities	15,263,707	15,481,680
Net Assets		
Shareholders' equity		
Capital stock	1,577,121	1,577,121
Capital surplus	1,398,633	1,398,633
Retained earnings	6,889,910	8,235,011
Treasury stock	(68)	(68)
Total shareholders' equity	9,865,597	11,210,697
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	416,438	499,868
Deferred gains on hedges	6,173	27,858
Foreign currency translation adjustments	(1,350,928)	(662,919)
Pension liability adjustment of foreign subsidiaries	(903,985)	(1,254,853)
Total accumulated other comprehensive income	(1,832,302)	(1,390,046)
Minority interests	74,881	147,379
Total net assets	8,108,176	9,968,031
Total liabilities and net assets	23,371,884	25,449,711

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

(Thousands of yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Net sales	27,763,016	28,772,135
Cost of sales	20,924,829	22,080,816
Gross profit on sales	6,838,187	6,691,318
Selling, general and administrative expenses	4,822,430	5,072,326
Operating income	2,015,756	1,618,992
Non-operating income		
Interest income	684	786
Dividend income	17,266	19,137
Rent income	28,221	29,960
Equity in earnings of affiliates	118,501	262,677
Foreign exchange gains	3,629	179,871
Other	59,643	67,181
Total non-operating income	227,945	559,616
Non-operating expenses		
Interest expenses	167,695	147,302
Public offering expenses	45,588	—
Other	27,851	29,281
Total non-operating expenses	241,134	176,584
Ordinary income	2,002,567	2,002,024
Extraordinary income		
Gain on sales of noncurrent assets	—	11,624
Gain on transfer of business	15,797	—
Total extraordinary income	15,797	11,624
Extraordinary losses		
Loss on retirement of noncurrent assets	49,355	58,855
Loss on valuation of investment securities	—	12,111
Loss on valuation of golf club memberships	4,475	—
Loss on sales of golf club memberships	—	4,060
Total extraordinary losses	53,830	75,027
Income before income taxes and minority interests	1,964,535	1,938,622
Income taxes	568,599	402,377
Income taxes-deferred	12,611	(16,416)
Total income taxes	581,210	385,960
Income before minority interests	1,383,325	1,552,661
Minority interests in income	7,455	(13,217)
Net income	1,375,869	1,565,879

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Income before minority interests	1,383,325	1,552,661
Other comprehensive income		
Valuation difference on other available-for-sale securities	8,060	83,388
Deferred gains on hedges	8,136	17,235
Foreign currency translation adjustments	(50,878)	605,145
Pension liability adjustment of foreign subsidiaries	(238,181)	(350,868)
Share of other comprehensive income of associates accounted for using equity method	(123,884)	95,824
Total other comprehensive income	(396,747)	450,726
Total comprehensive income	986,577	2,003,388
Comprehensive income attributable to:		
Owners of the parent	978,740	2,008,135
Minority interests	7,837	(4,747)

(3) Consolidated Statements of Changes in Net Assets

(Thousands of yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of fiscal year	875,000	1,577,121
Changes during fiscal year		
Issuance of new shares	702,121	—
Total changes during fiscal year	702,121	—
Balance at fiscal year-end	1,577,121	1,577,121
Capital surplus		
Balance at the beginning of fiscal year	677,742	1,398,633
Changes during fiscal year		
Issuance of new shares	702,121	—
Disposal of treasury stock	18,769	—
Total changes during fiscal year	720,891	—
Balance at fiscal year-end	1,398,633	1,398,633
Retained earnings		
Balance at the beginning of fiscal year	6,090,515	6,889,910
Changes during fiscal year		
Dividends from surplus	(48,494)	(220,778)
Net income	1,375,869	1,565,879
Retirement of treasury stock	(527,980)	—
Total changes during fiscal year	799,394	1,345,100
Balance at the end of fiscal year	6,889,910	8,235,011
Treasury stock		
Balance at the beginning of fiscal year	(82,522)	(68)
Changes during fiscal year		
Purchase of treasury stock	(528,043)	—
Disposal of treasury stock	82,517	—
Retirement of treasury stock	527,980	—
Total changes during fiscal year	82,453	—
Balance at the end of fiscal year	(68)	(68)
Total shareholders' equity		
Balance at the beginning of fiscal year	7,560,736	9,865,597
Changes during fiscal year		
Issuance of new shares	1,404,242	—
Dividends from surplus	(48,494)	(220,778)
Net income	1,375,869	1,565,879
Purchase of treasury stock	(528,043)	—
Disposal of treasury stock	101,287	—
Total changes during fiscal year	2,304,861	1,345,100
Balance at the end of fiscal year	9,865,597	11,210,697

	(Thousands of yen)	
	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of fiscal year	408,627	416,438
Changes during fiscal year		
Net changes of items other than shareholders' equity	7,810	83,430
Total changes during fiscal year	7,810	83,430
Balance at the end of fiscal year	416,438	499,868
Deferred gains or losses on hedges		
Balance at the beginning of fiscal year	2,058	6,173
Changes during fiscal year		
Net changes of items other than shareholders' equity	4,114	21,685
Total changes during fiscal year	4,114	21,685
Balance at the end of fiscal year	6,173	27,858
Foreign currency translation adjustment		
Balance at the beginning of fiscal year	(1,180,055)	(1,350,928)
Changes during fiscal year		
Net changes of items other than shareholders' equity	(170,873)	688,009
Total changes during fiscal year	(170,873)	688,009
Balance at the end of fiscal year	(1,350,928)	(662,919)
Pension liability adjustment of foreign subsidiaries		
Balance at the beginning of fiscal year	(665,803)	(903,985)
Changes during fiscal year		
Net changes of items other than shareholders' equity	(238,181)	(350,868)
Total changes during fiscal year	(238,181)	(350,868)
Balance at the end of fiscal year	(903,985)	(1,254,853)
Total other accumulated comprehensive income		
Balance at the beginning of fiscal year	(1,435,173)	(1,832,302)
Changes during fiscal year		
Net changes of items other than shareholders' equity	(397,129)	442,256
Total changes during the period	(397,129)	442,256
Balance at the end of fiscal year	(1,832,302)	(1,390,046)
Minority interests		
Balance at the beginning of fiscal year	59,507	74,881
Changes during fiscal year		
Net changes of items other than shareholders' equity	15,374	72,497
Total changes during fiscal year	15,374	72,497
Balance at the end of fiscal year	74,881	147,379

	(Thousands of yen)	
	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Total net assets		
Balance at the beginning of fiscal year	6,185,070	8,108,176
Changes during fiscal year		
Issuance of new shares	1,404,242	—
Dividends from surplus	(48,494)	(220,778)
Net income	1,375,869	1,565,879
Purchase of treasury stock	(528,043)	—
Disposal of treasury stock	101,287	—
Net changes of items other than shareholders' equity	(381,754)	514,754
Total changes during fiscal year	1,923,106	1,859,854
Balance at the end of fiscal year	8,108,176	9,968,031

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	1,964,535	1,938,622
Depreciation and amortization	841,772	825,227
Decrease in provision for retirement benefits	(165,505)	(104,221)
Increase in provision for directors' retirement benefits	1,650	1,650
(Decrease) increase in provision for bonuses	25,667	(21,740)
Increase in allowance for doubtful accounts	4,227	1,369
Interest and dividends income	(17,950)	(19,924)
Interest expenses	167,695	147,302
Foreign exchange (gains) losses	12,482	(71,623)
Equity in earnings of affiliates	(118,501)	(262,677)
Gain on sales of property, plant and equipment	—	(11,624)
Loss on retirement of noncurrent assets	49,355	58,855
Loss on valuation of investment securities	—	12,111
Loss on valuation of golf club memberships	4,475	—
Loss on sales of golf club memberships	—	4,060
Decrease (increase) in notes and accounts receivable-trade	(842,653)	897,844
Increase in inventories	(631,626)	(650,199)
Increase (decrease) in notes and accounts payable-trade	(50,750)	40,608
(Decrease) increase in accrued consumption taxes	22,544	(66,858)
Other, net	(194,431)	13,389
Subtotal	1,072,986	2,732,173
Interest and dividends income received	45,530	153,026
Interest paid	(167,496)	(148,862)
Income taxes paid	(382,809)	(686,124)
Net cash provided by operating activities	568,211	2,050,213
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	(673,123)	(1,193,457)
Proceeds from sales of property, plant and equipment	7,656	14,324
Purchase of intangible assets	(7,490)	(40,388)
Purchase of investment securities	(4,718)	(38,279)
Purchase of stocks of affiliates	(28,750)	(302,278)
Proceeds from cancellation of insurance funds	16,442	29,610
Purchase of insurance funds	(10,011)	(4,992)
Payments of loans receivable	(300)	(200)
Collection of loans receivable	5,265	4,718
Other, net	(38,464)	(26,349)
Net cash used in investing activities	(733,495)	(1,557,292)

	(Thousands of yen)	
	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(94,968)	84,107
Proceeds from long-term loans payable	2,047,850	2,124,830
Repayment of long-term loans payable	(1,987,614)	(2,103,447)
Redemption of bonds	(260,000)	(330,000)
Proceeds from issuance of common stock	1,404,242	—
Proceeds from stock issuance to minority shareholders	15,417	85,418
Proceeds from sale-and-leaseback transaction	183,947	132,632
Repayments of lease obligations	(111,803)	(140,920)
Proceeds from disposal of treasury stock	101,287	—
Purchase of treasury stock	(528,043)	—
Cash dividends paid	(48,494)	(220,778)
Cash dividends paid to minority shareholders	(7,880)	(8,173)
Net cash (used in) provided by financing activities	713,939	(376,330)
Effect of exchange rate change on cash and cash equivalents	(8,506)	63,763
Net increase in cash and cash equivalents	540,149	180,354
Cash and cash equivalents at beginning of the fiscal year	1,538,156	2,078,305
Cash and cash equivalents at end of the fiscal year	2,078,305	2,258,659

(5) Notes to Consolidated Financial Statements

(Note Concerning Going Concern Assumption)

None.

(Changes in Accounting Policies)

(Changes in Depreciation Method)

Following the amendment of the Corporation Tax Act, effective from the first quarter of the year ending March 31, 2013, the Company and its domestic consolidated subsidiaries have changed the method of depreciation for property, plant and equipment acquired on or after April 1, 2012 to the method of depreciation stipulated by the amended Corporation Tax Act.

This change will have only a negligible impact on operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2013.

(Accounting Standard and Guidance Yet to be Applied)

Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

1. Outline

(1) Treatment in the balance sheet

Actuarial gains and losses and past service costs that have yet to be recognized in profit or loss will in the future be recognized after adjustment for tax effect under net assets and other comprehensive income, with the amount recorded as a liability or asset indicating the status of reserve provision.

(2) Treatment in the consolidated statements of income and the consolidated statements of comprehensive income

The un-expensed portion of actuarial gains and losses and past service costs arising in any given accounting period will in the future be recognized under other comprehensive income. Moreover, the expensed portion of actuarial gains and losses and past service costs recognized under other comprehensive income will in the future be adjusted as a

reclassification under other comprehensive income.

2. Effective date

The end of the fiscal year starting on or after April 1, 2013.

3. Impact of application of the accounting standard and guidance

The Company is currently evaluating the impact of application of the accounting standard and guidance on financial statements when preparing the consolidated financial statements.

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

Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

(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	17,433,878	10,329,137	27,763,016	—	27,763,016
Inter-segment sales and transfers	1,352,486	—	1,352,486	(1,352,486)	—
Total	18,786,364	10,329,137	29,115,502	(1,352,486)	27,763,016
Segment income	2,255,858	1,082,911	3,338,769	(1,323,013)	2,015,756
Segment assets	16,389,172	4,867,446	21,256,619	2,115,265	23,371,884
Other items					
Depreciation and amortization	722,774	78,609	801,384	40,388	841,772
Increase in property, plant and equipment and intangible assets	670,351	55,977	726,329	43,464	769,793

*Notes: 1. Adjustments are as follows:

- (1) Adjustment for segment income of -¥1,323,013 thousand comprises elimination of intersegment transactions of ¥3,035 thousand and unallocated expenses of -¥1,326,049 thousand. Unallocated expenses are mainly general and administrative expenses.
 - (2) Adjustment for segment assets of ¥2,115,265 thousand comprises elimination of intersegment transactions of -¥498,990 thousand and unallocated assets of ¥2,614,255 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, 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	1,817,209	1,151,633	2,968,842	(1,349,849)	1,618,992
Segment assets	18,629,938	4,528,873	23,158,812	2,290,899	25,449,711
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.

b. Related information

Fiscal year ended March 31, 2012 (from April 1, 2011 to March 31, 2012)

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
20,037,158	1,082,423	6,255,663	387,771	27,763,016

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

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	North America	Total
2,675,931	31	2,711,213	5,387,176

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, 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 customer's 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.

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 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Net assets per share	¥509.41	¥622.75
Net income per share	99.87	99.30

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 is shown below.

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Net income (Thousands of yen)	1,375,869	1,565,879
Amounts not attributable to common shareholders (Thousands of yen)	27,980	—
Net income related to common shares (Thousands of yen)	1,347,889	1,565,879
Average number of common shares during the period (shares)	13,496,766	15,769,912

(Subsequent Events)

No items to report

4. Other

Transfer of Directors and Corporate Auditors

1. Transfer of Representative Directors

No items to report

2. Transfer of Statutory Auditors

New statutory auditor candidate

Standing Statutory Auditor	Yasuyuki Nakai	Currently Executive Officer, General Manager of Planning and Management Dept., Gelatin Div.
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Statutory auditor scheduled to resign

Standing Statutory Auditor	Shinzo Tatematsu
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3. Scheduled Date of Appointment

June 26, 2013

The appointment of statutory auditor will be submitted for approval of the 74th Ordinary General Shareholders' Meeting to be held on June 26, 2013.

This transfer of statutory auditors was announced on April 26, 2013.