



May 11, 2012

**Consolidated Financial Results**  
**for the Fiscal Year Ended March 31, 2012**  
 (Japanese Accounting Standards)

Name of the Listed Company: **Nitta Gelatin Inc.**  
 Listing: Second 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 Managing Executive Officer;  
 General Manager of the General Affairs Division  
 Tel: +81-72-949-5381

Scheduled date of General Shareholders' Meeting: June 27, 2012  
 Scheduled date to file Securities Report: June 27, 2012  
 Scheduled date to commence dividend payments: June 28, 2012  
 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, 2012**  
**(from April 1, 2011 to March 31, 2012)**

(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, 2012	27,763	(0.6)	2,015	35.6	2,002	44.8	1,375	30.8
March 31, 2011	27,923	5.8	1,486	5.6	1,383	(12.7)	1,051	0.4

(Note) Comprehensive income

For the year ended March 31, 2012: ¥986 million (14.3%)  
 For the year ended March 31, 2011: ¥863 million (-43.5%)

	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, 2012	99.87	—	19.4	8.9	7.3
March 31, 2011	80.19	—	17.4	6.4	5.3

(Reference) Equity in earnings of affiliates

For the year ended March 31, 2012: ¥118 million  
 For the year ended March 31, 2011: ¥129 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, 2012	23,371	8,108	34.4	509.41
March 31, 2011	21,466	6,185	28.5	449.51

(Reference) Equity

As of March 31, 2012: ¥8,033 million  
 As of March 31, 2011: ¥6,125 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, 2012	Millions of yen 568	Millions of yen (733)	Millions of yen 713	Millions of yen 2,078
March 31, 2011	1,570	(1,094)	(363)	1,538

### 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, 2011	–	3.75	–	3.75	7.50	46	4.7	0.6
Fiscal year ended March 31, 2012	–	2.00	–	8.00	10.00	151	10.0	2.1
Fiscal year ending March 31, 2013 (Forecasts)	–	6.00	–	6.00	12.00		13.8	

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

2. We conducted a stock split on April 1, 2011, at a ratio of two shares of common stock for each one share of common stock.

### 3. Consolidated financial forecasts for the fiscal year ending March 31, 2013

(from April 1, 2012 to March 31, 2013)

(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, 2012	14,000	(2.2)	1,000	(21.0)	1,020	(14.0)	660	(15.1)	41.85
Fiscal year ending March 31, 2013	28,900	4.1	2,070	2.7	2,100	4.9	1,370	(0.4)	86.87

Notes:

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

New: None (company name)

Excluded: None (company name)

(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: No

d. Restatement of revisions: No

(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, 2012 15,770,074 shares

As of March 31, 2011 12,733,874 shares

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

As of March 31, 2012 162 shares

As of March 31, 2011 219,006 shares

c. Average number of shares

For the year ended March 31, 2012 13,496,766 shares

For the year ended March 31, 2011 12,515,046 shares

(Note) We conducted a stock split on April 1, 2011, at a ratio of two shares of common stock for each one share of common stock. However, the figures for the number of shares have been calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

## (Reference) Summary of non-consolidated operating results

### 1. Non-consolidated financial results for the fiscal year ended March 31, 2012

(from April 1, 2011 to March 31, 2012)

(1) Non-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, 2012	20,567	0.2	1,371	15.9	1,407	17.0	773	0.4
March 31, 2011	20,532	6.1	1,183	(4.7)	1,203	(9.8)	770	—

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2012	55.22	—
March 31, 2011	57.73	—

(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, 2012	20,714	8,409	40.6	533.24
March 31, 2011	19,044	6,690	35.1	494.66

(Reference) Equity

As of March 31, 2012: ¥8,409 million

As of March 31, 2011: ¥6,690 million

### 2. Non-consolidated financial forecasts for the fiscal year ending March 31, 2013

(from April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending							
September 30, 2012	10,650	1.2	800	(13.6)	460	(17.1)	29.17
Fiscal year ending							
March 31, 2013	21,580	4.9	1,630	15.8	950	22.8	60.24

#### \* 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

- The forward-looking statements, including financial forecasts, contained in these materials are based on information currently available to us and on certain assumptions deemed to be reasonable. 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 the Analysis of Operating Results on page 2 of the Attachment Contents to this report.
- We conducted a stock split on April 1, 2011, at a ratio of two shares of common stock for each one share of common stock.

# Attachment Contents

## 1. Results of Operations

- (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 ..... 8
- (4) Other Important Matters ..... 10

## 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) Note Concerning Going Concern Assumption ..... 20
- (6) Changes in Significant Accounting Policies Used in Preparation of Consolidated Financial Statements ..... 20
- (7) Additional Information ..... 20
- (8) Notes to Consolidated Financial Statements
  - (Segment Information) ..... 21
  - (Per Share Information) ..... 26

## 4. Other

- Transfer of Directors and Corporate Auditors ..... 27

## **1. Results of Operations**

### **(1) Analysis of Operating Results**

#### **1) Operating results for the fiscal year ended March 31, 2012**

In the fiscal year ended March 31, 2012, the Japanese economy weakened substantially in the first half as a consequence of the Great East Japan Earthquake. On the other hand, the economy showed signs of picking up gradually in the second half as supply chains were restored, various government policies began having an impact, and personal consumption strengthened. The economic outlook, however, remained uncertain due to instabilities such as an abrupt appreciation of the yen and sluggish stock prices stemming mainly from the European debt problem, damages from the flooding in Thailand, restricted supplies of electric power in Japan owing to the nuclear power station accidents, and a sharp rise in oil prices. Overseas, the world was increasingly polarized into two camps. In contrast to the leading industrial economies either slowing or stagnating, the global economy was driven by high and sustained growth among the emerging markets, led by China and followed by other Asian countries including India, Vietnam and Indonesia.

In this challenging economic environment, the Nitta Gelatin Group has adopted three basic management policies: (1) Beyond the customers' expectations; (2) Globalization & innovation; and (3) Focusing and concentration. Guided by these policies, we have actively worked to develop new products and cultivate new markets while concentrating on providing products and services that satisfy our customers. In the Japanese market, the Group saw gelatin and food material sales firm as a result of favorable food market conditions for mainly delicatessen and dessert items in convenience stores and confectionery, in addition to the disaster-related demand. In contrast, collagen peptide sales turned sluggish as a consequence of a slack in the Japanese nutritional food supplement market and import restrictions on products from Japan imposed by a number of Asian countries following the earthquake. In markets overseas, sales performances of Group subsidiaries rose from strong sales, particularly in North America, of edible gelatin, gelatin for capsules, and collagen sausage casings. In the meantime, the ongoing appreciation of the yen was a mixed blessing. While this worked against the translation in yen of the Group's sales gains overseas on a local currency basis, it contributed to a sizeable reduction in the Group's cost of goods sold by improving the yen-denominated price overseas for raw materials procured to produce gelatin and food material. As a result, in the fiscal year ended March 31, 2012, net sales were down 0.6% to ¥27,763 million, while operating income increased 35.6% to ¥2,015

million, ordinary income increased 44.8% to ¥2,002 million and net income increased 30.8% to ¥1,375 million.

## **2) Segment business performance**

### **(Collagen Material Business)**

Demand for gelatin in Japan was strong throughout the fiscal year under review. The Group experienced strong sales of edible gelatin for both commercial use and home use, particularly for use in heat-and-serve delicatessen items and chilled desserts in convenience stores, yogurt and other dairy products, and gummy candy and other confectionery applications. By contrast, sales of gelatin capsules remained flat, with comparatively strong demand for their use in the nutritional food supplement sector offsetting a slack for their use in the pharmaceutical sector. Meanwhile, photographic gelatin sales held unchanged from the year before. In overseas markets, demand was strong for gelatin capsules in both North America and Asia, with the result our gelatin exports from Japan were roughly on target. Sales performances of overseas subsidiaries strengthened, particularly in North America, as a consequence of gelatin prices that were revised to the Group's advantage in the second half.

The March 11 disaster affected collagen peptide demand in Japan and resulted in lackluster sales for the Nitta Gelatin Group as the nutritional food supplement market softened. Import restrictions on Japanese products that a number of Asian countries imposed in reaction to the nuclear power station accidents hurt exports to Asia and were also an obstacle to collagen peptide sales expanding.

Collagen casing sales firmed, on the other hand, buoyed by favorable conditions in the North American meat packing market and strong demand from Europe.

As a result, net sales in the Collagen Materials were down 2.5% to ¥17,433 million and segment profit was up 27.2% to ¥2,255 million.

### **(Formula Solution Business)**

Food material sales rose and were undergirded by strong conditions in the Japanese food market. The Formula Solution Business saw sales of stabilizers for ham, sausage and other meat products increase, in addition to gelling agents for use in chilled desserts and ready-made jellies sold in convenience stores.

In adhesives, sales increased for hot melt adhesives for packaging beverages, instant noodles and confectionery among other applications in the food sector. On the other hand, sales of hot melt adhesives for bookbinding applications continued to decrease

due to weak conditions in the publishing sector. Monetary sales of adhesives held steady, however, due to the product pricing revisions the Group imposed in the second half to reflect a sharp increase in the raw material cost of petroleum products and natural resins.

As a result, net sales in Formula Solution were up 2.9% year on year to ¥10,329 million and segment profit was up 15.8% to ¥1,082 million.

### **3) Earnings forecasts for the fiscal year ending March 31, 2013**

We expect uncertain and challenging conditions to persist in the Japanese economy amid downsides that include a prolonged appreciation of the yen and spread of deflation, as well as an increasingly harsh job environment. On the other hand, we also expect economic development among China, India and the other Asian emerging countries to provide a powerful driver for the global economy. Market environments are changing throughout the world on a daily basis as an aging population with a falling birth rate alters diets and consumption patterns in Japan, even as income improvements notably in Asia drive consumer markets overseas to expand. 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)**

To that end, the Collagen Material Business will seek further efficiencies through the reduction of energy and resources it consumes. Product costs will be reduced to stay internationally competitive while answering a call from society to downsize the CO2 footprint and respond to supply restrictions in electric power. On the sales front, the Collagen Material Business will provide products that respond to the needs of customers by taking full advantage of its materials development and application capabilities. The production of collagen peptide in China will undergo full-scale development for the output to be sold through the local subsidiary, and to center our expansion of the collagen peptide business on the markets in China and Asia. Another collagen peptide plant will be built in North America for production to begin in the year ending March 2014. Furthermore, the Collagen Material Business will conduct further research on the functional properties of collagen peptide to actively propose market applications based on academic evidence of the health benefits. Meanwhile, the collagen 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 raising our competitive power in manufacturing. In addition, the Nitta Gelatin Group

has signed an agreement for establishing a joint venture to also launch the local manufacturing and sales of collagen sausage casings in China.

**(Formula Solution Business)**

The food material business will make active use of application laboratories located in Osaka, Tokyo, North America, China and India to develop products and applications in close contact with customers and expand sales in partnership with local affiliates and sales agent networks. Meanwhile, the division aims to improve profitability of the adhesive business by redirecting sales of core hot melt adhesive products for specialization in food and beverage packaging. At the same time, the Group will promote business expansion in high-performance gaskets, used mainly as a sealant in electronic equipment and devices.

Based on the business plans described above, the Group projects consolidated net sales of ¥28,900 million (up 4.1% year on year), operating income of ¥2,070 million (up 2.7%), ordinary income of ¥2,100 million (up 4.9%) and net income of ¥1,370 million (down 0.4%) for the fiscal year ending March 31, 2013.

**(2) Analysis of Financial Position**

**1) Assets, liabilities and net assets**

Total assets amounted to ¥23,371 million at March 31, 2012, ¥1,905 million higher than at March 31, 2011.

**(Current assets)**

Current assets rose ¥2,067 million from March 31, 2011 to ¥14,935 million. This was mainly attributable to a ¥540 million increase in cash and deposits, a ¥827 million increase in notes and accounts receivable-trade and a ¥600 million increase in inventories.

**(Noncurrent assets)**

Noncurrent assets decreased ¥162 million from March 31, 2011 to ¥8,436 million at March 31, 2012. This was mainly due to a ¥150 million decline in property, plant and equipment.

**(Current liabilities)**

Current liabilities stood at ¥9,176 million at March 31, 2012, ¥411 million higher than



at March 31, 2011. This was mainly attributable to a ¥182 million increase in the current portion of long-term loans payable and an increase of ¥203 million in income taxes payable.

**(Noncurrent liabilities)**

Noncurrent liabilities decreased ¥428 million to ¥6,087 million. This was mainly due to a ¥330 million decrease in bonds payable and a ¥124 million decrease in long-term loans payable.

**(Net assets)**

Net assets increased ¥1,923 million to ¥8,108 million. This was mainly attributable to a public offering of new shares that resulted in a ¥702 million increase in capital stock and a ¥720 million increase in capital surplus, and a ¥799 million increase in retained earnings.

**2) Cash flows**

Cash and cash equivalents as of March 31, 2012 were ¥2,078 million, up 35.1% from March 31, 2011.

Cash flows for each activity and reasons are as follows.

**(Net cash provided by operating activities)**

Operating activities provided net cash of ¥568 million, down 63.8% year on year. The main contributors to cash were ¥1,964 million in income before income taxes and minority interests and ¥841 million in depreciation and amortization. The main components of cash used were ¥842 million for an increase in notes and accounts receivable-trade, ¥631 million for an increase in inventories and ¥382 million for income taxes paid.

**(Net cash used in investing activities)**

Investing activities used net cash of ¥733 million, compared to ¥1,094 million used in the previous fiscal year. The main use of cash was ¥673 million for the purchase of property, plant and equipment.

**(Net cash provided by financing activities)**

Financing activities provided net cash of ¥713 million, compared to ¥363 million used

in the previous fiscal year. The main contributors to cash were ¥1,404 million in proceeds from the issuance of common stock and ¥101 million in proceeds from the disposal of treasury stock. The main use of cash was ¥528 million for purchase of own shares.

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

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.

### **(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**

Just as the Japanese market continues to mature and change structurally as a result of

the population aging as the birth rate falls, 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 diversify, hone our competitive strengths, and stay ahead globally in promptly providing customers with the products and services they need.

### **(Collagen Material Business)**

#### **1) Gelatin Business**

This business will raise Nitta Gelatin's capacity to supply gelatin by promoting productivity reforms and improvements among each of the Group's factories. To secure the stable procurement of raw materials for producing gelatin, the business will also strengthen and enhance the raw materials supply chain by both diversifying the source countries and cultivating new suppliers. The gelatin business, moreover, will endeavor to develop and market high-performance gelatins that meet customer needs.

#### **2) Peptide Business**

This business will promote research on the functional properties of collagen peptides to develop and market high-performance peptides of a superior market quality. Meanwhile, new collagen peptide markets primarily in the field of cosmetics, and of benefit to bones and joints, have sprung up and expanded in the China and Asia region. In response to these changes, our production of collagen peptide in China will undergo full-scale development in order for us to expand sales in the Chinese and Asian markets through the local subsidiary. We will also establish a manufacturing base for collagen peptide in North America, aimed at bolstering both the supply capacity and cost competitiveness of our collagen peptide products.

#### **3) Casing Business**

Manufacturing facilities in North America will be revamped and upgraded to improve both the productivity and quality of the collagen casings we process, and to strengthen our cost competitiveness. We will also establish a framework for the manufacture and sale of collagen casings within the fast-growing market in China.

#### **4) Life Science Business**

Gelatin and collagen have been in the spotlight as biomaterials amid rapid advances in practical research in the frontier medical field. The Group is working to spread and expand the use of ultra-pure gelatin and collagen with high levels of safety among

medical research institutes and medical device manufacturers, with an eye to commercializing them as a business going forward.

**(Formula Solution Business)**

**1) Food Material Business**

The food material business will mainly make use of our application laboratories to actively develop new products and market recipes for the food sector going forward, with an aim to expand sales. The business also plans to establish new sales bases in Asia.

**2) Adhesives Business**

The adhesive business will revamp and upgrade its manufacturing facilities to strengthen product competitiveness in the core hot-melt adhesives category, and focus on key markets to expand sales and improve profitability. The business also plans to promote the commercialization of high performance gaskets used mainly as a sealant in electronic equipment and devices.

**(4) Other Important Matters**

**1) Stock split**

At the Board of Directors' meeting held on February 15, 2011, the Company resolved to conduct a stock split on April 1, 2011, which was a two-for-one split of common stocks held by shareholders recorded on the final list of shareholders as of the record date of March 31, 2011.

**2) Type A preferred Stock-purchase and retirement**

At the Board of Directors' meeting held on April 27, 2011, the Company resolved to purchase and retire all outstanding 1,000,000 shares of Type A preferred stock of the Company on May 23, 2011.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	1,558,156	2,098,305
Notes and accounts receivable-trade	5,621,843	6,449,185
Merchandise and finished goods	3,500,848	4,011,191
Work in process	611,779	651,952
Raw materials and supplies	1,258,039	1,308,008
Deferred tax assets	161,979	168,969
Other	167,292	262,277
Allowance for doubtful accounts	(11,556)	(14,013)
Total current assets	12,868,383	14,935,878
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,552,993	6,593,579
Accumulated depreciation	(3,908,269)	(4,074,067)
Buildings and structures, net	2,644,724	2,519,511
Machinery, equipment and vehicles	7,492,131	7,638,996
Accumulated depreciation	(6,208,895)	(6,478,942)
Machinery, equipment and vehicles, net	1,283,236	1,160,053
Land	762,414	741,409
Lease assets	477,487	654,920
Accumulated depreciation	(110,375)	(214,507)
Lease assets, net	367,111	440,412
Construction in process	312,122	365,756
Other	1,228,610	1,219,880
Accumulated depreciation	(1,060,398)	(1,059,848)
Other, net	168,211	160,031
Total property, plant and equipment	5,537,820	5,387,176
Intangible assets		
Other	20,291	18,491
Total intangible assets	20,291	18,491
Investments and other assets		
Investment securities	2,082,348	2,055,225
Long-term loans receivable	21,837	17,318
Deferred tax assets	441,215	477,298
Other	494,791	482,309
Allowance for doubtful accounts	(28)	(1,814)
Total investments and other assets	3,040,164	3,030,338
Total noncurrent assets	8,598,276	8,436,005
Total assets	21,466,660	23,371,884

(Thousands of yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,537,025	3,476,611
Short-term loans payable	1,047,045	925,340
Current portion of long-term loans payable	1,695,715	1,878,380
Current portion of bonds	260,000	330,000
Lease obligations	90,453	127,548
Accounts payable-other	1,251,268	1,388,921
Income taxes payable	183,972	387,141
Provision for bonuses	209,092	235,319
Other	490,628	426,959
<b>Total current liabilities</b>	<b>8,765,200</b>	<b>9,176,223</b>
<b>Noncurrent liabilities</b>		
Bonds payable	530,000	200,000
Long-term loans payable	3,386,081	3,261,365
Lease obligations	303,286	348,047
Deferred tax liabilities	5,597	16,345
Provision for retirement benefits	2,162,238	2,158,327
Provision for directors' retirement benefits	32,122	33,772
Other	97,063	69,625
<b>Total noncurrent liabilities</b>	<b>6,516,389</b>	<b>6,087,483</b>
<b>Total liabilities</b>	<b>15,281,590</b>	<b>15,263,707</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Capital stock	875,000	1,577,121
Capital surplus	677,742	1,398,633
Retained earnings	6,090,515	6,889,910
Treasury stock	(82,522)	(68)
<b>Total shareholders' equity</b>	<b>7,560,736</b>	<b>9,865,597</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on other available-for-sale securities	408,627	416,438
Deferred gains on hedges	2,058	6,173
Foreign currency translation adjustments	(1,180,055)	(1,350,928)
Pension liability adjustment of foreign subsidiaries	(665,803)	(903,985)
<b>Total accumulated other comprehensive income</b>	<b>(1,435,173)</b>	<b>(1,832,302)</b>
<b>Minority interests</b>	<b>59,507</b>	<b>74,881</b>
<b>Total net assets</b>	<b>6,185,070</b>	<b>8,108,176</b>
<b>Total liabilities and net assets</b>	<b>21,466,660</b>	<b>23,371,884</b>

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

	(Thousands of yen)	
	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net sales	27,923,134	27,763,016
Cost of sales	21,597,654	20,924,829
Gross profit on sales	6,325,479	6,838,187
Selling, general and administrative expenses	4,838,629	4,822,430
Operating income	1,486,850	2,015,756
Non-operating income		
Interest income	1,064	684
Dividend income	13,626	17,266
Rent income	27,834	28,221
Equity in earnings of affiliates	129,886	118,501
Foreign exchange gains	—	3,629
Other	66,345	59,643
Total non-operating income	238,757	227,945
Non-operating expenses		
Interest expenses	180,565	167,695
Public offering expenses	—	45,588
Foreign exchange losses	89,804	—
Other	71,824	27,851
Total non-operating expenses	342,194	241,134
Ordinary income	1,383,413	2,002,567
Extraordinary income		
Reversal of allowance for doubtful accounts	8,709	—
Gain on abolishment of retirement benefit plan	140,794	—
Gain on transfer of business	—	15,797
Total extraordinary income	149,504	15,797
Extraordinary losses		
Loss on retirement of noncurrent assets	20,980	49,355
Loss on valuation of golf club memberships	—	4,475
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,667	—
Impairment loss	15,387	—
Total extraordinary losses	38,034	53,830
Income before income taxes and minority interests	1,494,882	1,964,535
Income taxes	432,618	568,599
Income taxes-deferred	3,762	12,611
Total income taxes	436,380	581,210
Income before minority interests	1,058,501	1,383,325
Minority interests in income	6,829	7,455
Net income	1,051,672	1,375,869



## Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Income before minority interests	1,058,501	1,383,325
Other comprehensive income		
Valuation difference on other available-for-sale securities	(57,399)	8,060
Deferred gains (losses) on hedges	(16,556)	8,136
Foreign currency translation adjustments	(458,313)	(50,878)
Pension liability adjustment of foreign subsidiaries	442,341	(238,181)
Share of other comprehensive income of associates accounted for using equity method	(105,406)	(123,884)
Total other comprehensive income	(195,334)	(396,747)
Total comprehensive income	863,167	986,577
Comprehensive income attributable to:		
Owners of the parent	856,337	978,740
Minority interests	6,829	7,837

**(3) Consolidated Statements of Changes in Net Assets**

(Thousands of yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of fiscal year	875,000	875,000
Changes during fiscal year		
Issuance of new shares	—	702,121
Total changes during fiscal year	—	702,121
Balance at fiscal year-end	875,000	1,577,121
Capital surplus		
Balance at the beginning of fiscal year	677,742	677,742
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	677,742	1,398,633
Retained earnings		
Balance at the beginning of fiscal year	4,593,431	6,090,515
Effect of changes in accounting policies applied to overseas equity method affiliates	(22,868)	—
Reclassification of the amount to adjustment for pension liability of overseas subsidiaries	1,108,145	—
Changes during fiscal year		
Dividends from surplus	(123,395)	(48,494)
Net income	1,051,672	1,375,869
Retirement of treasury stock	(516,469)	(527,980)
Total changes during fiscal year	411,807	799,394
Balance at the end of fiscal year	6,090,515	6,889,910
Treasury stock		
Balance at the beginning of fiscal year	(82,454)	(82,522)
Changes during fiscal year		
Purchase of treasury stock	(516,537)	(528,043)
Disposal of treasury stock	—	82,517
Retirement of treasury stock	516,469	527,980
Total changes during fiscal year	(67)	82,453
Balance at the end of fiscal year	(82,522)	(68)

(Thousands of yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
<b>Total shareholders' equity</b>		
Balance at the beginning of fiscal year	6,063,719	7,560,736
Effect of changes in accounting policies applied to overseas equity method affiliates	(22,868)	—
Reclassification of the amount to adjustment for pension liability of overseas subsidiaries	1,108,145	—
<b>Changes during fiscal year</b>		
Issuance of new shares	—	1,404,242
Dividends from surplus	(123,395)	(48,494)
Net income	1,051,672	1,375,869
Purchase of treasury stock	(516,537)	(528,043)
Disposal of treasury stock	—	101,287
Retirement of treasury stock	—	—
Total changes during fiscal year	411,739	2,304,861
Balance at the end of fiscal year	7,560,736	9,865,597
<b>Other accumulated comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of fiscal year	465,231	408,627
<b>Changes during fiscal year</b>		
Net changes of items other than shareholders' equity	(56,604)	7,810
Total changes during fiscal year	(56,604)	7,810
Balance at the end of fiscal year	408,627	416,438
<b>Deferred gains or losses on hedges</b>		
Balance at the beginning of fiscal year	16,491	2,058
<b>Changes during fiscal year</b>		
Net changes of items other than shareholders' equity	(14,432)	4,114
Total changes during fiscal year	(14,432)	4,114
Balance at the end of fiscal year	2,058	6,173
<b>Foreign currency translation adjustment</b>		
Balance at the beginning of fiscal year	(613,416)	(1,180,055)
<b>Changes during fiscal year</b>		
Net changes of items other than shareholders' equity	(566,639)	(170,873)
Total changes during fiscal year	(566,639)	(170,873)
Balance at the end of fiscal year	(1,180,055)	(1,350,928)
<b>Pension liability adjustment at overseas subsidiaries</b>		
Balance at the beginning of fiscal year	—	(665,803)
Reclassification of the amount to adjustment for pension liability of overseas subsidiaries	(1,108,145)	—
<b>Changes during fiscal year</b>		
Net changes of items other than shareholders' equity	442,341	(238,181)
Total changes during fiscal year	442,341	(238,181)
Balance at the end of fiscal year	(665,803)	(903,985)

	(Thousands of yen)	
	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Total other accumulated comprehensive income		
Balance at the beginning of fiscal year	(131,693)	(1,435,173)
Reclassification of the amount to adjustment for pension liability of overseas subsidiaries	(1,108,145)	—
Changes during fiscal year		
Net changes of items other than shareholders' equity	(195,334)	(397,129)
Total changes during the period	(195,334)	(397,129)
Balance at the end of fiscal year	(1,435,173)	(1,832,302)
Minority interests		
Balance at the beginning of fiscal year	58,558	59,507
Changes during fiscal year		
Net changes of items other than shareholders' equity	949	15,374
Total changes during fiscal year	949	15,374
Balance at the end of fiscal year	59,507	74,881
Total net assets		
Balance at the beginning of fiscal year	5,990,584	6,185,070
Effect of changes in accounting policies applied to overseas subsidiaries	(22,868)	—
Reclassification of the amount to adjustment for pension liability of overseas subsidiaries	—	—
Changes during fiscal year		
Issuance of new shares	—	1,404,242
Dividends from surplus	(123,395)	(48,494)
Net income	1,051,672	1,375,869
Purchase of treasury stock	(516,537)	(528,043)
Disposal of treasury stock	—	101,287
Retirement of treasury stock	—	—
Net changes of items other than shareholders' equity	(194,385)	(381,754)
Total changes during fiscal year	217,354	1,923,106
Balance at the end of fiscal year	6,185,070	8,108,176

**(4) Consolidated Statements of Cash Flows**

	(Thousands of yen)	
	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Cash flows from operating activities		
Income before income taxes and minority interests	1,494,882	1,964,535
Depreciation and amortization	898,491	841,772
Impairment loss	15,387	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,667	—
Decrease in provision for retirement benefits	(200,280)	(165,505)
Increase in provision for directors' retirement benefits	1,650	1,650
Increase in provision for bonuses	9,791	25,667
Increase (decrease) in allowance for doubtful accounts	(18,853)	4,227
Interest and dividends income	(14,691)	(17,950)
Interest expenses	180,565	167,695
Foreign exchange losses	46,481	12,482
Equity in earnings of affiliates	(129,886)	(118,501)
Loss on retirement of noncurrent assets	20,980	49,355
Loss on valuation of golf club memberships	—	4,475
Increase in notes and accounts receivable-trade	(509,626)	(842,653)
(Increase) decrease in inventories	357,343	(631,626)
(Decrease) increase in notes and accounts payable-trade	98,964	(50,750)
Increase in accrued consumption taxes	25,990	22,544
Other, net	(187,355)	(194,431)
Subtotal	2,091,502	1,072,986
Interest and dividends income received	152,624	45,530
Interest paid	(183,219)	(167,496)
Income taxes paid	(490,497)	(382,809)
Net cash provided by operating activities	1,570,410	568,211

	(Thousands of yen)	
	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
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	(946,082)	(673,123)
Proceeds from sales of property, plant and equipment	138	7,656
Purchase of intangible assets	(1,818)	(7,490)
Purchase of investment securities	(4,615)	(4,718)
Purchase of stocks of affiliates	(149,200)	(28,750)
Proceeds from cancellation of insurance funds	20,248	16,442
Purchase of insurance funds	(11,549)	(10,011)
Payments of loans receivable	(350)	(300)
Collection of loans receivable	5,815	5,265
Other, net	(7,199)	(38,464)
Net cash used in investing activities	(1,094,612)	(733,495)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	102,984	(94,968)
Proceeds from long-term loans payable	1,950,000	2,047,850
Repayment of long-term loans payable	(1,874,959)	(1,987,614)
Redemption of bonds	(60,000)	(260,000)
Proceeds from issuance of common stock	—	1,404,242
Proceeds from stock issuance to minority shareholders	—	15,417
Proceeds from sale-and-leaseback transaction	233,749	183,947
Repayments of lease obligations	(69,477)	(111,803)
Proceeds from disposal of treasury stock	—	101,287
Purchase of treasury stock	(516,537)	(528,043)
Cash dividends paid	(123,395)	(48,494)
Cash dividends paid to minority shareholders	(5,880)	(7,880)
Net cash provided by (used in) financing activities	(363,516)	713,939
Effect of exchange rate change on cash and cash equivalents	(41,803)	(8,506)
Net increase in cash and cash equivalents	70,476	540,149
Cash and cash equivalents at beginning of the fiscal year	1,467,679	1,538,156
Cash and cash equivalents at end of the fiscal year	1,538,156	2,078,305

**(5) Note Concerning Going Concern Assumption**

None.

**(6) Changes in Significant Accounting Policies Used in Preparation of Consolidated Financial Statements**

(Adoption of Accounting Standard for Earnings Per Share, etc.)

Effective the first quarter of the fiscal year ending March 2012, the Company has adopted the Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, June 30, 2010), Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, June 30, 2010) and Practical Solution on Accounting for Earnings Per Share (ASBJ PITF No. 9, June 30, 2010).

The Company conducted a stock split in the fiscal year under review. Note, however, that the figures for net assets per share and net income per share have been calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

The impact of this stock split on the per share information has been recorded in the relevant section.

**(7) Additional Information**

(Adoption of Accounting Standard for Accounting Changes and Error Corrections, etc.)

In regard to any accounting changes and error corrections made on or after the beginning the fiscal year ended March 2012, the Company has adopted the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009).

## **(8) Notes to 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 sausage 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, 2011 (From April 1, 2010 to March 31, 2011)

(Thousands of yen)

Reporting segment		Total	Adjustments <sup>*1</sup>	Amounts in the consolidated financial statements <sup>*2</sup>	
	Collagen material business				Formula solution business
Net sales					
Sales to third parties	17,882,723	10,040,410	27,923,134	—	27,923,134
Inter-segment sales and transfers	1,180,901	—	1,180,901	(1,180,901)	—
Total	19,063,625	10,040,410	29,104,036	(1,180,901)	27,923,134
Segment income	1,773,956	934,919	2,708,875	(1,222,025)	1,486,850
Segment assets	15,399,496	4,350,669	19,750,166	1,716,494	21,466,660
Other items					
Depreciation and amortization	778,551	87,808	866,360	32,130	898,491
Impairment loss	—	15,387	15,387	—	15,387
Increase in property, plant and equipment and intangible assets	935,923	100,543	1,036,467	12,873	1,049,340

\*Notes: 1. Adjustments are as follows:

(1) Adjustment for segment income of -¥1,222,025 thousand comprises elimination of intersegment transactions of ¥7,376 thousand and unallocated expenses of ¥1,229,401 thousand. Unallocated expenses are mainly general and administrative expenses.

(2) Adjustment for segment assets of ¥1,716,494 thousand comprises elimination of intersegment transactions of -¥432,375 thousand and unallocated assets of ¥2,148,870 thousand. Major components of the unallocated assets are the 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, 2012 (From April 1, 2011 to March 31, 2012)

(Thousands of yen)

Reporting segment		Total	Adjustments <sup>*1</sup>	Amounts in the consolidated financial statements <sup>*2</sup>	
	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 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, 2011 (from April 1, 2010 to March 31, 2011)

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
19,686,358	1,201,559	6,569,723	465,492	27,923,134

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

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Total
2,688,099	2,849,720	5,537,820

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, 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.

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

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

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

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

No items to report

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

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

No items to report

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

No items to report

e. Information on gain on negative goodwill by reporting segment

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

No items to report

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

No items to report

**(Per Share Information)**

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net assets per share	¥449.51	¥509.41
Net income per share	80.19	99.87

Notes: 1. We conducted a stock split on April 1, 2011, at a ratio of two shares of common stock for each one share of common stock. Note, however, that the figures for net assets per share and net income per share have been calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

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

(Changes in accounting policies)

Effective from the fiscal year ended March 2012, the Company has adopted the Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, June 30, 2010), Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, June 30, 2010) and Practical Solution on Accounting for Earnings Per Share (ASBJ PITF No. 9, June 30, 2010).

Based on the adoption of these accounting standards, the figures for net assets per share and net income per share were calculated on the assumption that the stock split conducted in the fiscal year under review had taken place at the beginning of the previous fiscal year.

In absence of these accounting standards, the figures for net asset per share and net income per share for the year ended March 31, 2011 would have been as follows.

Net assets per share	¥899.02
Net income per share	¥160.39

2. Basis for calculating per share is shown below.

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net income (Thousands of yen)	1,051,672	1,375,869
Amounts not attributable to common shareholders (Thousands of yen)	48,053	27,980
Net income related to common shares (Thousands of yen)	1,003,619	1,347,889
Average number of common shares during the period (shares)	12,515,046	13,496,766

#### 4. Other

##### Transfer of Directors and Corporate Auditors (Effective June 27, 2012)

###### 1. Transfer of Representative Directors

No items to report

###### 2. Transfer of other Directors

###### 1) New board director candidates

Director	Koichi Ogata	Currently Executive Officer, General Manager of R&D Dept.
----------	--------------	---

Director	Tatsuro Otsuka	Currently General Manager of Corporate Planning Div.
----------	----------------	--

###### 2) Board directors scheduled to resign

Director	Tadao Kawamura
----------	----------------

Director	Masahiro Morimura
----------	-------------------

###### 3) New statutory auditor candidates

Outside Statutory Auditor	Shigeoki Tougou	Currently Supervisory Operating Officer, Nippon RAD Inc.
---------------------------	-----------------	--

###### 4) Statutory auditor scheduled to resign

Outside Statutory Auditor	Nobumasa Fujimitsu
---------------------------	--------------------

The appointment of members of the Board of Directors and Statutory Auditors will be decided formally following the approval of the Ordinary General Shareholders' Meeting to be held on June 27, 2012.

This transfer of directors and corporate auditors was announced on March 21, 2012.