May 10, 2016

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

(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: Koichi Ogata, 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 28, 2016
Scheduled date to file Securities Report: June 28, 2016
Scheduled date to commence dividend payments: June 29, 2016
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, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	36,885	15.6	1,273	224.2	979	1.2	477	(21.7)
March 31, 2015	31,914	(2.7)	392	(58.9)	967	(13.2)	610	(8.3)

Note: Comprehensive income
For the year ended March 31, 2016: ¥(136 million) (-%)
For the year ended March 31, 2015: ¥1,530 million (24.8%)

	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, 2016	26.00	—	3.2	2.7	3.5
March 31, 2015	33.20	—	4.2	3.0	1.2

Reference : Equity in earnings of affiliates
For the year ended March 31, 2016: ¥29 million
For the year ended March 31, 2015: ¥112 million

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2016	37,597	16,876	39.8	814.90
March 31, 2015	33,932	15,373	45.0	831.15

Reference: Equity
As of March 31, 2016: ¥14,972 million
As of March 31, 2015: ¥15,271 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2016	2,385	(1,860)	(473)	2,536
March 31, 2015	2,074	(2,505)	544	2,602

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, 2015	—	6.00	—	6.00	12.00	220	36.1	1.5
Fiscal year ended March 31, 2016	—	6.00	—	6.00	12.00	220	46.2	1.5
Fiscal year ending March 31, 2017 (Forecasts)	—	6.00	—	6.00	12.00	—	27.6	—

3. Consolidated financial forecasts for the fiscal year ending March 31, 2017
(from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	18,700	2.3	650	44.9	600	64.0	300	104.0	16.33
Fiscal year ending March 31, 2017	38,200	3.6	1,500	17.8	1,400	42.9	800	67.5	43.54

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 company, Nitta Gelatin India Ltd.
Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
a. Changes in accounting policies due to revisions to accounting standards and other guidelines: Yes
b. Changes in accounting policies due to reasons other than a. above: No
c. Changes in accounting estimates: No
d. Restatement of revisions: No

Note: For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in “4. Consolidated Financial Statements” on page 18 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, 2016 18,373,974 shares
As of March 31, 2015 18,373,974 shares

b. Number of shares of treasury stock at the end of the period
As of March 31, 2016 162 shares
As of March 31, 2015 162 shares

c. Average number of shares
For the year ended March 31, 2016 18,373,812 shares
For the year ended March 31, 2015 18,373,812 shares

(Reference) Summary of non-consolidated operating results

1. Non-consolidated financial results for the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	22,746	4.0	789	109.2	837	(31.0)	(269)	—
March 31, 2015	21,872	(1.3)	377	(44.9)	1,213	19.0	816	14.5

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2016	(14.68)	—
March 31, 2015	44.44	—

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

(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, 2016	26,331	13,654	51.9	743.17
March 31, 2015	26,664	14,280	53.6	777.21

Reference: Equity

As of March 31, 2016: ¥13,654 million

As of March 31, 2015: ¥14,280 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

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.

Attachment Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Business Results

1) Operating results for the fiscal year ended March 31, 2016

In the fiscal year ended March 31, 2016, the global economic situation remained uncertain, clouded by low oil prices, turmoil in the financial markets, and deceleration of the Chinese economy among other factors. On the other hand, regions including the U.S., Europe and Southeast Asia continued to record moderate growth. Meanwhile, the Japanese economy moved in a gradual trend toward recovery, spurred primarily by an increase in corporate earnings and inbound tourism demand. However, this trend in Japan could conceivably swing downward if affected by such factors as a rapid appreciation of the yen and dramatic declines in the stock market since the beginning of 2016, as well as the earthquakes in Kumamoto.

Amid these circumstances, the Nitta Gelatin Group worked as one to bring about a recovery in earnings by adopting a new management structure in April 2015 and focusing efforts on marketing gelatin and collagen peptide mainly in Japan, North America and Southeast Asia. In addition, as a base for procuring raw material for gelatin and supplying Halal-certified products, equity-method affiliate Nitta Gelatin India Ltd. and its two local affiliates in India were consolidated as subsidiaries of Nitta Gelatin in April 2015.

As a result, in the fiscal year ended March 2016, net sales increased 15.6% year on year to ¥36,885 million. Operating income increased 224.2% to ¥1,273 million, but ordinary income rose only 1.2% to ¥979 million, mainly due to foreign exchange losses. As a consequence of the ¥727 million in extraordinary income and ¥666 million in extraordinary loss the Company reported in connection with consolidating three companies in India as subsidiaries and converting a subsidiary in China into an equity-method affiliate, among other factors, net income attributable to owners of the parent decreased 21.7% year on year to ¥477 million.

2) Segment business performance

(Collagen Material Business)

In the gelatin field, demand for edible gelatin in Japan, for use mainly in confectionary and delicatessen items, held steady. Demand in gelatin for capsules was also robust, underpinned by strong demand for nutritional food supplements from inbound travelers and deregulation spurring the launch of food products labeled with nutrient function claims. As a result, gelatin sales increased in Japan. In North America, the nutritional supplement market is still in the process of recovering from the negative press coverage of health food since 2014, in contrast to buoyant demand for edible gelatin. However, the Company's overall sales of gelatin increased substantially owing to a ¥3,489 million contribution to sales from the consolidation of Nitta Gelatin India Ltd. and its two affiliates as subsidiaries.

Upon re-acknowledgement of its virtuous properties, including for regulating bodily functions, collagen peptide sales increased due to strong sales for use as health foods, as well as further adoption for use in general food products.

Collagen casing sales fell and profits declined substantially following an intensification of competition and fall in exports from North America due to the appreciation of the U.S. dollar.

As a result, net sales in the segment rose 20.6% year on year to ¥27,686 million, along with a 66.3% increase in segment profit (operating income) to ¥1,832 million.

(Formula Solution Business)

The Company saw robust sales of food materials, partly as a result of efforts to cultivate new customers for their use in desserts and confectionery. However, profits were level year on year due to an increase in the price of raw materials.

Adhesives sales for use in packaging were robust, and increased year on year for use in hygiene products as a result of a customer resuming procurement from Nitta Gelatin. However, they declined for use in bookbinding due to market contraction. Profit, on the other hand, increased in line with efforts to reduce costs.

As a result, net sales in the segment rose 2.7% year on year to ¥9,199 million, along with a 25.5% increase in segment profit (operating income) to ¥812 million.

3) Earnings forecasts for the fiscal year ending March 31, 2017

(Business Forecasts for the Fiscal Year Ending March 31, 2017)

Nitta Gelatin will usher in its 100th founding anniversary in 2018, and has formulated a new three-year medium-term management plan, started in the fiscal year ended March 31, 2016, in time for that milestone. The target is to attain net sales of ¥41,000 million and operating income of ¥2,000 million in the final fiscal year of the plan, ending March 31, 2018.

Nitta Gelatin is positioning the fiscal year ending March 31, 2017 as an important year for making progress with attaining the plan's targets. To this end, the Company will strive to raise the quality of not only its products but also all business activities from sales and production to quality assurance and research and development. At the same time, it will rigorously cut costs, mainly by producing and selling products in optimal locations, and reducing the cost of raw materials.

In Japan, the Company foresees the continuation of a robust business trend in edible gelatin and pharmaceutical gelatin and expects deregulation of the functional labeling of foods to breathe new life into its markets. Furthermore, despite the challenges faced by an appreciating dollar and intensifying competition in North America, the Company is projecting growing demand in Asia for gelatin, collagen peptide, collagen casing and sealants. Eyeing this demand, the Company will work to expand sales globally, centered on Asia.

With regard to capital investment, the Company will invest in projects that realize products and services of high added value in Japan. Overseas, the Company will invest in projects aimed at increasing production capacity and enhancing productivity, as well as in response to the environment.

Based on the aforementioned assumptions, the Company's consolidated business forecasts for the fiscal year ending March 31, 2017 are as follows:

(Millions of yen)

	Forecasts	Year on year
Net sales	38,200	+3.6%
Operating income	1,500	+17.8%
Ordinary income	1,400	+42.9%
Net profit attributable to owners of the Parent	800	+67.5%

(2) Analysis of Financial Position

The consolidation of Nitta Gelatin India Ltd. and its two local affiliates in India as subsidiaries was a major factor behind change in the financial position than at March 31, 2015, the end of the previous fiscal year.

1) Assets, liabilities and net assets

(Assets)

Total assets amounted to ¥37,597 million at March 31, 2016, ¥3,665 million higher than at March 31, 2015. This was mainly attributable to increases in notes and accounts receivable-trade, inventories including merchandise and finished goods, and property, plant and equipment, which were partially offset by a decrease in investment securities.

(Liabilities)

Total liabilities stood at ¥20,720 million at March 31, 2016, ¥2,162 million higher than at March 31, 2015. This was mainly due to increases in notes and accounts payable-trade, short-term loans payable, long-term loans payable (including the current portion), and deferred tax liabilities.

(Net assets)

Net assets stood at ¥16,876 million at March 31, 2016, ¥1,503 million higher than at March 31, 2015. This was mainly attributable to an increase in the balance of non-controlling interests.

As a result, the equity ratio stood at 39.8% at March 31, 2016 compared with 45.0% at March 31, 2015.

2) Cash flows

Cash and cash equivalents (“cash”) as of March 31, 2016 was ¥2,536 million, down ¥65 million from March 31, 2015.

Cash flows for each activity and reasons are as follows.

(Net cash provided by operating activities)

Operating activities provided net cash of ¥2,385 million. The main contributing factors were income before income taxes and minority interests of ¥1,040 million, depreciation and amortization of ¥1,562 million, increase in notes and accounts payable-trade of

¥724 million, loss on step acquisitions of ¥620 million, and gain on negative goodwill of ¥502 million.

(Net cash used in investing activities)

Investing activities used net cash of ¥1,860 million. The main uses of cash were ¥1,548 million for the purchase of property, plant and equipment, and ¥222 million for the purchase of stocks of affiliates.

(Net cash provided by financing activities)

Financing activities used net cash of ¥473 million. The main uses of cash were ¥2,502 million for the repayment of long-term loans payable, and a ¥544 million net decrease in short-term loans payable, partially offset by ¥2,821 million in proceeds from long-term loans payable.

(Reference)

Trends in cash flow indicators are as shown below:

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Equity ratio (%)	34.4	38.0	43.4	45.0	39.8
Market value equity ratio (%)	34.4	80.6	61.3	44.1	35.9
Interest-bearing debt to cash flow ratio (Years)	12.4	3.4	(11.8)	4.5	4.4
Interest coverage ratio (Times)	3.4	13.8	(5.2)	13.6	7.6

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 consolidated net sales and consolidated operating income. 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

In Japan, industries capturing demand from inbound travelers and fields requiring functional labeling of foods are spawning business opportunities. Overseas, the U.S. remains on the course of a gradual economic recovery, while high economic growth and population increase is expected for the emerging countries of Asia. The Company understands the importance of executing business strategies in line with these trends in the Japanese and overseas markets.

Recognizing this, Nitta Gelatin has formulated a new slogan, "New Vision, New Direction" Guided by its basic strategy of "Pursue Quality," the Company will enhance quality in all aspects of its business operations, including sales, production, quality assurance, and research and development. Moreover, the Company will implement three strategic priorities: (1) Develop high value-added products, (2) Ensure optimal production and optimal sales, and (3) Strengthen global business foundations.

The outlook for the business environment is expected to remain uncertain, affected by low oil prices and turmoil in the financial markets. However, by achieving these priorities, Nitta Gelatin will increase earnings and enhance its corporate value, with the aim of continuously contributing to society.

(Collagen Material Business)

In the gelatin field, Nitta Gelatin plans to strengthen competitiveness by achieving global cost competitiveness through increased production efficiency and a strengthened supply chain of raw materials. In addition, the Company will sell the products of its Group companies in growing markets and optimal regions.

In collagen peptide, Nitta Gelatin will open up highly profitable new markets by launching products with enhanced functional properties, while expanding business globally in Asian and North America.

In collagen casings, the Group intends to enhance its sales and earnings by increasing productivity at its manufacturing facilities in North America and upgrading its production and sales framework in China.

In the life science field, based on research and development activities focused on materials for use in research and medicine, Nitta Gelatin will popularize the application of these materials in the field of regenerative medicine as it works to nurture future business.

(Formula Solution Business)

In the food material business, Nitta Gelatin will expand business by leveraging its application technologies to provide customers with food solutions of new value.

In the adhesives field, Nitta Gelatin will continue to increase production, as it anticipates demand for their use in hygiene products to rise.

In high-performance gaskets, the Company will expand sales by cultivating new applications and developing new products.

3. Basic Approach to Selection of Accounting Standard

The Nitta Gelatin Group plans to prepare its consolidated financial statements based on Japanese accounting standards in the near future. This is in consideration of the need to ensure that the consolidated financial statements can be readily compared between different periods and different companies.

Looking ahead, considering its management policies and various conditions in Japan and abroad, Nitta Gelatin plans to examine the adoption of International Financial Reporting Standards (IFRS). In doing so, the Company will take into account trends such as the adoption of IFRS by its peer companies.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	2,622	2,688
Notes and accounts receivable-trade	6,726	7,375
Merchandise and finished goods	4,821	5,262
Work in process	1,243	1,429
Raw materials and supplies	2,156	2,275
Deferred tax assets	139	182
Other	330	447
Allowance for doubtful accounts	(2)	(2)
Total current assets	18,038	19,657
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	9,700	10,267
Accumulated depreciation	(5,285)	(5,855)
Buildings and structures, net	4,414	4,412
Machinery, equipment and vehicles	13,028	15,937
Accumulated depreciation	(8,637)	(10,936)
Machinery, equipment and vehicles, net	4,390	5,000
Land	781	2,542
Lease assets	1,195	1,188
Accumulated depreciation	(544)	(548)
Lease assets, net	651	640
Construction in process	435	957
Other	1,339	1,362
Accumulated depreciation	(1,164)	(1,191)
Other, net	175	171
Total property, plant and equipment	10,848	13,724
Intangible assets		
Other	69	357
Total intangible assets	69	357
Investments and other assets		
Investment securities	3,984	2,919
Long-term loans receivable	5	136
Deferred tax assets	185	189
Net defined benefit asset	689	421
Other	109	191
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	4,974	3,858
Total noncurrent assets	15,893	17,940
Total assets	33,932	37,597

(Millions of yen)

	Fiscal 2015 (As of March 31, 2015)	Fiscal 2016 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,768	4,252
Short-term loans payable	1,705	2,186
Current portion of long-term loans payable	2,127	2,215
Lease obligations	232	230
Accounts payable-other	1,435	1,261
Income taxes payable	206	145
Provision for bonuses	173	213
Other	626	569
Total current liabilities	10,274	11,076
Noncurrent liabilities		
Long-term loans payable	4,867	5,380
Lease obligations	475	469
Deferred tax liabilities	189	769
Net defined benefit liability	2,661	2,938
Provision for directors' retirement benefits	38	—
Other	50	85
Total noncurrent liabilities	8,283	9,644
Total liabilities	18,558	20,720
Net Assets		
Shareholders' equity		
Capital stock	3,144	3,144
Capital surplus	2,966	2,966
Retained earnings	9,312	9,569
Treasury stock	(0)	(0)
Total shareholders' equity	15,423	15,680
Accumulated other comprehensive income (loss)		
Valuation difference on other available-for-sale securities	1,121	1,024
Deferred gains (losses) on hedges	33	(38)
Foreign currency translation adjustments	601	466
Remeasurements of defined benefit plans	(1,908)	(2,160)
Total accumulated other comprehensive loss	(152)	(707)
Non-controlling interests	102	1,904
Total net assets	15,373	16,876
Total liabilities and net assets	33,932	37,597

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Net sales	31,914	36,885
Cost of sales	25,944	29,196
Gross profit on sales	5,970	7,689
Selling, general and administrative expenses	5,577	6,416
Operating income	392	1,273
Non-operating income		
Interest income	0	27
Dividend income	23	29
Rent income	36	44
Equity in earnings of affiliates	112	29
Foreign exchange gains	578	—
Other	53	69
Total non-operating income	805	202
Non-operating expenses		
Interest expenses	151	315
Foreign exchange losses	—	151
Commissions paid	66	13
Other	11	14
Total non-operating expenses	230	495
Ordinary income	967	979
Extraordinary gains		
Gain on sales of noncurrent asset	—	67
Gain on negative goodwill	—	502
Gain on change in equity	—	157
Total extraordinary gains	—	727
Extraordinary losses		
Loss on retirement of noncurrent assets	34	45
Loss on stepped acquisitions	—	620
Total extraordinary losses	34	666
Income before income taxes and minority interests	933	1,040
Income taxes	376	425
Income taxes-deferred	(23)	3
Total income taxes	353	428
Net income	580	612
Net income (loss) attributable to non-controlling interests	(29)	134
Net income attributable to owners of the parent	610	477

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Net income	580	612
Other comprehensive income (loss)		
Valuation difference on other available-for-sale securities	498	(96)
Deferred gains (losses) on hedges	18	(68)
Foreign currency translation adjustments	638	(731)
Pension liability adjustment	(370)	(255)
Share of other comprehensive income of associates accounted for using equity method	165	402
Total other comprehensive income (loss)	950	(748)
Total comprehensive income	1,530	(136)
Comprehensive income attributable to:		
Owners of the parent	1,555	(100)
Non-controlling interests	(24)	(35)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of fiscal year	3,144	2,966	8,623	(0)	14,734
Cumulative effect of changes in accounting policies			299		299
Balance at the beginning of year after reflecting changes in accounting policies	3,144	2,966	8,922	(0)	15,033
Changes during fiscal year					
Dividends from surplus			(220)		(220)
Net income attributable to owners of the parent			610		610
Net changes of items other than shareholders' equity					—
Total changes during fiscal year	—	—	389	—	389
Balance at the end of fiscal year	3,144	2,966	9,312	(0)	15,423

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of fiscal year	622	(5)	(187)	(1,528)	(1,097)	144	13,781
Cumulative effect of changes in accounting policies					—		299
Balance at the beginning of year after reflecting changes in accounting policies	622	(5)	(187)	(1,528)	(1,097)	144	14,080
Changes during fiscal year							
Dividends from surplus							(220)
Net income attributable to owners of the parent							610
Net changes of items other than shareholders' equity	498	38	788	(379)	945	(41)	904
Total changes during fiscal year	498	38	788	(379)	945	(41)	1,293
Balance at the end of fiscal year	1,121	33	601	(1,908)	(152)	102	15,373

Fiscal 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of fiscal year	3,144	2,966	9,312	(0)	15,423
Changes during the fiscal year					
Dividends from surplus			(220)		(220)
Net income attributable to owners of the parent			477		477
Gain (loss) in non-controlling interests due to increase in consolidated subsidiaries					—
Net changes of items other than shareholders' equity					—
Total changes during fiscal year	—	—	257	—	257
Balance at the end of fiscal year	3,144	2,966	9,569	(0)	15,680

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of fiscal year	1,121	33	601	(1,908)	(152)	102	15,373
Changes during the fiscal year							
Dividends from surplus							(220)
Net income attributable to owners of the parent							477
Gain (loss) in non-controlling interests due to increase in consolidated subsidiaries						1,848	1,848
Net changes of items other than shareholders' equity	(96)	(71)	(135)	(252)	(555)	(46)	(602)
Total changes during fiscal year	(96)	(71)	(135)	(252)	(555)	1,801	1,503
Balance at the end of fiscal year	1,024	(38)	466	(2,160)	(707)	1,904	16,876

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	933	1,040
Depreciation and amortization	1,115	1,562
Increase (decrease) in provision for directors' retirement benefits	1	(38)
Increase (decrease) in provision for bonuses	(8)	42
Decrease in allowance for doubtful accounts	(13)	(0)
Increase in net defined benefit liability	9	21
Interest and dividends income	(24)	(57)
Interest expenses	151	315
Foreign exchange losses (gains)	(267)	188
Equity in earnings of affiliates	(112)	(29)
Gain on sales of property, plant and equipment	–	(67)
Loss on retirement of noncurrent assets	34	45
Loss on change in equity	–	(157)
Gain on negative goodwill	–	(502)
Loss on stepped acquisitions	–	620
Decrease (increase) in notes and accounts receivable-trade	1,740	(479)
Increase in inventories	(308)	(109)
Increase (decrease) in notes and accounts payable-trade	(802)	724
Increase in accrued consumption taxes	117	36
Other, net	(125)	(103)
Subtotal	2,441	3,051
Interest and dividends income received	106	125
Interest paid	(152)	(315)
Income taxes paid	(321)	(476)
Net cash provided by operating activities	2,074	2,385
Cash flows from investing activities		
Payments into time deposits	(20)	(148)
Proceeds from withdrawal of time deposits	20	27
Proceeds from the sale of property, plant and equipment	–	73
Purchase of property, plant and equipment	(2,449)	(1,548)
Purchase of intangible assets	(30)	(17)
Proceeds from the sale of investment securities	–	2
Purchase of investment securities	(6)	(6)
Purchase of stocks of affiliates	–	(222)
Purchase of insurance funds	(2)	(2)
Other, net	(15)	(17)
Net cash used in investing activities	(2,505)	(1,860)

(Millions of yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	454	(544)
Proceeds from long-term loans payable	2,495	2,821
Repayment of long-term loans payable	(2,147)	(2,502)
Proceeds from sale-and-leaseback transactions	214	228
Repayments of lease obligations	(235)	(254)
Payments from non-controlling interests	–	29
Repayments to non-controlling interests	–	(21)
Cash dividends paid	(220)	(220)
Cash dividends paid to non-controlling interests	(16)	(10)
Net cash (used in) provided by financing activities	544	(473)
Effect of exchange rate change on cash and cash equivalents	83	(103)
Net increase (decrease) in cash and cash equivalents	196	(51)
Cash and cash equivalents, beginning of the fiscal year	2,406	2,602
Increase in cash and cash equivalents from newly consolidated subsidiaries	–	24
Decrease in cash and cash equivalents from exclusion of subsidiary from consolidation	–	(38)
Cash and cash equivalents at end of the fiscal year	2,602	2,536

(5) Notes to Consolidated Financial Statements

(Note Concerning Going Concern Assumption)

None.

(Changes in Accounting Policies)

(Adoption of Accounting Standard and Guidance for Business Combinations)

Starting in the fiscal year ended March 31, 2016, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combination Accounting Standard"), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Accounting Standard") and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestiture Accounting Standard"). As a result, gain or loss arising from a change in the Company's equity in subsidiaries in cases where control is retained was revised to a method recognizing them as an adjustment to capital surplus, along with recognizing the acquisition costs in connection with business combinations as expenses in the consolidated fiscal year in which they arise. At the same time, for business combinations that take place in or after the fiscal year ended March 31, 2016, the disclosure method was revised so as to restate the distribution of acquisition cost upon provisional accounting recognition in the statements of the fiscal year in which the combination took place. In addition, the presentation of quarterly net income, etc. was changed, and the presentation of minority interest was changed to the presentation of non-controlling interests. To reflect the relevant changes, consolidated financial statements for the fiscal year ended March 31, 2015 have been restated.

With regard to the adoption of the Business Combination Accounting Standard and other accounting standards, the Company has adopted the Business Combination Accounting Standard from April 1, 2015, the beginning of the fiscal year ended March 31, 2016 onward in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidated Accounting Standard, and Article 57-4 (4) of the Business Divestiture Accounting Standard.

There was no impact from the application of these standards on the consolidated financial statements.

(Accounting Standard and Guidance Yet to Be Applied)

Revised Implementation Guidance on Recovery of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016)

(1) Overview

The Revised Implementation Guidance on Recovery of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016, hereinafter, the "Revised Guidance on Recovery of Deferred Tax Assets") was set forth by the Accounting Standards Board of Japan ("ASBJ") upon transfer of the Implementation Guidance on Tax Effect Accounting and the Audit Implementation Guidance on Tax Effect Accounting (sections on accounting treatment) from the Japanese Institute of Certified Public Accountants ("JICPA") to the ASBJ. The Revised Guidance on Recovery of Deferred Tax Assets provides guidance on the recoverability of deferred tax assets when implementing the ASBJ's Accounting Standard on Tax Effect Accounting, in conformity with the guidance on recoverability as set forth in JICPA Audit Committee Report No. 66, "The Auditing Treatment on Determining the Recoverability of Deferred Tax Assets," which provides a framework for dividing companies into five categories and the accounting treatment when determining the amount of deferred tax assets by each category. In order to conform to this framework, the ASBJ's guideline was revised to provide the criteria for categorizing the companies and update part of the accounting treatment for determining the amount of tax deferred assets as necessary.

(2) Scheduled adoption date

The Revised Guidance on Recovery of Deferred Tax Assets will be adopted effective April 1, 2016, from the start of the fiscal year ending March 31, 2017.

(3) Impact of applying the accounting standard and guidance

The effect of the Revised Guidance on Recovery of Deferred Tax Assets on the consolidated financial statements is currently being evaluated.

(Additional Information)

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

Following the promulgation of the "Act for Partial Revision of the Income Tax Act" (Act No. 15, 2016) and "Act for Partial Revision of the Local Tax Act" (Act No. 13, 2016) on March 29, 2016, the corporate income tax rate, etc. will be reduced from fiscal years beginning on or after April 1, 2016, among other revisions. In line with this change, the statutory income tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences expected to reverse in the fiscal year beginning on April 1, 2016, as well as the fiscal year beginning on April 1, 2017, have been reduced from the previous 32.26% to 30.86%, and for temporary differences expected to reverse in the fiscal year beginning on April 1, 2018, has been reduced to 30.62%.

As a result of these changes in the tax rate, the amount of deferred tax assets (less the amount of deferred tax liabilities) was reduced by ¥6 million. Income taxes-deferred increased by ¥25 million, and valuation difference on other available-for-sale securities increased by ¥24 million, while remeasurements of defined benefit plans decreased by ¥4 million, and deferred gains (losses) on hedges decreased by ¥1 million.

(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, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

Reporting segment			Total	Adjustments*1	Amounts in the consolidated financial statements*2
	Collagen material business	Formula solution business			
Net sales					
Sales to third parties	22,959	8,955	31,914	―	31,914
Inter-segment sales and transfers	1,430	―	1,430	(1,430)	―
Total	24,390	8,955	33,345	(1,430)	31,914
Segment income	1,101	647	1,749	(1,356)	392
Segment assets	25,698	5,310	31,009	2,922	33,932
Other items					
Depreciation and amortization	981	98	1,079	36	1,115
Increase in property, plant and equipment and intangible assets	1,759	562	2,322	59	2,381

(Notes) 1. Adjustments are as follows:

(1) Adjustment for segment income of (¥1,356) million comprises elimination of intersegment transactions of ¥2 million and unallocated expenses of (¥1,358) million. Unallocated expenses are mainly general and administrative expenses.

(2) Adjustment for segment assets of ¥2,922 million comprises elimination of intersegment transactions of (¥524) million and unallocated assets of ¥3,447 million. 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, 2016 (From April 1, 2015 to March 31, 2016)

(Millions 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	27,686	9,199	36,885	—	36,885
Inter-segment sales and transfers	1,911	8	1,920	(1,920)	—
Total	29,598	9,207	38,805	(1,920)	36,885
Segment income	1,832	812	2,645	(1,371)	1,273
Segment assets	29,907	5,474	35,381	2,216	37,597
Other items					
Depreciation and amortization	1,420	100	1,520	42	1,562
Increase in property, plant and equipment and intangible assets	1,362	37	1,399	62	1,462

(Notes) 1. Adjustments are as follows:

(1) Adjustment for segment income of (¥1,371) million comprises elimination of intersegment transactions of ¥0 million and unallocated expenses of (¥1,372) million. Unallocated expenses are mainly general and administrative expenses.

(2) Adjustment for segment assets of ¥2,216 million comprises elimination of intersegment transactions of (¥718) million and unallocated assets of ¥2,934 million. 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, 2015 (from April 1, 2014 to March 31, 2015)

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

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Other	Total
18,435	150	1,866	8,084	2,550	827	31,914

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

(2) Property, plant and equipment

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Total
3,514	—	181	6,328	824	10,848

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, 2016 (from April 1, 2015 to March 31, 2016)

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

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Other	Total
19,307	3,290	2,225	9,109	2,044	906	36,885

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

(2) Property, plant and equipment

(Millions of yen)

Japan	India	Asia	U.S.	Canada	Total
3,324	3,718	34	5,892	754	13,724

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

(Material gain on negative goodwill)

The Collagen Material Business segment recorded a ¥502 million gain on negative goodwill in the fiscal year ended March 31, 2016, as a result of the conversion of Nitta Gelatin India Ltd., Bamni Proteins Ltd., and Reva Proteins Ltd. as subsidiaries within the scope of Nitta Gelatin Inc.'s consolidation.

(Per Share Information)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Net assets per share	¥831.15	¥814.90
Net income per share	33.20	26.00

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

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

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Profit per share		
Net income attributable to owners of the parent (Millions of yen)	610	477
Amounts not attributable to common shareholders (Millions of yen)	–	–
Net income attributable to owners of the parent related to common stock (Millions of yen)	610	477
Average number of common shares during the period (shares)	18,373,812	18,373,812

(Subsequent Events)

No items to report

5. Other

(1) Change of Directors and Audit & Supervisory Board Members

1. Change of Representative Directors

No items to report.

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

Candidate for newly appointed director

Director and Executive Officer: Yoshihisa Sugimoto
(Current position: Executive Officer, General Manager of Sales & Marketing Dept.)

Director scheduled to resign
Director and Executive Officer: Tsuneo Sasaki

Candidate for newly appointed Audit & Supervisory Board member
Standing Audit & Supervisory Board Member: Hiroshi Takase
(Current position: Executive Officer in charge of Casing Business in China)

Audit & Supervisory Board member scheduled to resign
Standing Audit & Supervisory Board Member: Yasuyuki Nakai

3. Effective date

June 28, 2016

(2) Other

No items to report.