

Consolidated Financial Results **for the Fiscal Year Ended March 31, 2015** (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;
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Scheduled date of General Shareholders' Meeting: June 25, 2015
Scheduled date to file Securities Report: June 25, 2015
Scheduled date to commence dividend payments: June 26, 2015
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, 2015 **(from April 1, 2014 to March 31, 2015)**

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

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2015	31,914	(2.7)	392	(58.9)	967	(13.2)	610	(8.3)
March 31, 2014	32,814	14.0	955	(40.1)	1,115	(43.6)	665	(56.4)

(Note) Comprehensive income

For the year ended March 31, 2015: ¥1,530 million (24.8%)

For the year ended March 31, 2014: ¥1,227 million (-35.9%)

	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, 2015	33.20	—	4.2	3.0	1.2
March 31, 2014	37.90	—	5.7	3.9	2.9

(Reference) Equity in earnings of affiliates

For the year ended March 31, 2015: ¥112 million

For the year ended March 31, 2014: ¥97 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, 2015	33,932	15,373	45.0	831.15
March 31, 2014	31,389	13,781	43.4	742.20

(Reference) Equity

As of March 31, 2015: ¥15,271 million

As of March 31, 2014: ¥13,636 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2015	2,074	(2,505)	544	2,602
March 31, 2014	(692)	(3,105)	3,875	2,406

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, 2014	—	6.00	—	6.00	12.00	220	31.7	1.8
Fiscal year ended March 31, 2015	—	6.00	—	6.00	12.00	220	31.6	1.5
Fiscal year ending March 31, 2016 (Forecasts)	—	6.00	—	6.00	12.00		110.2	

3. Consolidated financial forecasts for the fiscal year ending March 31, 2016

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

(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, 2015	18,800	16.4	600	122.1	500	(6.3)	(300)	(180.5)	(16.33)
Fiscal year ending March 31, 2016	38,100	19.4	1,400	256.5	1,100	13.7	200	(67.2)	10.89

Notes:

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

New: None

Excluded: None

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

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

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

c. Changes in accounting estimates: No

d. Restatement of revisions: No

(Note) For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in “4. Consolidated Financial Statements” on page 19 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, 2015 18,373,974 shares

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

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

As of March 31, 2015 162 shares

As of March 31, 2014 162 shares

c. Average number of shares

For the year ended March 31, 2015 18,373,812 shares

For the year ended March 31, 2014 17,556,927 shares

(Reference) Summary of non-consolidated operating results**1. Non-consolidated financial results for the fiscal year ended March 31, 2015****(from April 1, 2014 to March 31, 2015)****(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, 2015	21,872	(1.3)	377	(44.9)	1,213	19.0	816	14.5
March 31, 2014	22,159	9.4	684	(24.8)	1,020	(21.2)	713	(18.4)

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2015	44.44	—
March 31, 2014	40.63	—

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, 2015	26,664	14,280	53.6	777.21
March 31, 2014	25,196	12,868	51.1	700.35

(Reference) Equity

As of March 31, 2015: ¥14,280 million

As of March 31, 2014: ¥12,868 million

*** Disclosure of status of audit procedures**

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

*** Proper use of earnings forecasts, and other special matters****(Disclaimer to forward-looking statements)**

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

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Operating results for the fiscal year ended March 31, 2015

In the fiscal year ended March 31, 2015, the outlook for the global economy was uncertain, despite an ongoing recovery in the U.S. business climate. This outlook reflected the fact that the European economy has yet to start recovering in earnest, along with slowing growth in emerging countries such as China and Southeast Asian nations. Meanwhile, Japan's economy showed a gradual recovery trend, due partly to an improvement in corporate and individual incomes supported by economic policies and quantitative and qualitative monetary easing. This was despite a downturn in demand following an increase in the consumption tax in April 2014 and the yen's sharp depreciation.

Amid these circumstances, the Nitta Gelatin Group encountered very challenging business conditions, including increased overseas prices of raw materials, a temporary decline in demand in overseas markets, rising energy costs in Japan, and continuing high import procurement costs due to the yen's depreciation.

As a result, in the fiscal year ended March 2015, net sales decreased 2.7% year on year to ¥31,914 million. In Japan, the Group revised prices, but this was outweighed by rising raw material and procurement costs reflecting the yen's depreciation. Consequently, operating income fell 58.9% to ¥392 million. Ordinary income declined by 13.2% to ¥967 million, cushioned by foreign exchange gains, and net income decreased 8.3% to ¥610 million.

2) Segment business performance

(Collagen Material Business)

In the gelatin field, sales of edible gelatin and capsule gelatin in Japan increased, but earnings declined as raw materials prices remained high and price revisions were unable to mitigate the yen's depreciation. In North America, capsule gelatin sales declined as negative reports regarding fish oil in the U.S. sparked a temporary contraction in the supplement market, while earnings decreased, partly due to higher raw material prices for pig skin.

Consequently, in the gelatin field, sales increased partly due to the impact of the yen's depreciation, but earnings decreased.

Collagen peptide sales decreased overall, as the Japanese market was unable to

dispel a slump in consumer sentiment following the increase in the consumption tax in April 2014, despite brisk sales in the Asian region.

Collagen casing sales and earnings increased, due to steady sales in the North American markets.

As a result, net sales for the segment were up 2.3% year on year to ¥22,959 million and segment profit (operating income) was down 22.4% to ¥1,101 million.

(Formula Solution Business)

Sales of food materials decreased on lackluster trends in food stabilizers due to reduced demand accompanying the consumption tax hike in April 2014 and unseasonable summer weather.

In adhesives, there was a large decline in sales of hot-melt adhesives for use in hygiene products due to the shift of production to China, in addition to sluggish sales of hot-melt adhesives for use in packaging and bookbinding. Meanwhile, sales of sealants (high-performance gaskets) saw sluggish growth because although their delivery for use in smartphones and smart watches has begun, these products have yet to be adopted by customers on a full scale.

As a result, net sales in the segment were down 13.7% year on year to ¥8,955 million. Segment profit (operating income) was down 29.6% to ¥647 million.

3) Earnings forecasts for the fiscal year ending March 31, 2016

(Business Forecasts for the Fiscal Year Ending March 31, 2016)

Nitta Gelatin had formulated a three-year medium-term management plan beginning in the fiscal year ended March 31, 2014. Under the plan, the Company had targeted consolidated net sales of ¥41.0 billion and consolidated operating income of ¥4.2 billion for the plan's final fiscal year, the fiscal year ending March 31, 2016. However, the yen's depreciation has persisted and there have been drastic changes in the Company's assumptions for the business environment, such as market conditions in North America. For these reasons, the Company has decided to discontinue its medium-term management plan in the plan's second year.

The Company is positioning the year ending March 31, 2016 as a year for restoring earnings. Accordingly, the Company's top priority will be to secure adequate profit margins on products sold in the Japanese market. To this end, the Company will implement rigorous cost-cutting measures such as conducting production and sales in

optimal regions and reducing raw materials costs.

Meanwhile, in Japan, deregulation related to BSE and functional labeling of foods is expected to breathe new life into the Company's markets. Furthermore, Asia is seeing growing demand for gelatin, collagen peptide, collagen casing and sealants. Eyeing this demand, the Company will work to expand sales globally, centered on Asia.

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

In conjunction with the conversion of equity-method affiliate Nitta Gelatin India Ltd. (NGIL) into a consolidated subsidiary on April 1, 2015 (effective acquisition date), the Company plans to record a charge of ¥620 million on the difference between the carrying amount and the fair value of NGIL at the time of consolidation as an extraordinary loss.

Based on the aforementioned assumptions, the Company's consolidated business forecasts for the fiscal year ending March 31, 2016 are as follows:

(millions of yen)

	Forecasts	Year on year
Net sales	38,100	+19.4%
Operating income	1,400	+256.5%
Ordinary income	1,100	+13.7%
Net profit attributable to owners of the Parent	200	(67.2%)

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

(Assets)

Total assets amounted to ¥33,932 million at March 31, 2015, ¥2,542 million higher than at March 31, 2014. This was mainly attributable to a ¥579 million increase in inventories including merchandise and finished goods, a ¥2,044 million increase in property, plant and equipment in line with the renewal of an adhesives office and a laboratory, and the construction of a collagen peptide plant at Nitta Gelatin USA, Inc., and a ¥908 million increase in investment securities due to the higher fair value of securities. These increases were partly offset by a ¥1,438 million decrease in notes and accounts receivable-trade owing to the securitization of receivables.

(Liabilities)

Total liabilities stood at ¥18,558 million at March 31, 2015, ¥949 million higher than at March 31, 2014. This was mainly due to a ¥583 million increase in short-term loans payable, a ¥646 million increase in long-term loans payable (current portion included), and a ¥185 million increase in deferred tax liabilities. These increases were partly offset by a ¥486 million decrease in notes and accounts payable-trade.

(Net assets)

Net assets stood at ¥15,373 million at March 31, 2015, ¥1,592 million higher than at March 31, 2014. This was mainly attributable to a ¥688 million increase in retained earnings, a ¥498 million increase in valuation difference on other available-for-sale securities, and an increase of ¥788 million in foreign currency translation adjustments. These increases were partly offset by a decrease of ¥379 million in remeasurements of defined benefit plans.

As a result, the equity ratio stood at 45.0% at March 31, 2015 compared with 43.4% at March 31, 2014.

2) Cash flows

Cash and cash equivalents (“cash”) as of March 31, 2015 was ¥2,602 million, up ¥196 million from March 31, 2014.

Cash flows for each activity and reasons are as follows.

(Net cash used in operating activities)

Operating activities provided net cash of ¥2,074 million. The main contributing factors were income before income taxes and minority interests of ¥933 million, depreciation and amortization of ¥1,115 million and decrease in notes and accounts receivable-trade of ¥1,740 million. The main component of cash used was decrease in notes and accounts payable-trade of ¥802 million.

(Net cash used in investing activities)

Investing activities used net cash of ¥2,505 million. The main use of cash was ¥2,449 million for the purchase of property, plant and equipment.

(Net cash provided by financing activities)

Financing activities provided net cash of ¥544 million. The main contributors to cash were proceeds from long-term loans payable of ¥2,495 million and net increase in short-term loans payable of ¥454 million. The main use of cash was ¥2,147 million in repayment of long-term loans payable.

(Reference)

Trends in cash flow indicators are as shown below:

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Equity ratio (%)	28.5	34.4	38.0	43.4	45.0
Market value equity ratio (%)	—	34.3	80.6	61.3	44.1
Interest-bearing debt to cash flow ratio (Years)	4.7	12.4	3.4	(11.8)	4.5
Interest coverage ratio (Times)	8.6	3.4	13.8	(5.2)	13.6

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.

Basic Management Policies

- (1) Customer First
- (2) Globalization & Innovation
- (3) Selection and Concentration

(2) Target Management Indicators

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

improving productivity to remain competitive as a manufacturer.

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

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

Recognizing this, Nitta Gelatin has formulated a new slogan, "Advancing to the Next Stage with a Fresh Perspective." Guided by its basic strategy of "Pursue Quality," the Company will enhance quality in all aspects of its business operations, including products, sales, production and quality assurance. Moreover, the Company will implement three strategic priorities: (1) Develop high value-added products, (2) Ensure optimal production, optimal sales and (3) Strengthen global business foundations. By achieving these priorities, Nitta Gelatin will create new value, increase earnings and enhance its corporate value, with the aim of continuously contributing to society into the future.

The Company currently faces a challenging business environment considering factors such as the higher cost of sales driven by the yen's depreciation, higher raw materials prices, and rising energy costs in Japan. Guided by the business strategies set out below, the Company will strive to achieve its top priority of restoring earnings.

(Collagen Material Business)

In the gelatin field, Nitta Gelatin plans to strengthen competitiveness by achieving global cost competitiveness through energy savings, increased production efficiency and a strengthened supply chain of raw materials. 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 featuring enhanced functional properties. Following the start of production in the U.S., we will expand our business globally in the Japanese and North American markets.

In collagen casings, we intend to enhance our sales and earnings by increasing productivity at our manufacturing facilities in North America and by upgrading our 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 increase earnings by providing food solutions globally. This will be done by developing products for the global market by strengthening the functions of its application laboratories in Japan and various regions.

In the adhesives field, Nitta Gelatin will pursue research and development and production of sealants (high-performance gaskets) at a newly completed development building, as we nurture sealants into a viable business. At the same time, the Company will strengthen the cost competitiveness of hot-melt adhesives.

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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2014 (As of March 31, 2014)	Fiscal 2015 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	2,426,006	2,622,593
Notes and accounts receivable-trade	8,164,776	6,726,750
Merchandise and finished goods	4,732,050	4,821,889
Work in process	1,089,542	1,243,868
Raw materials and supplies	1,820,812	2,156,217
Deferred tax assets	158,974	139,994
Other	306,558	330,299
Allowance for doubtful accounts	(13,339)	(2,649)
Total current assets	18,685,381	18,038,964
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,564,325	9,700,653
Accumulated depreciation	(4,749,184)	(5,285,734)
Buildings and structures, net	2,815,141	4,414,919
Machinery, equipment and vehicles	9,841,487	13,028,262
Accumulated depreciation	(7,702,186)	(8,637,616)
Machinery, equipment and vehicles, net	2,139,301	4,390,646
Land	768,167	781,069
Lease assets	1,136,742	1,195,418
Accumulated depreciation	(476,051)	(544,389)
Lease assets, net	660,690	651,028
Construction in process	2,260,999	435,353
Other	1,316,976	1,339,817
Accumulated depreciation	(1,156,989)	(1,164,351)
Other, net	159,987	175,465
Total property, plant and equipment	8,804,286	10,848,484
Intangible assets		
Other	50,795	69,712
Total intangible assets	50,795	69,712
Investments and other assets		
Investment securities	3,075,772	3,984,770
Long-term loans receivable	8,997	5,252
Deferred tax assets	399,428	185,805
Net defined benefit asset	253,111	689,111
Other	113,990	109,979
Allowance for doubtful accounts	(2,111)	(8)
Total investments and other assets	3,849,189	4,974,908
Total noncurrent assets	12,704,270	15,893,105
Total assets	31,389,652	33,932,069

	(Thousands of yen)	
	Fiscal 2014 (As of March 31, 2014)	Fiscal 2015 (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,255,505	3,768,598
Short-term loans payable	1,121,491	1,705,226
Current portion of long-term loans payable	1,932,912	2,127,768
Lease obligations	215,598	232,206
Accounts payable-other	1,747,879	1,435,350
Income taxes payable	147,730	206,077
Provision for bonuses	177,916	173,672
Other	481,346	626,093
Total current liabilities	10,080,381	10,274,994
Noncurrent liabilities		
Long-term loans payable	4,415,868	4,867,635
Lease obligations	495,768	475,185
Deferred tax liabilities	4,501	189,804
Net defined benefit liability	2,524,417	2,661,404
Provision for directors' retirement benefits	37,072	38,722
Other	50,600	50,600
Total noncurrent liabilities	7,528,227	8,283,370
Total liabilities	17,608,608	18,558,364
Net Assets		
Shareholders' equity		
Capital stock	3,144,929	3,144,929
Capital surplus	2,966,442	2,966,442
Retained earnings	8,623,463	9,312,118
Treasury stock	(68)	(68)
Total shareholders' equity	14,734,766	15,423,421
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	622,837	1,121,524
Deferred gains on hedges	(5,110)	33,194
Foreign currency translation adjustments	(187,061)	601,251
Remeasurements of defined benefit plans	(1,528,458)	(1,908,078)
Total accumulated other comprehensive income	(1,097,792)	(152,107)
Minority interests	144,069	102,390
Total net assets	13,781,043	15,373,704
Total liabilities and net assets	31,389,652	33,932,069

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

Consolidated Statements of Income

	(Thousands of yen)	
	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net sales	32,814,056	31,914,983
Cost of sales	26,329,988	25,944,411
Gross profit on sales	6,484,068	5,970,572
Selling, general and administrative expenses	5,528,497	5,577,915
Operating income	955,571	392,656
Non-operating income		
Interest income	4,790	812
Dividend income	19,649	23,894
Rent income	35,144	36,264
Equity in earnings of affiliates	97,018	112,473
Foreign exchange gains	166,412	578,836
Other	45,299	53,098
Total non-operating income	368,315	805,379
Non-operating expenses		
Interest expenses	133,865	151,575
Public offering expenses	23,385	—
Commissions paid	37,627	66,953
Other	13,761	11,812
Total non-operating expenses	208,640	230,341
Ordinary income	1,115,245	967,694
Extraordinary income		
Guarantees received	89,079	—
Total extraordinary income	89,079	—
Extraordinary losses		
Loss on retirement of noncurrent assets	29,985	34,470
Loss on change in equity	104,278	—
Total extraordinary losses	134,263	34,470
Income before income taxes and minority interests	1,070,062	933,223
Income taxes	350,892	376,869
Income taxes-deferred	67,504	(23,810)
Total income taxes	418,397	353,059
Income before minority interests	651,665	580,163
Minority interests in income (loss)	(13,824)	(29,904)
Net income	665,490	610,067

Consolidated Statements of Comprehensive Income

	(Thousands of yen)	
	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Income before minority interests	651,665	580,163
Other comprehensive income		
Valuation difference on other available-for-sale securities	123,050	498,465
Deferred gains (losses) on hedges	(30,416)	18,721
Foreign currency translation adjustments	388,414	638,673
Pension liability adjustment of foreign subsidiaries	(11,620)	—
Remeasurements of defined benefit plans	—	(370,549)
Share of other comprehensive income of associates accounted for using equity method	105,920	165,468
Total other comprehensive income	575,348	950,770
Total comprehensive income	1,227,013	1,530,934
Comprehensive income attributable to:		
Owners of the parent	1,224,443	1,555,752
Minority interests	2,569	(24,818)

(3) Consolidated Statements of Changes in Net Assets

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

(Thousands of yen)

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

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

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

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of fiscal year	3, 144, 929	2, 966, 442	8, 623, 463	(68)	14, 734, 766
Cumulative effect of changes in accounting policies			299, 073		299, 073
Balance at the beginning of year after reflecting changes in accounting policies	3, 144, 929	2, 966, 442	8, 922, 536	(68)	15, 033, 839
Changes during fiscal year					
Issuance of new shares					—
Dividends from surplus			(220, 485)		(220, 485)
Net income			610, 067		610, 067
Net changes of items other than shareholders' equity					—
Total changes during fiscal year	—	—	389, 581	—	389, 581
Balance at the end of fiscal year	3, 144, 929	2, 966, 442	9, 312, 118	(68)	15, 423, 421

	Other accumulated comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Pension liability adjustment of foreign subsidiaries	Total other accumulated comprehensive income		
Balance at the beginning of fiscal year	622, 837	(5, 110)	(187, 061)	(1, 528, 458)	—	(1, 097, 792)	144, 069	13, 781, 043
Cumulative effect of changes in accounting policies						—		299, 073
Balance at the beginning of year after reflecting changes in accounting policies	622, 837	(5, 110)	(187, 061)	(1, 528, 458)	—	(1, 097, 792)	144, 069	14, 080, 116
Changes during fiscal year								
Issuance of new shares						—		—
Dividends from surplus						—		(220, 485)
Net income						—		610, 067
Net changes of items other than shareholders' equity	498, 687	38, 304	788, 312	(379, 620)	—	945, 685	(41, 678)	904, 006
Total changes during fiscal year	498, 687	38, 304	788, 312	(379, 620)	—	945, 685	(41, 678)	1, 293, 588
Balance at the end of fiscal year	1, 121, 524	33, 194	601, 251	(1, 908, 078)	—	(152, 107)	102, 390	15, 373, 704

(4) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	1,070,062	933,223
Depreciation and amortization	914,014	1,115,662
Increase in provision for directors' retirement benefits	1,650	1,650
(Decrease) increase in provision for bonuses	(46,885)	(8,357)
Increase (decrease) in allowance for doubtful accounts	(2,979)	(13,065)
Increase (decrease) in net defined benefit liability	(27,814)	9,823
Interest and dividends income	(24,440)	(24,706)
Interest expenses	133,865	151,575
Foreign exchange (gains) losses	(35,170)	(267,108)
Equity in earnings of affiliates	(97,018)	(112,473)
Loss on retirement of noncurrent assets	29,985	34,470
Loss (gain) on change in equity	104,278	—
Decrease (increase) in notes and accounts receivable-trade	(2,147,017)	1,740,171
Increase in inventories	(624,983)	(308,160)
Increase (decrease) in notes and accounts payable-trade	324,513	(802,657)
(Decrease) increase in accrued consumption taxes	(52,417)	117,203
Other, net	88,867	(125,328)
Subtotal	(391,490)	2,441,923
Interest and dividends income received	134,220	106,308
Interest paid	(134,451)	(152,683)
Income taxes paid	(301,162)	(321,402)
Net cash provided by (used in) operating activities	(692,883)	2,074,146
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	(2,949,907)	(2,449,848)
Purchase of intangible assets	(12,271)	(30,170)
Purchase of investment securities	(6,576)	(6,622)
Purchase of stocks of affiliates	(142,136)	—
Proceeds from cancellation of insurance funds	15,599	—
Purchase of insurance funds	(4,993)	(2,928)
Other, net	(5,018)	(15,902)
Net cash used in investing activities	(3,105,304)	(2,505,472)

	(Thousands of yen)	
	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(91,377)	454,976
Proceeds from long-term loans payable	3,222,449	2,495,045
Repayment of long-term loans payable	(2,165,372)	(2,147,466)
Redemption of bonds	(200,000)	—
Proceeds from issuance of common stock	3,135,616	—
Proceeds from sale-and-leaseback transactions	432,475	214,288
Repayments of lease obligations	(216,341)	(235,255)
Cash dividends paid	(236,402)	(220,485)
Cash dividends paid to minority shareholders	(5,880)	(16,860)
Net cash (used in) provided by financing activities	3,875,166	544,242
Effect of exchange rate change on cash and cash equivalents	70,368	83,671
Net increase in cash and cash equivalents	147,346	196,587
Cash and cash equivalents at beginning of the fiscal year	2,258,659	2,406,006
Cash and cash equivalents at end of the fiscal year	2,406,006	2,602,593

(5) Notes to Consolidated Financial Statements
(Note Concerning Going Concern Assumption)

None.

(Changes in Accounting Policies)

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

With regard to Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; the “Retirement Benefit Accounting Standard”) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; the “Retirement Benefit Accounting Guidance”), the Company has adopted the stipulations of the body text of Article 35 of the Retirement Benefit Accounting Standard and the body text of Article 67 of the Retirement Benefit Accounting Guidance from April 1, 2014. As a result, the Company revised its calculation method of retirement benefit obligations and service costs, and changed its method for attributing estimated retirement benefits to accounting periods from the straight line method to the benefit formula method. At the same time, the method for determining the discount rate was changed to apply a single weighted-average discount rate reflecting the estimated period of benefit payments and amounts to be paid in each period. Formerly, this discount rate was based on a close approximation of the number of years the Company’s employees had on average until retirement.

In accordance with the transitional treatment stipulated by Article 37 of the Retirement Benefit Accounting Standard, as of April 1, 2014, the amounts that correspond to the effect of the change in the calculation method of retirement benefit obligations and service costs were added to, or deducted from, the starting balance of retained earnings for the fiscal year ended March 31, 2015.

As a result, the Company marked down the starting balance of net defined benefit liability by ¥238,882 thousand, marked up net defined benefit asset by ¥225,805 thousand, and marked up retained earnings by ¥299,073 thousand for the fiscal year ended March 31, 2015. This change will have only a negligible impact on operating income, ordinary income and income before income taxes and minority interests for the fiscal year ended March 31, 2015.

(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. 9, 2015) on March 31, 2015, the corporate income tax rate, etc. will be reduced from fiscal years beginning on or after April 1, 2015, 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, 2015 has been reduced from the previous 35.6% to 33.1%, and for temporary differences expected to reverse in the fiscal years beginning on April 1, 2016, has been reduced to 32.3%.

As a result of these changes in the tax rate, the amount of deferred tax liabilities (less the amount of deferred tax assets) was reduced by ¥7,513 thousand, while income taxes-deferred increased by ¥51,535 thousand, valuation difference on other available-for-sale securities increased by ¥54,486 million, deferred gains (losses) on hedges increased by ¥516 thousand, and remeasurements of defined benefit plans increased by ¥4,045 thousand.

(Segment Information)**a. Segment information****1 Overview of reporting segments**

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

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

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

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

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

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

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

Segment income for reporting segments represents operating income.

Intersegment sales and transactions are based on prevailing market prices.

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

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

(Thousands of yen)

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

*Notes: 1. Adjustments are as follows:

- (1) Adjustment for segment income of (¥1,384,807) thousand comprises elimination of intersegment transactions of ¥3,131 thousand and unallocated expenses of (¥1,387,939) thousand. Unallocated expenses are mainly general and administrative expenses.
- (2) Adjustment for segment assets of ¥2,271,118 thousand comprises elimination of intersegment transactions of (¥567,877) thousand and unallocated assets of ¥2,838,996 thousand. Major components of the unallocated assets are cash and deposits, property, plant and equipment, and investment securities.
2. Segment income is adjusted against the operating income recorded in the consolidated income statement.
3. Segment liabilities have not been reported, as they are serviced periodically in consolidation by the Company's highest decision making authority.

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

(Thousands of yen)

Reporting segment			Total	Adjustments ^{*1}	Amounts in the consolidated financial statements ^{*2}
	Collagen material business	Formula solution business			
Net sales					
Sales to third parties	22,959,664	8,955,319	31,914,983	—	31,914,983
Inter-segment sales and transfers	1,430,932	—	1,430,932	(1,430,932)	—
Total	24,390,597	8,955,319	33,345,916	(1,430,932)	31,914,983
Segment income	1,101,489	647,523	1,749,012	(1,356,356)	392,656
Segment assets	25,698,780	5,310,870	31,009,650	2,922,418	33,932,069
Other items					
Depreciation and amortization	981,423	98,226	1,079,649	36,012	1,115,662
Increase in property, plant and equipment and intangible assets	1,759,982	562,366	2,322,349	59,171	2,381,521

*Notes: 1. Adjustments are as follows:

- (1) Adjustment for segment income of (¥1,356,356) thousand comprises elimination of intersegment transactions of ¥2,370 thousand and unallocated expenses of (¥1,358,726) thousand. Unallocated expenses are mainly general and administrative expenses.
- (2) Adjustment for segment assets of ¥2,922,418 thousand comprises elimination of intersegment transactions of (¥524,815) thousand and unallocated assets of ¥3,447,234 thousand. Major components of the unallocated assets are cash and deposits, property, plant and equipment, and investment securities.
2. Segment income is adjusted against the operating income recorded in the consolidated income statement.
3. Segment liabilities have not been reported, as they are serviced periodically in consolidation by the Company's highest decision making authority.

b. Related information

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

1 Information by products and services

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

2 Information by countries and regions

(1) Net sales

(Thousands of yen)

Japan	Asia	U.S.	Canada	Other	Total
19,684,052	2,022,724	8,240,210	2,006,580	860,488	32,814,056

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

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	U.S.	Canada	Total
2,990,115	255,186	4,664,232	894,751	8,804,286

3 Information by main customer

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

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

(Thousands of yen)

Japan	Asia	U.S.	Canada	Other	Total
18,435,853	2,017,423	8,084,049	2,550,627	827,029	31,914,983

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

(2) Property, plant and equipment

(Thousands of yen)				
Japan	Asia	U.S.	Canada	Total
3,514,552	181,223	6,328,596	824,111	10,848,484

3 Information by main customer

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

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

No items to report

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

No items to report

e. Information on gain on negative goodwill by reporting segment

No items to report

(Per Share Information)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net assets per share	¥742.20	¥831.15
Net income per share	37.90	33.20

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 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net income (Thousands of yen)	665,490	610,067
Amounts not attributable to common shareholders (Thousands of yen)	—	—
Net income related to common shares (Thousands of yen)	665,490	610,067
Average number of common shares during the period (shares)	17,556,927	18,373,812

(Subsequent Events)

At a meeting of the Board of Directors held on April 24, 2015, Nitta Gelatin Inc. decided to acquire the convertible preferred shares of equity-method affiliate Nitta Gelatin India Ltd. (NGIL). Following this decision, Nitta Gelatin has determined that its involvement in NGIL's management has increased overall. Therefore, Nitta Gelatin has resolved to convert NGIL into a consolidated subsidiary. The details are outlined as follows.

1. Outline of business combination

(1) Name of acquired company and its business activities

Name of acquired company: Nitta Gelatin India Ltd.

Business activities: Production and sale of ossein from bovine bones, bovine gelatin and collagen peptide

(2) Main reasons for implementing business combination

This business combination was implemented to establish a framework for responding to market conditions with greater flexibility and to further strengthen the Company's global business platform.

(3) Business combination date

April 1, 2015 (effective acquisition date)

(4) Statutory basis for business combination

Control of decision-making bodies

(5) Name of company after business combination

No change

(6) Acquired voting interest

Voting interest held before the business combination 43.0%

Additional voting interest acquired on the business combination date -%

Voting interest after acquisition 43.0%

(7) Main rationale for deciding on acquisition target

Judging by a comprehensive range of factors, such as the reliance of NGIL's business on Nitta Gelatin and the level of personnel support, Nitta Gelatin's influence over NGIL had increased, and as a result, Nitta Gelatin was recognized to have control over NGIL's decision-making bodies.

2. Acquisition cost of acquired company and components

Consideration for acquisition ¥1,055 million

3. Difference between the acquisition cost for the acquired company and the total amount of the acquisition costs for each transaction leading to the acquisition

Nitta Gelatin expects to record a loss of ¥620 million in connection with the phased acquisition of NGIL.

4. Amount of goodwill, reason for goodwill, amortization method and amortization period

Nitta Gelatin is now closely examining the details.

5. Amount of assets and liabilities transferred on the business combination date and the main components

Nitta Gelatin is now closely examining the details.

4. Other

Change of Directors and Audit & Supervisory Board Members

1. Change of Representative Directors

A change in the representative director effective April 1, 2015 has already been disclosed on February 6, 2015.

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

New candidate for substitute Audit & Supervisory Board member

Outside substitute Audit & Supervisory Board member

Tomoaki Nishihara (currently Dean of Administration and Standing Member of the Board of Trustees, Matsuyama University)

(2) Other

No items to report.