



August 8, 2013

Consolidated Financial Results for the Three Months Ended June 30, 2013

(Japanese Accounting Standards)

Name of the Listed Company: **Nitta Gelatin Inc.**
 Listing: First Section of Tokyo Stock Exchange
 Stock code: 4977
 URL: <http://www.nitta-gelatin.co.jp>
 Representative: Norimichi Soga, Representative Director and President
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Scheduled date to file Quarterly Securities Report: August 8, 2013

Scheduled date to commence dividend payments: -

Supplementary explanatory materials prepared: No

Explanatory meeting: No

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

1. Consolidated financial results for the three months ended June 30, 2013

(from April 1, 2013 to June 30, 2013)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2013	7,992	13.0	451	(23.1)	562	(8.5)	375	(18.0)
June 30, 2012	7,071	—	587	—	615	—	458	—

Note: Comprehensive income

For the three months ended June 30, 2013: ¥530 million (283.9%)

For the three months ended June 30, 2012: ¥138 million (-%)

	Net income per share	Diluted net income per share
Three months ended June 30, 2013	Yen 23.84	Yen —
June 30, 2012	29.07	—

Note: The Company has not prepared consolidated financial statements for the three months ended June 30, 2011. Accordingly, the Company has not disclosed year-on-year comparisons between results for the three months ended June 30, 2012 and 2011.

Note: Consolidated financial results for the three months ended June 30, 2012 were adjusted retroactively, applying accounting policies that were changed in line with revisions of accounting standards.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2013	25,574	10,129	39.0
March 31, 2013	25,190	9,724	38.0

Reference: Equity

As of June 30, 2013: ¥9,976 million

As of March 31, 2013: ¥9,577 million

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

2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	–	6.00	–	8.00	14.00
Fiscal year ending March 31, 2014	–				
Fiscal year ending March 31, 2014 (Forecasts)		6.00	–	6.00	12.00

Note: Changes to most recent dividend forecasts: None

3. Consolidated financial forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2013	16,200	15.5	750	(16.8)	840	(11.4)	580	(18.2)	31.30
Fiscal year ending March 31, 2014	32,700	13.7	1,700	6.5	1,890	(4.5)	1,380	(9.5)	74.47

Note: Changes to most recent consolidated financial forecasts: None

Nitta Gelatin Inc. issued 2,400,000 shares of common stock in a public subscription for payment on July 29, 2013. In addition, the Company plans to allot 360,000 shares of common stock to SMBC Nikko Securities Inc. for payment on August 28, 2013 to cover the over-allotment of the public subscription. Consolidated net income per share forecast for the six months ending September 30, 2013 and the fiscal year ending March 31, 2014 was restated to include the issuance of 2,400,000 shares and the planned allotment of 360,000 shares.

Year-on-year changes to the consolidated financial forecasts for the fiscal year ended March 31, 2013 were adjusted retroactively, applying accounting policies that were changed in line with revisions of accounting standards.

Notes

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

New: None

Excluded: None

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: No

- (3) 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 “(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions” in “2. Matters Concerning Summary Information (Notes)” on page 5 of the Attachment Contents to this report.

(4) Number of common shares issued

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

As of June 30, 2013	15,770,074 shares
As of March 31, 2013	15,770,074 shares

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

As of June 30, 2013	162 shares
As of March 31, 2013	162 shares

- c. Average number of shares

For the three months ended June 30, 2013	15,769,912 shares
For the three months ended June 30, 2012	15,769,912 shares

* Disclosure of status of quarterly review procedure

Procedures for review of the quarterly financial statements pursuant to the Financial Instruments and Exchange Act were being implemented as of the time this report was released..

* 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 “(3) Description of Consolidated Business Forecasts and Other Forward-looking Information” in “1. Qualitative Information Concerning Quarterly Financial Statements” on page 4 of the Attachment Contents to this report.

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1. Qualitative Information Concerning Quarterly Financial Statements

As stated in “(3) Changes in Accounting Policies and Estimates, and Restatement of Revisions” in “2. Matters Concerning Summary Information (Notes),” certain overseas affiliate companies started applying the revised IAS 19 in the three months ended June 30, 2013. This change in accounting policy was also applied retroactively to restate the financial results from the same period of the previous fiscal year in year-on-year comparisons.

(1) Description of Business Results

In the first quarter of the year ending March 31, 2014, the global economy exhibited a firm undertone, continuing to recover gradually, despite the various issues it still faces. Meanwhile, expectations for economic recovery in Japan mounted as the yen depreciated and stock prices rose in line with the government’s economic policies and the Bank of Japan’s monetary easing.

Business conditions were challenging for the Nitta Gelatin Group, for this meant prices of raw materials for gelatin remained high, while energy costs in Japan and the cost of import procurements rose.

Against this backdrop, the Group worked to provide products and services a step ahead of customers’ expectations, develop new products, cultivate new markets and reduce costs under the slogan of “Amaze the World!” and a basic strategy to “Win out!! in growing Asian market”.

As a result, in the first quarter of the fiscal year ending March 31, 2014, net sales increased 13.0% year on year to ¥7,992 million. By contrast, operating income fell 23.1% to ¥451 million, ordinary income was down 8.5% to ¥562 million and net income decreased 18.0% to ¥375 million.

Segment business performance was as follows:

(a) Collagen Material Business

In the gelatin field, sales of edible gelatin and gelatin for capsules performed strongly in Japan. In overseas markets, sales increased due to price revisions backed by buoyant demand.

Collagen peptide sales increased year on year mainly reflecting increases in the Asian market, despite stagnating sales in Japan.

Collagen casing sales were flat, as sales in Europe and China decreased in contrast to

strong North American market demand.

As a result, net sales in the segment were up 20.4% year on year to ¥5,279 million and segment profit (operating income) was down 18.4% to ¥444 million.

(b) Formula Solution Business

Sales of food materials increased on firm trends in ingredients for confectionary and desserts, and for ham and sausages.

In adhesives, overall sales were mostly flat due to sluggish sales of hot-melt adhesives offsetting firm sales of sealants (high-performance gaskets).

As a result, net sales in the segment were up 1.0% year on year to ¥2,713 million. Segment profit (operating income) was down 13.1% to ¥334 million.

(2) Description of Financial Position

Assets, liabilities and net assets

(Assets)

Total assets amounted to ¥25,574 million at June 30, 2013, ¥384 million higher than at March 31, 2013. This was mainly attributable to a ¥646 million increase in inventories including merchandise and finished goods and a ¥352 million increase in property, plant and equipment in line with a renewal of collagen casing production facilities and the construction of a collagen peptide plant. Those increases were partly offset by a ¥577 million decrease in cash and deposits and a ¥183 million decrease in notes and accounts receivable-trade.

(Liabilities)

Total liabilities stood at ¥15,445 million at June 30, 2013, ¥20 million lower than at March 31, 2013. This was because noncurrent liabilities decreased ¥380 million due mainly to a ¥351 million decrease in long-term loans payable. That decrease was partly offset by a ¥359 million increase in current liabilities mainly attributable to a ¥155 million increase in notes and accounts payable-trade and a ¥103 million increase in provision for bonuses.

(Net assets)

Net assets increased ¥404 million to ¥10,129 million. This was mainly attributable to a ¥173 million increase in foreign currency translation adjustments and a ¥249 million

increase in retained earnings.

As a result, the equity ratio stood at 39.0% as of June 30, 2013, compared to 38.0% at March 31, 2013. Net assets per share increased from ¥607.31 to ¥632.62.

(3) Description of Consolidated Business Forecasts and Other Forward-looking Information

The Group has not revised its consolidated business forecasts for the fiscal year ending March 31, 2014, which were announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Japanese Accounting Standards)” on May 10, 2013.

Nitta Gelatin Inc. issued 2,400,000 shares of common stock in a public subscription for payment on July 29, 2013. In addition, the Company plans to allot 360,000 shares of common stock to SMBC Nikko Securities Inc. for payment on August 28, 2013 to cover the over-allotment of the public subscription. Consolidated net income per share forecast for the six months ending September 30, 2013 and the fiscal year ending March 31, 2014 was restated to include the issuance of 2,400,000 shares and the planned allotment of 360,000 shares.

***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.

2. Matters Concerning Summary Information (Notes)

(1) Significant Changes in Subsidiaries During the Quarterly Period Under Review

None

(2) Application of Special Accounting Methods in the Preparation of Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Policies and Estimates, and Restatement of Revisions

Certain overseas affiliate companies started applying IAS 19 Employee Benefits (June 16, 2011) in the three months ended June 30, 2013. This change in accounting policy was also applied retroactively to restate results for the three months ended June 30, 2012 and the year ended March 31, 2013 in the Quarterly Consolidated Financial Statements and the Consolidated Financial Statements.

As a result, net income for the three months ended June 30, 2012 decreased ¥3 million after restatement. Moreover, net assets as of April 1, 2012 was restated ¥153 million lower to mainly reflect the accumulative impact of this accounting policy change.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2013 (As of March 31, 2013)	1Q Fiscal 2014 (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	2,278,659	1,700,747
Notes and accounts receivable-trade	5,839,913	5,656,396
Merchandise and finished goods	4,404,789	4,806,323
Work in process	918,045	1,059,013
Raw materials and supplies	1,508,837	1,613,066
Other	385,762	428,573
Allowance for doubtful accounts	(16,176)	(16,326)
Total current assets	15,319,831	15,247,794
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,792,208	2,857,535
Machinery, equipment and vehicles, net	1,343,676	1,310,945
Other, net	2,151,627	2,471,825
Total property, plant and equipment	6,287,512	6,640,307
Intangible assets		
Other	48,696	46,513
Total intangible assets	48,696	46,513
Investments and other assets		
Investment securities	2,768,381	2,920,429
Other	767,704	721,330
Allowance for doubtful accounts	(1,809)	(1,528)
Total investments and other assets	3,534,277	3,640,230
Total noncurrent assets	9,870,486	10,327,051
Total assets	25,190,318	25,574,845

(Thousands of yen)

	Fiscal 2013 (As of March 31, 2013)	1Q Fiscal 2014 (As of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,736,664	3,891,818
Short-term loans payable	1,145,432	1,194,303
Current portion of long-term loans payable	2,068,482	2,052,192
Current portion of bonds	200,000	200,000
Income taxes payable	81,273	160,344
Provision for bonuses	220,847	324,048
Other	2,184,378	2,174,266
Total current liabilities	9,637,079	9,996,973
Noncurrent liabilities		
Long-term loans payable	3,142,014	2,790,295
Provision for retirement benefits	2,276,795	2,284,441
Provision for directors' retirement benefits	35,422	35,422
Other	374,344	338,291
Total noncurrent liabilities	5,828,575	5,448,450
Total liabilities	15,465,655	15,445,424
Net Assets		
Shareholders' equity		
Capital stock	1,577,121	1,577,121
Capital surplus	1,398,633	1,398,633
Retained earnings	8,194,375	8,444,180
Treasury stock	(68)	(68)
Total shareholders' equity	11,170,062	11,419,867
Accumulated other comprehensive income (loss)		
Valuation difference on other available-for-sale securities	499,868	576,613
Deferred gains (losses) on hedges	27,858	(13,101)
Foreign currency translation adjustments	(667,634)	(493,713)
Pension liability adjustment of foreign subsidiaries	(1,452,870)	(1,513,272)
Total accumulated other comprehensive income (loss)	(1,592,778)	(1,443,473)
Minority interests	147,379	153,026
Total net assets	9,724,663	10,129,421
Total liabilities and net assets	25,190,318	25,574,845

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

Consolidated Statements of Income

(First quarter consolidated cumulative accounting period)

	(Thousands of yen)	
	1Q Fiscal 2013 (From April 1, 2012 to June 30, 2012)	1Q Fiscal 2014 (From April 1, 2013 to June 30, 2013)
Net sales	7,071,616	7,992,993
Cost of sales	5,257,107	6,229,307
Gross profit on sales	1,814,508	1,763,686
Selling, general and administrative expenses	1,227,107	1,311,740
Operating income	587,401	451,945
Non-operating income		
Interest income	131	198
Dividend income	9,113	9,278
Foreign exchange gains	—	64,584
Equity in earnings of affiliates	63,051	53,621
Other	21,769	25,138
Total non-operating income	94,065	152,820
Non-operating expenses		
Interest expenses	38,513	35,103
Foreign exchange losses	23,173	—
Other	4,728	7,027
Total non-operating expenses	66,416	42,131
Ordinary income	615,049	562,635
Extraordinary income		
Gain on sales of noncurrent assets	10,897	—
Total extraordinary income	10,897	—
Extraordinary losses		
Loss on retirement of noncurrent assets	—	8,454
Loss on valuation of investment securities	9,871	—
Total extraordinary losses	9,871	8,454
Income before income taxes and minority interests	616,075	554,180
Income taxes	154,980	179,793
Income before minority interests	461,094	374,386
Minority interests in income (loss)	2,735	(1,578)
Net income	458,359	375,964

Consolidated Statements of Comprehensive Income
(First quarter consolidated cumulative accounting period)

	(Thousands of yen)	
	1Q Fiscal 2013 (From April 1, 2012 to June 30, 2012)	1Q Fiscal 2014 (From April 1, 2013 to June 30, 2013)
Income before minority interests	461,094	374,386
Other comprehensive income (loss)		
Valuation difference on other available-for-sale securities	(82,787)	76,807
Deferred losses on hedges	(16,649)	(12,754)
Foreign currency translation adjustments	(175,747)	212,790
Pension liability adjustment of foreign subsidiaries	50,209	(60,401)
Share of other comprehensive loss of associates accounted for using equity method	(97,810)	(59,910)
Total other comprehensive income (loss)	(322,786)	156,530
Total comprehensive income	138,308	530,917
Comprehensive income attributable to:		
Owners of the parent	134,772	525,270
Minority interests	3,536	5,647

(4) Notes to Quarterly Consolidated Financial Statements

(Note Concerning Going Concern Assumption)

None

(Note Concerning Significant Changes in Shareholders' Equity)

None

(Segment Information)

I. First three months of the fiscal year ended March 31, 2013 (From April 1, 2012 to June 30, 2012)

1. Information on net sales, income and loss by reporting segment

(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	4,384,495	2,687,120	7,071,616	—	7,071,616
Inter-segment sales and transfers	307,743	—	307,743	(307,743)	—
Total	4,692,239	2,687,120	7,379,359	(307,743)	7,071,616
Segment income	545,060	384,930	929,991	(342,590)	587,401

(Notes) 1. Adjustment for segment income of -¥342,590 thousand comprises elimination of intersegment transactions of ¥677 thousand and unallocated expenses of ¥343,267 thousand.

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

2. Information on impairment loss on noncurrent assets and goodwill by reporting segments

No items to report

II. First three months of the fiscal year ending March 31, 2014 (From April 1, 2013 to June 30, 2013)

1. Information on net sales, income and loss by reporting segment

(Thousands of yen)

Reporting segment		Total	Adjustments ^{*1}	Amounts in the consolidated financial statements ^{*2}
	Collagen material business			
Net sales				
Sales to third parties	5,279,632	2,713,360	7,992,993	—
Inter-segment sales and transfers	329,131	—	329,131	(329,131)
Total	5,608,763	2,713,360	8,322,124	(329,131)
Segment income	444,927	334,641	779,569	(327,623)

(Notes) 1. Adjustment for segment income of -¥327,623 thousand comprises elimination of intersegment transactions of ¥525 thousand and unallocated expenses of ¥328,149 thousand.

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

2. Information on impairment loss on noncurrent assets and goodwill by reporting segments

No items to report

3. Matters Concerning Changes in Reporting Segments

Certain overseas affiliate companies started applying IAS 19 Employee Benefits (June 16, 2011) in the three months ended June 30, 2013. This change in accounting policy was also applied retroactively to restate results for the three months ended June 30, 2012 and the year ended March 31, 2013 in the Quarterly Consolidated Financial Statements and the Consolidated Financial Statements.

As a result, segment profit for Collagen Material Business for the three months ended June 30, 2012 decreased by ¥4 million after restatement.

(Subsequent Events)

(Public subscription and third-party allotment)

The Company passed a resolution regarding the issuance of new shares and the offer of existing shares at a Board of Directors' meeting held on July 10, 2013. Payment for this issuance of new shares in a public subscription was received on July 29, 2013. Details are as follows.

1. Issuance of New Shares in a Public Subscription (General Subscription)

(1) Class and number of shares for public subscription:

2,400,000 shares of Nitta Gelatin common stock

(2) Issuance price: ¥1,256 per share

(3) Total issuance price: ¥3,014,400,000

(4) Amount to be paid in: ¥1,204.2 per share

(5) Total amount to be paid in: ¥2,890,080,000

(6) Amount of increase in capital and capital reserves:

Amount of increase in capital ¥1,445,040,000

Amount of increase in capital reserves ¥1,445,040,000

(7) Due date of payment: Monday, July 29, 2013

2. Shares on Offer (to Cover Over-allotment)

(1) Number of shares on offer: 360,000 shares

(2) Offer price: ¥1,256 per share

(3) Total offer price: ¥452,160,000

(4) Delivery date of shares: Tuesday, July 30, 2013

3. Issuance of New Shares for Third-Party Allotment (the "Third-Party Allotment")

(1) Class and number of shares for issue:

360,000 shares of Nitta Gelatin common stock

(2) Amount to be paid in: ¥1,204.2 per share

(3) Total amount to be paid in: Up to ¥433,512,000

(4) Amount of increase in capital and capital reserves:

Amount of increase in capital Up to ¥216,756,000

Amount of increase in capital reserves Up to ¥216,756,000

(5) Number of shares and recipient of the allotment

SMBC Nikko Securities Inc. 360,000 shares

(6) Subscription date: Tuesday, August 27, 2013

(7) Due date of payment: Wednesday, August 28, 2013

4. Use of Proceeds

Capital investment at Nitta Gelatin's Osaka Plant and fund investment and loans to Nitta Gelatin's consolidated subsidiaries, etc.