



February 8, 2013

Consolidated Financial Results for the Nine Months Ended December 31, 2012

(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: February 12, 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 nine months ended December 31, 2012

(from April 1, 2012 to December 31, 2012)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2012	21,310	2.1	1,195	(26.2)	1,458	(3.9)	1,068	17.8
December 31, 2011	20,870	—	1,620	—	1,518	—	906	—

(Note) Comprehensive income

For the nine months ended December 31, 2012: ¥1,266 million (167.0%)

For the nine months ended December 31, 2011: ¥474 million (-%)

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2012	67.73	—
December 31, 2011	68.56	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2012	24,695	9,216	36.8
March 31, 2012	23,371	8,108	34.4

(Reference) Equity

As of December 31, 2012: ¥9,076 million

As of March 31, 2012: ¥8,033 million

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, 2012	–	2.00	–	8.00	10.00
Fiscal year ending March 31, 2013	–	6.00	–		
Fiscal year ending March 31, 2013 (Forecasts)				8.00	14.00

Notes: 1. Changes to most recent consolidated financial forecasts: Yes

2. Breakdown of dividends forecast for the March 31, 2013 fiscal year-end: ¥6.00 in ordinary dividend and ¥2.00 in commemorative dividend per share. For details, please refer to the “Notice Regarding Year-end Dividend Forecast Revision (Commemorative Dividend for Listing on the First Section of the Tokyo Stock Exchange) for the Year Ending March 31, 2013” released today (February 8, 2013).

3. Consolidated financial forecasts for the fiscal year ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2013	28,900	4.1	2,070	2.7	2,100	4.9	1,370	(0.4)	86.87

(Note) Changes to most recent consolidated financial forecasts: None

Notes

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

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

Excluded: None

(2) 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 standards due to revisions to accounting standards and other guidelines: Yes

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

c. Changes in accounting estimates: Yes

d. Restatement of revisions: No

Note: For details, please refer to “(2) Changes in Accounting Policies and 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 December 31, 2012 15,770,074 shares

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

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

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

c. Average number of shares

For the nine months ended December 31, 2012	15,769,912 shares
For the nine months ended December 31, 2011	12,814,808 shares

* Disclosure of status of quarterly review procedure

This report falls outside the scope of quarterly review procedures as laid out in the Financial Instruments and Exchange Act. As of the time of the release of this report, the review of the financial statements, etc., outlined in the Act had not yet 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 “Qualitative Information Concerning Consolidated Business Forecasts” on page 4 of the Attachment Contents to this report.

Attachment Contents

1. Qualitative Information Concerning Quarterly Financial Statements	2
(1) Qualitative Information Concerning Consolidated Business Results.....	2
(2) Qualitative Information Concerning Consolidated Financial Position.....	3
(3) Qualitative Information Concerning Consolidated Business Forecasts.....	4
2. Matters Concerning Summary Information (Notes)	5
(1) Significant Changes in Subsidiaries During the Quarterly Period Under Review.....	5
(2) Changes in Accounting Policies and Estimates, and Restatement of Revisions.....	5
3. Quarterly Consolidated Financial Statements	6
(1) Consolidated Balance Sheets.....	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	8
(3) Note Concerning Going Concern Assumption.....	10
(4) Note Concerning Significant Changes in Shareholders' Equity.....	10
(5) Segment Information.....	10

1. Qualitative Information Concerning Quarterly Financial Statements

(1) Qualitative Information Concerning Consolidated Business Results

In the first nine months of the year ending March 31, 2013, overseas economies remained on a weak recovery track on the whole. Although the U.S. economy continued to stage a gradual recovery, the European debt problem and financial crisis persisted, along with slowing expansion in the Indian and Chinese economies and flat growth in the Southeast Asian economies. On the other hand, the Japanese economy showed signs of gradual recovery related to demand generated by post-quake reconstruction. Deflation spread, however, due to factors such as the global economic slowdown, anemic exports due to the yen's protracted appreciation, and concerns about the impact of Japan's strained diplomatic relations with other countries on economic activity.

As the advent of a new government administration brought hopes of policies to escape deflation, the economic outlook improved in some aspects due mainly to the abrupt depreciation of the yen and the rise in the Nikkei Stock Average, but the sense of uncertainty about Japan's economic prospects continued.

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

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

As a result, in the nine months of the fiscal year ending March 31, 2013, net sales were up 2.1% year on year to ¥21,310 million. Operating income was down 26.2% to ¥1,195 million due to a rise in energy costs in Japan and the yen depreciating. Ordinary income was held to a decrease of 3.9% to ¥1,458 million on account of an increase in equity in earnings of affiliates and a foreign exchange gain. Net income increased 17.8% to ¥1,068 million, mainly because of lower income taxes.

Segment business performance was as follows:

(a) Collagen Material Business

In the gelatin field, the Group posted sharply lower photographic gelatin sales. However, sales of gelatin for capsules performed strongly in Japan. Meanwhile, sales of edible gelatin in Japan declined, reflecting the end of a temporary boost in sales from

post-quake demand in the first nine months of the previous fiscal year and a decline in the unit sales prices for food manufacturers. In overseas markets, on the other hand, sales increased due to buoyant demand for edible gelatin and gelatin for capsules. Another contributing factor was the positive impact of the revision of gelatin prices to the Group's advantage.

Collagen peptide sales declined year on year, mainly reflecting falling sales prices in Japan, intensified competition with other materials in the health foods market, and due to delays in the Group's development of the Chinese market.

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

As a result, net sales in the segment were up 4.4% year on year to ¥13,587 million and segment profit (operating income) was down 27.4% to ¥1,315 million.

(b) Formula Solution Business

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

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

As a result, net sales in the segment were down 1.6% year on year to ¥7,722 million. Segment profit (operating income) was up 10.0% to ¥897 million, as prices of raw materials for adhesives stopped increasing.

(2) Qualitative Information Concerning Consolidated Financial Position

(a) Assets, liabilities and net assets

Total assets amounted to ¥24,695 million at December 31, 2012, ¥1,323 million higher than at March 31, 2012.

(Current assets)

Current assets increased ¥378 million from March 31, 2012 to ¥15,314 million. This

was mainly due to a ¥503 million increase in inventories.

(Noncurrent assets)

Noncurrent assets increased ¥945 million from March 31, 2012 to ¥9,381 million at December 31, 2012. This was mainly due to a ¥611 million increase in property, plant and equipment in line with capital expenditures, and a ¥292 million increase in investment securities primarily caused by increased market value.

(Current liabilities)

Current liabilities stood at ¥9,462 million at December 31, 2012, ¥286 million higher than at March 31, 2012. This was attributable to a ¥323 million decrease in income taxes payable which was partly offset by a ¥273 million increase in notes and accounts payable-trade, and a ¥362 million increase in the current portion of long-term loans payable.

(Noncurrent liabilities)

Noncurrent liabilities decreased ¥71 million to ¥6,016 million. This was mainly due to a ¥200 million decrease in bonds payable and a ¥120 million decrease in provision for retirement benefits, which were partly offset by a ¥296 million increase in long-term loans payable.

(Net assets)

Net assets increased ¥1,108 million to ¥9,216 million. The main contributing factors were a ¥229 million rise in foreign currency translation adjustments in line with the yen's depreciation from the previous fiscal year-end, and a ¥847 million increase in retained earnings.

As a result, the equity ratio stood at 36.8% as of December 31, 2012, compared to 34.4% at March 31, 2012.

(3) Qualitative Information Concerning Consolidated Business Forecasts

The Group has not revised its consolidated business forecasts for the fiscal year ending March 31, 2013, which were announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (Japanese Accounting Standards)” on May 11, 2012.

Actual business and other results may differ substantially from projections due to

various factors.

2. Matters Concerning Summary Information (Notes)

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

Beijing Nitta Collagen Casing Co., Ltd., a joint venture company, was established in September 2012 with Beijing Qiushi Agriculture Development Co., Ltd., a sheep casing processing company in Beijing, for the purpose of expanding sales of collagen casing in China. Beijing Nitta Collagen Casing Co., Ltd. was included in the scope of consolidation from the second quarter of the fiscal year ending March 31, 2013.

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

(Changes in Depreciation Method)

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

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

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2012 (As of March 31, 2012)	3Q Fiscal 2013 (As of December 31, 2012)
Assets		
Current assets		
Cash and deposits	2,098,305	1,993,467
Notes and accounts receivable-trade	6,449,185	6,291,036
Merchandise and finished goods	4,011,191	4,242,612
Work in process	651,952	786,661
Raw materials and supplies	1,308,008	1,445,284
Other	431,247	573,090
Allowance for doubtful accounts	(14,013)	(18,089)
Total current assets	14,935,878	15,314,062
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,519,511	2,677,403
Machinery, equipment and vehicles, net	1,160,053	1,118,457
Other, net	1,707,611	2,202,444
Total property, plant and equipment	5,387,176	5,998,305
Intangible assets		
Other	18,491	43,841
Total intangible assets	18,491	43,841
Investments and other assets		
Investment securities	2,055,225	2,347,503
Other	976,926	993,253
Allowance for doubtful accounts	(1,814)	(1,753)
Total investments and other assets	3,030,338	3,339,003
Total noncurrent assets	8,436,005	9,381,150
Total assets	23,371,884	24,695,212

(Thousands of yen)

	Fiscal 2012 (As of March 31, 2012)	3Q Fiscal 2013 (As of December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,476,611	3,750,307
Short-term loans payable	925,340	996,585
Current portion of long-term loans payable	1,878,380	2,241,301
Current portion of bonds	330,000	200,000
Income taxes payable	387,141	63,883
Provision for bonuses	235,319	111,246
Other	1,943,430	2,099,224
Total current liabilities	9,176,223	9,462,547
Noncurrent liabilities		
Bonds payable	200,000	—
Long-term loans payable	3,261,365	3,557,802
Provision for retirement benefits	2,158,327	2,037,414
Provision for directors' retirement benefits	33,772	35,009
Other	434,018	385,997
Total noncurrent liabilities	6,087,483	6,016,223
Total liabilities	15,263,707	15,478,771
Net Assets		
Shareholders' equity		
Capital stock	1,577,121	1,577,121
Capital surplus	1,398,633	1,398,633
Retained earnings	6,889,910	7,737,254
Treasury stock	(68)	(68)
Total shareholders' equity	9,865,597	10,712,940
Accumulated other comprehensive income (loss)		
Valuation difference on other available-for-sale securities	416,438	395,264
Deferred gains on hedges	6,173	27,235
Foreign currency translation adjustments	(1,350,928)	(1,121,867)
Pension liability adjustment of foreign subsidiaries	(903,985)	(937,410)
Total accumulated other comprehensive income (loss)	(1,832,302)	(1,636,777)
Minority interests	74,881	140,278
Total net assets	8,108,176	9,216,441
Total liabilities and net assets	23,371,884	24,695,212

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

Consolidated Statements of Income

	(Thousands of yen)	
	3Q Fiscal 2012 (From April 1, 2011 to December 31, 2011)	3Q Fiscal 2013 (From April 1, 2012 to December 31, 2012)
Net sales	20,870,294	21,310,129
Cost of sales	15,607,080	16,361,577
Gross profit on sales	5,263,213	4,948,551
Selling, general and administrative expenses	3,642,705	3,752,619
Operating income	1,620,507	1,195,931
Non-operating income		
Interest income	566	673
Dividend income	16,950	18,856
Foreign exchange gains	—	63,868
Equity in earnings of affiliates	74,240	238,158
Other	52,084	75,944
Total non-operating income	143,841	397,500
Non-operating expenses		
Interest expenses	132,285	112,977
Foreign exchange losses	50,025	—
Public offering expenses	44,726	—
Other	18,881	21,870
Total non-operating expenses	245,919	134,847
Ordinary income	1,518,430	1,458,584
Extraordinary income		
Gain on sales of noncurrent assets	268	15,701
Total extraordinary income	268	15,701
Extraordinary losses		
Loss on retirement of noncurrent assets	20,000	9,165
Loss on valuation of investment securities	10,246	15,177
Loss on valuation of golf club memberships	4,500	—
Total extraordinary losses	34,746	24,343
Income before income taxes and minority interests	1,483,951	1,449,942
Income taxes	570,323	378,162
Income before minority interests	913,628	1,071,780
Minority interests in income	7,109	3,657
Net income	906,518	1,068,122

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	3Q Fiscal 2012 (From April 1, 2011 to December 31, 2011)	3Q Fiscal 2013 (From April 1, 2012 to December 31, 2012)
Income before minority interests	913,628	1,071,780
Other comprehensive income (loss)		
Valuation difference on other available-for-sale securities	(24,401)	(21,229)
Deferred losses on hedges	(9,761)	16,103
Foreign currency translation adjustments	(277,495)	231,218
Pension liability adjustment of foreign subsidiaries	78,369	(33,425)
Share of other comprehensive loss of associates accounted for using equity method	(205,934)	2,016
Total other comprehensive loss	(439,223)	194,683
Total comprehensive income	474,404	1,266,463
Comprehensive income attributable to:		
Owners of the parent	467,269	1,263,647
Minority interests	7,135	2,816

(3) Note Concerning Going Concern Assumption

None

(4) Note Concerning Significant Changes in Shareholders' Equity

None

(5) Segment Information

(Segment information)

I. First nine months of the fiscal year ended March 31, 2012 (From April 1, 2011 to December 31, 2011)

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

(Thousands of yen)

Reporting segment		Collagen material business	Formula solution business	Total	Adjustments ^{*1}	Amounts in the consolidated financial statements ^{*2}
Net sales						
Sales to third parties	13,019,611		7,850,682	20,870,294	—	20,870,294
Inter-segment sales and transfers	1,032,630		—	1,032,630	(1,032,630)	—
Total	14,052,242		7,850,682	21,902,924	(1,032,630)	20,870,294
Segment income	1,811,581		816,012	2,627,593	(1,007,086)	1,620,507

(Notes) 1. Adjustment for segment income of -¥1,007,086 thousand comprises elimination of intersegment transactions of ¥4,545 thousand and unallocated expenses of ¥1,011,632 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 nine months of the fiscal year ending March 31, 2013 (From April 1, 2012 to December 31, 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	13,587,569	7,722,559	21,310,129	—	21,310,129
Inter-segment sales and transfers	1,002,929	—	1,002,929	(1,002,929)	—
Total	14,590,498	7,722,559	22,313,058	(1,002,929)	21,310,129
Segment income	1,315,199	897,393	2,212,592	(1,016,660)	1,195,931

(Notes) 1. Adjustment for segment income of -¥1,016,660 thousand comprises elimination of intersegment transactions of ¥2,281 thousand and unallocated expenses of ¥1,018,941 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