



December 20, 2011

Consolidated Financial Results for the Six Months Ended September 30, 2011

(Japanese Accounting Standards)

Name of the Listed Company: **Nitta Gelatin Inc.**
 Listing: 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: November 11, 2011

Scheduled date to commence dividend payments: December 8, 2011

Supplementary explanatory materials prepared: No

Explanatory meeting: No

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

1. Consolidated financial results for the six months ended September 30, 2011

(from April 1, 2011 to September 30, 2011)

(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	%
Six months ended September 30, 2011	14,311	—	1,265	—	1,186	—	777	—
September 30, 2010	—	—	—	—	—	—	—	—

Note: Comprehensive income

For the six months ended September 30, 2011: ¥324 million (-%)

For the six months ended September 30, 2010: - (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2011	59.90	—
September 30, 2010	—	—

Note: Consolidated operating results for the six months ended September 30, 2010 and year-on-year percentage changes are not shown, as Nitta Gelatin did not prepare consolidated financial statements for the six months ended September 30, 2010.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2011	22,159	5,950	26.6
March 31, 2011	21,466	6,185	28.5

Reference: Equity:

As of September 30, 2011: ¥5,892 million

As of March 31, 2011: ¥6,125 million

2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2011	—	1.875	—	1.875	3.75
Fiscal year ending March 31, 2012	—	2.00			
Year ending March 31, 2012 (Forecasts)			—	8.00	10.00

Note: Changes from the most recently disclosed dividends forecast: None

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

The Company conducted a stock split on April 1, 2011, at a ratio of two shares of common stock for each one share of common stock. Note, however, that the figures for cash dividends per share have been calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

3. Consolidated financial forecasts for the fiscal year ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(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, 2012	28,194	1.0	2,060	38.5	2,017	45.8	1,308	24.4	94.78

Note: Changes from the most recently disclosed consolidated financial forecasts: None

4. Others

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

New: — (company name)

Excluded: — (company name)

(2) Adoption of special accounting procedures in preparing the 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: No

d. Restatement of revisions: No

(4) Number of common shares issued

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

As of September 30, 2011 12,733,874 shares

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

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

As of September 30, 2011 219,092 shares

As of March 31, 2011 219,006 shares

c. Average number of shares

For the six months ended September 30, 2011	12,514,819 shares
For the six months ended September 30, 2010	12,515,062 shares

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

* 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 been concluded.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including financial forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

For details on the conditions assumed and the cautionary notes and items in the financial forecasts, please refer to the attached Qualitative Information Concerning Consolidated Business Forecasts on page 4 of this report.

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1. Qualitative Information Concerning Quarterly Financial Statements

(1) Qualitative Information Concerning Consolidated Business Results

In the first half of the year ending March 31, 2012, overseas, the business environment surrounding the Nitta Gelatin Group was characterized by sustained economic growth in the Asian region, including China and India, primarily driven by growth in internal demand, as well as a soft economic recovery in the U.S. and Europe. Meanwhile, Japan's economy rebounded on the whole, supported by a gradual pick up in consumer spending as well as the restoration of supply chains impacted by the Great East Japan Earthquake, and various economic stimulus measures by the government. On the other hand, the economic outlook remains uncertain due to the protracted, historic appreciation of the yen against the backdrop of the European debt crisis and other developments, as well as continued deflation and concerns about employment conditions.

Against this backdrop, the Nitta Gelatin Group has adopted three basic management policies: (1) Beyond the customers' expectations; (2) Globalization & innovation; and (3) Focusing and concentration. Guided by these policies, we have actively worked to develop new products and cultivate new markets while concentrating on rising above the challenging business conditions in order to provide products and services that satisfy our customers. Moreover, the Group shifted certain products planned for sale overseas to Japan, in response to increased domestic demand mainly stemming from earthquake-related demand. This had the effect of pushing up both net sales and earnings. At the same time, the yen conversions of sales, procurement and other items denominated in foreign currencies were lower than initially expected. This had the effect of pushing down net sales, but boosting earnings. As a result, in the first half of the fiscal year ending March 31, 2012, net sales were ¥14,311 million, mainly reflecting higher sales of gelatin and food materials in Japan, buoyed by firm demand in the food product market. In addition, we reported operating income of ¥1,265 million, ordinary income of ¥1,186 million and net income of ¥777 million.

Segment business performance was as follows:

a) Collagen Material Business

In the gelatin field, edible gelatin performed strongly in Japan, particularly for use in convenience store delicatessen items, dairy-sector products, and as household gelatin powder. This mainly reflected a firm increase in demand in the food product market, primarily underpinned by earthquake-related demand. On the other hand, sales of gelatin capsules for the pharmaceutical sector languished chiefly due to falling market

prices. In addition, photographic gelatin sales held firm, supported by sales of gelatin mainly for use in photographic films and X-ray films. In overseas markets, gelatin sales in both North America and Asia declined, as we gave first priority to the supply of products to the Japanese market.

Collagen peptide sales declined year on year, mainly reflecting the absence of any rebound in falling prices in Japan as a result of a decline in consumer sentiment for dietary supplements in the wake of the Great East Japan Earthquake, as well as slowing sales volume to the Asia region due to import restrictions on Japanese products in certain Asian countries following the nuclear power plant accident.

In collagen casing, the Company benefited from favorable prices in the U.S., leading to higher sales of products centered on collagen casings for snack sausages. Exports of collagen casings to Europe also grew steadily.

As a result, net sales in the segment were ¥8,989 million and segment profit was ¥1,310 million.

b) Formula Solution Business

In food materials, the Company reported steady growth in sales of stabilizers for ham and sausage, and mix for delicatessen items, in addition to mainstay gelling agents, mainly for use in convenience store desserts and heat-and-serve meals. In adhesives, sales increased robustly for hot melt adhesives for packaging applications in the beverage and food sectors. However, sales of hot melt adhesives for bookbinding applications continued to decrease due to weak conditions in the publishing sector.

As a result, net sales in this segment were ¥5,322 million and segment profit was ¥598 million.

(2) Qualitative Information Concerning Consolidated Financial Position

Total assets amounted to ¥22,159 million at September 30, 2011, ¥692 million higher than at March 31, 2011.

Current assets rose ¥1,129 million from March 31, 2011 to ¥13,997 million. This was attributable to a ¥816 million increase in notes and accounts receivable-trade and a ¥280 million increase in inventories.

Noncurrent assets decreased ¥436 million from March 31, 2011 to ¥8,161 million at September 30, 2011. This was mainly due to a ¥287 million decrease in property, plant and equipment and a ¥146 million decrease in investment securities in line with lower stock prices.

Current liabilities stood at ¥9,363 million at September 30, 2011, ¥598 million higher

than March 31, 2011. This was attributable to a ¥274 million increase in current portion of long-term loans payable and a ¥203 million increase in income taxes payable.

Noncurrent liabilities increased ¥329 million to ¥6,845 million. This was mainly due to a ¥716 million increase in long-term loans payable and a ¥300 million decrease in bonds payable.

Net assets decreased ¥234 million to ¥5,950 million. This decrease was mainly due to the acquisition and retirement of 1,000,000 shares of class A preferred stock at ¥527 million and a decline of ¥486 million in foreign currency translation adjustments reflecting the yen's appreciation since March 31, 2011.

As a result, the equity ratio stood at 26.6% as of September 30, 2011, compared to 28.5% at March 31, 2011.

(3) Qualitative Information Concerning Consolidated Business Forecasts

In the first half of the fiscal year ending March 2012, the Company reported increased sales and earnings mainly due to earthquake-related demand. However, the Company does not expect similar sales and earnings increases from this source of demand in the third quarter onward. Then again, the Company expects higher sales of products centered on edible gelatin and food materials based on continuing firm demand in Japan's food product market. On the other hand, net sales denominated in foreign currencies should be negatively impacted by the yen conversion of these net sales given the strong yen. Accordingly, the Company is forecasting net sales of ¥28,194 million for the fiscal year ending March 2012, an increase of 1.0% year on year. On the earnings front, procurement denominated in foreign currencies should have a positive impact on earnings given the strong yen. Earnings should also be buoyed by higher sales in Japan, cost reductions, and improved cost of sales mainly owing to productivity enhancements. Consequently, for the full fiscal year ending March 2012, the Company is forecasting operating income of ¥2,060 million, an increase of 38.5% year on year; ordinary income of ¥2,017 million, an increase of 45.8% year on year; and net income of ¥1,308 million, an increase of 24.4% year on year.

2. Matters Concerning Summary Information (Others)

(1) Significant Changes in Subsidiaries During the Quarterly Period

None.

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

Adoption of Accounting Standard for Earnings Per Share, etc.

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

(3) Additional Information

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

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

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year-end (As of March 31, 2011)	End of second quarter (As of September 30, 2011)
Assets		
Current assets		
Cash and deposits	1,558,156	1,533,847
Notes and accounts receivable-trade	5,621,843	6,437,891
Merchandise and finished goods	3,500,848	3,743,836
Work in process	611,779	561,521
Raw materials and supplies	1,258,039	1,345,477
Other	329,272	389,156
Allowance for doubtful accounts	(11,556)	(14,207)
Total current assets	12,868,383	13,997,524
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,644,724	2,463,508
Machinery, equipment and vehicles, net	1,283,236	1,075,997
Other, net	1,609,860	1,710,750
Total property, plant and equipment	5,537,820	5,250,256
Intangible assets		
Other	20,291	19,069
Total intangible assets	20,291	19,069
Investments and other assets		
Investment securities	2,082,348	1,935,830
Other	957,844	957,244
Allowance for doubtful accounts	(28)	(669)
Total investments and other assets	3,040,164	2,892,406
Total noncurrent assets	8,598,276	8,161,732
Total assets	21,466,660	22,159,256

(Thousands of yen)

	Previous fiscal year-end (As of March 31, 2011)	End of second quarter (As of September 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,537,025	3,676,067
Short-term loans payable	1,047,045	849,345
Current portion of long-term loans payable	1,695,715	1,970,033
Current portion of bonds	260,000	330,000
Income taxes payable	183,972	387,722
Provision for bonuses	209,092	180,733
Other	1,832,349	1,969,368
Total current liabilities	8,765,200	9,363,269
Noncurrent liabilities		
Bonds payable	530,000	230,000
Long-term loans payable	3,386,081	4,102,589
Provision for retirement benefits	2,162,238	2,065,024
Provision for directors' retirement benefits	32,122	32,947
Other	405,947	415,251
Total noncurrent liabilities	6,516,389	6,845,812
Total liabilities	15,281,590	16,209,082
Net Assets		
Shareholders' equity		
Capital stock	875,000	875,000
Capital surplus	677,742	677,742
Retained earnings	6,090,515	6,316,677
Treasury stock	(82,522)	(82,552)
Total shareholders' equity	7,560,736	7,786,867
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	408,627	392,276
Deferred gains (losses) on hedges	2,058	(29,892)
Foreign currency translation adjustments	(1,180,055)	(1,666,462)
Pension liability adjustment of foreign subsidiaries	(665,803)	(590,717)
Total accumulated other comprehensive income	(1,435,173)	(1,894,796)
Minority interests	59,507	58,103
Total net assets	6,185,070	5,950,174
Total liabilities and net assets	21,466,660	22,159,256

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

Consolidated Statements of Income

First half of fiscal year ending March 2012

	(Thousands of yen)
	First half of fiscal year ending March 2012 (From April 1, 2011 to September 30, 2011)
Net sales	14,311,358
Cost of sales	10,620,872
Gross profit on sales	3,690,486
Selling, general and administrative expenses	2,424,872
Operating income	1,265,613
Non-operating income	
Interest income	364
Dividend income	9,798
Equity in earnings of affiliates	47,272
Other	37,340
Total non-operating income	94,776
Non-operating expenses	
Interest expenses	87,844
Foreign exchange losses	71,617
Other	14,607
Total non-operating expenses	174,069
Ordinary income	1,186,320
Extraordinary income	
Gain on sales of noncurrent assets	190
Total extraordinary income	190
Extraordinary losses	
Loss on retirement of current assets	2,109
Loss on valuation of investment securities	4,279
Loss on valuation of golf club memberships	4,500
Total extraordinary losses	10,889
Income before income taxes	1,175,622
Income taxes	391,539
Income before minority interests	784,082
Minority interests in income	6,475
Net income	777,606

Consolidated Statement of Comprehensive Income

First half of fiscal year ending March 2012

	(Thousands of yen)
	First half of fiscal year ending March 2012 (From April 1, 2011 to September 30, 2011)
Income before minority interests	784,082
Other comprehensive income	
Valuation difference on other available- for-sale securities	(16,045)
Deferred losses on hedges	(24,117)
Foreign currency translation adjustments	(344,615)
Pension liability adjustment of foreign subsidiaries	75,086
Share of other comprehensive income of associates accounted for using equity method	(149,931)
Total other comprehensive income	(459,623)
Total comprehensive income	324,459
Comprehensive income attributable to:	
Owners of the parent	317,983
Minority interests	6,475

(3) Consolidated Statement of Cash Flows

	(Thousands of yen)
	First half of fiscal year ending March 2012 (From April 1, 2011 to September 30, 2011)
Cash provided by (used in) operating activities	
Income before income taxes	1,175,622
Depreciation and amortization	407,286
Increase in allowance for doubtful accounts	3,519
Decrease in provision for bonuses	(25,977)
Decrease in provision for retirement benefits	(43,196)
Increase in provision for directors' retirement benefits	825
Interest and dividends income	(10,162)
Interest expenses	87,844
Foreign exchange losses	52,219
Equity in earnings of affiliates	(47,272)
Gain on sale of current assets	(190)
Loss on retirement of current assets	2,109
Loss on valuation of investment securities	4,279
Loss on valuation of golf club memberships	4,500
Increase in notes and accounts receivable-trade	(963,046)
Increase in inventories	(413,840)
Increase in notes and accounts payable-trade	232,455
Increase in accrued consumption taxes	8,998
Other, net	(87,927)
Subtotal	<u>388,045</u>
Interest and dividends income received	37,839
Interest expenses paid	(84,146)
Income taxes paid	(189,045)
Net cash provided by (used in) operating activities	<u>152,692</u>

(Thousands of yen)	
First half of fiscal year ending March 2012 (From April 1, 2011 to September 30, 2011)	
Net cash provided by (used in) investing activities	
Payments into time deposits	(20,000)
Proceeds from withdrawal of time deposits	20,000
Purchase of property, plant and equipment	(313,644)
Proceeds from sales of property, plant and equipment	190
Purchase of intangible assets	(3,735)
Purchase of investment securities	(2,697)
Purchase of insurance funds	(8,401)
Proceeds cancellation of insurance funds	16,442
Payments of loans receivable	(300)
Collection of loans receivable	2,697
Other, net	(999)
Net cash used in investing activities	(310,449)
Net cash provided by (used in) financing activities	
Net decrease in short-term loans payable	(95,664)
Proceeds from long-term loans payable	1,999,300
Repayment of long-term loans payable	(975,911)
Redemption of bonds	(230,000)
Proceeds from sales and leaseback transactions	92,418
Repayments of lease obligations	(48,717)
Purchase of treasury stock	(528,010)
Cash dividends paid	(23,465)
Cash dividends paid to minority shareholders	(7,880)
Net cash provided by financing activities	182,069
Effect of exchange rate change on cash and cash equivalents	(48,620)
Net decrease in cash and cash equivalents	(24,308)
Cash and cash equivalents, beginning of period	1,538,156
Cash and cash equivalents, end of period	1,513,847

(4) Note Concerning Going Concern Assumption

None.

(5) Note Concerning Significant Changes in Shareholders' Equity

At a meeting of the Board of Directors held on April 27, 2011, the Company resolved to acquire and retire shares of class A preferred stock that it had previously issued, as detailed below. As a result of this measure, retained earnings and treasury stock both decreased by ¥527,980 thousands.

1) Type of shares acquired and retired

Class A preferred stock

2) Number of shares acquired and retired

1,000,000

3) Date of acquisition and retirement

May 23, 2011