



Consolidated Financial Results
for the Nine Months Ended December 31, 2013
[Japanese GAAP]



February 7, 2014

Company name: Nissha Printing Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7915
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 Scheduled date of filing quarterly securities report: February 13, 2014
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (conference call for institutional investors)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2013 (April 1, 2013 to December 31, 2013)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2013	87,127	35.4	2,920	—	6,396	—	5,507	—
Nine months ended December 31, 2012	64,367	1.5	(5,033)	—	(4,272)	—	(4,869)	—

(Note) Comprehensive income: Nine months ended December 31, 2013: ¥8,051 million (–%)
 Nine months ended December 31, 2012: ¥(5,447) million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2013	128.34	—
Nine months ended December 31, 2012	(113.46)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2013	123,257	52,543	42.6
As of March 31, 2013	114,964	44,491	38.7

(Reference) Equity: As of December 31, 2013: ¥52,543 million
 As of March 31, 2013: ¥44,491 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2014	—	0.00	—		
Fiscal year ending March 31, 2014 (Forecast)				—	—

(Note) Revision of cash dividend forecast: No

The year-end dividend forecast for the fiscal year ending March 31, 2014 is undecided.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	113,000	26.4	1,000	—	2,500	—	1,800	—	41.94

(Note) Revision of consolidated financial results forecast: No

Notes:

- (1) Changes in significant subsidiaries during the period under review: Yes
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
New: – (), Exclusion: 1 (Nitec Precision, Inc.)
For details, please see “2. Matters regarding the Summary Information (Notes) (1) Changes in significant subsidiaries during the period under review” on page 5 of the appendix.
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes
For details, please see “2. Matters regarding the Summary Information (Notes) (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements” on page 5 of the appendix.
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
1) Changes in accounting policies due to the revision of accounting standards: No
2) Any changes other than 1) above: No
3) Changes in accounting estimates: No
4) Restatements: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

As of December 31, 2013	45,029,493 shares
As of March 31, 2013	45,029,493 shares

2) Total number of treasury stock at the end of the period:

As of December 31, 2013	2,115,472 shares
As of March 31, 2013	2,114,472 shares

3) Average number of shares during the period (cumulative total):

Nine months ended December 31, 2013	42,914,710 shares
Nine months ended December 31, 2012	42,915,422 shares

* Presentation regarding the implementation status of the quarterly review process

This report on quarterly financial results is exempted from quarterly review process under the Financial Instruments and Exchange Act. Review process for quarterly financial statements under the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this report.

* Explanation of the proper use of financial results forecast and other notes

The performance forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain premises that the Company deems to be reasonable. Therefore, the Company has not prepared these descriptions with intent to commit to realize them. Actual results, etc. may differ from the forecasts, however, as a consequence of various factors in the future. For details on the premises of the performance forecasts of the Company and the points to note when using the performance forecasts, please see “1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation of consolidated operating results forecast and other forecast information” on page 4 of the appendix.

We are scheduled to hold a conference call for institutional investors on Friday, February 7, 2014. Reference materials to be used at the conference are scheduled to be posted on our website on that day, as well.

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1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Explanation of operating results

In the global economy for the nine months ended December 31, 2013, the economic recovery in the US continued and some areas in the European economy showed movements towards recovery. Meanwhile, the Chinese economy showed signs of recovery from its recent slowdown. The Japanese economy remained on a moderate recovery trend, mainly buoyed by bold monetary easing and the ongoing trend of the weaker yen.

In PCs, smartphones, and other consumer electronics, the areas the Company Group has regarded as its core markets, rapid fluctuations in demand volumes and lower price points on products and services have become very common. These trends inflicted serious impact on our sales and profits. Therefore, the Company Group focused on measures to expand demand and strove to control price declines, improve productive efficiency, and reduce costs across the board. For the third quarter ended December 31, 2013, vigorous demand for the capacitive-type touch panels (photolithography process) in our mainstay Devices segment pushed up orders received and helped us achieve higher net sales and a return to profitability for the nine months ended December 31, 2013.

As a result, net sales for the nine months ended December 31, 2013 were ¥87,127 million (an increase of 35.4% as compared to the same period of the previous year). For income, operating income was ¥2,920 million (operating loss of ¥5,033 million in the same period of the previous year), ordinary income was ¥6,396 million (ordinary loss of ¥4,272 million in the same period of the previous year), and quarterly net income was ¥5,507 million (quarterly net loss of ¥4,869 million in the same period of the previous year).

Following is an overview by business segment.

Industrial Materials

In the Industrial Materials segment, the Company Group mainly offers proprietary technologies that enable customers to incorporate decorative designs on the surfaces such as plastic, metal, and glass, while constantly promoting technology development attuned to market trends to make the business domain expand. IMD, which facilitates simultaneous molding and printing of plastic products, is extensively adopted in automotive interior components, notebook PCs, smartphones, and home appliances.

During the nine months ended December 31, 2013, demand for automotive interior components progressed steadily. On the other hand, demand for consumer notebook PCs remained sluggish.

As a result, segment sales for the nine months ended December 31, 2013 were ¥20,456 million, a decrease of 3.4% as compared to the same period of the previous year.

Devices

In the Devices segment, the Company Group produces devices that pursue precision and functionality, including its mainstay, the FineTouch touch input device. These devices are adopted mainly in tablet devices, smartphones, and mobile game consoles in global markets.

During the nine months ended December 31, 2013, demand for the capacitive-type touch panels (photolithography process) adopted to tablet devices increased and sales progressed steadily.

As a result, segment sales for the nine months ended December 31, 2013 were ¥53,568 million, an increase of 82.0% as compared to the same period of the previous year.

Information and Communication

In the Information and Communication segment, the Company Group offers its customers a wide range of professional services to assist a host of communication activities relating to advertising and sales, mainly services for sales promotion, web solutions, commercial printing, and publication printing, along with digital archiving services for cultural assets.

During the nine months ended December 31, 2013, commercial field, the key product in this segment, was affected by a cutback in corporate advertising budgets and a decrease in the volume of printed materials due to the diversification of information media. These movements led the market into a highly competitive climate.

As a result, segment sales for the nine months ended December 31, 2013 were ¥13,006 million, a decrease of 4.9% as compared to the same period of the previous year.

(2) Explanation of financial position

Total assets at the end of the third quarter ended December 31, 2013 increased by ¥8,292 million from the end of the previous year (the fiscal year ended March 31, 2013) to ¥123,257 million.

Current assets increased by ¥2,781 million from the end of the previous year to ¥62,061 million. This was mainly because a ¥11,342 million increase of notes and accounts receivable-trade outweighed a ¥7,228 million decrease of cash and deposits.

Noncurrent assets increased by ¥5,511 million from the end of the previous year to ¥61,195 million. This was mainly because property, plant and equipment increased by ¥3,077 million due to capital investments and investment securities increased by ¥3,055 million chiefly due to the purchase of stocks of subsidiaries and affiliates and changes in fair value.

Total liabilities at the end of the third quarter ended December 31, 2013 increased by ¥241 million from the end of the previous year to ¥70,714 million.

Current liabilities increased by ¥21 million from the end of the previous year to ¥61,165 million. This was mainly because a ¥4,587 million increase of notes and accounts payable-trade outweighed a ¥3,345 million decrease of notes payable-facilities included in the "other" item and a ¥1,003 million decrease of short-term loans payable.

Noncurrent liabilities increased by ¥219 million from the end of the previous year to ¥9,548 million. This was mainly because a ¥631 million increase of deferred tax liabilities included in the "other" item chiefly due to changes in the fair value of investment securities outweighed a ¥413 million decrease of lease obligations included

in the “other” item.

Net assets at the end of the third quarter ended December 31, 2013 increased by ¥8,051 million from the end of the previous year to ¥52,543 million.

Analysis of Cash Flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the nine months ended December 31, 2013 was ¥16,445 million, a decrease of ¥7,246 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the nine months ended December 31, 2013.

(Net Cash Provided by (Used in) Operating Activities)

Funds provided by operating activities amounted to ¥4,573 million. This was mainly because a ¥8,169 million of depreciation and amortization and a ¥6,512 million of income before income taxes and minority interests outweighed a ¥11,098 million of net increase in notes and accounts receivable-trade.

(Net Cash Provided by (Used in) Investing Activities)

Funds used in investing activities amounted to ¥12,653 million. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥12,175 million.

(Net Cash Provided by (Used in) Financing Activities)

Funds used in financing activities amounted to ¥1,471 million. This was mainly attributable to net decrease in short-term loans payable of ¥1,000 million.

(3) Explanation of consolidated operating results forecast and other forecast information

The consolidated financial forecasts for the fiscal year ending March 31, 2014 remain the same as those announced on November 6, 2013.

2. Matters regarding the Summary Information (Notes)

(1) Changes in significant subsidiaries during the period under review

Nitec Precision, Inc., a former consolidated subsidiary up to the end of the previous year, was excluded from the scope of consolidation, effective from the first quarter ended June 30, 2013, because it was extinguished on April 1, 2013 through an absorption-type merger with Nitec Precision and Technologies, Inc., a consolidated subsidiary of the Company and the surviving company of the absorption-type merger.

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements

Calculation of tax expense

When calculating tax expense, we reasonably estimate the effective tax rate after applying tax-effect accounting for income (loss) before income taxes in the fiscal year, including the third quarter ended December 31, 2013. We then calculate the tax expense by multiplying income (loss) before income taxes by the estimated effective tax rate. We use the statutory effective tax rate, however, if the estimated effective tax rate is unavailable.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	23,974	16,746
Notes and accounts receivable-trade	21,996	33,338
Merchandise and finished goods	5,041	4,039
Work in process	2,052	2,458
Raw materials and supplies	2,161	2,316
Other	4,269	3,433
Allowance for doubtful accounts	(215)	(271)
Total current assets	59,280	62,061
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,116	24,187
Machinery, equipment and vehicles, net	16,550	14,015
Tools, furniture and fixtures, net	1,236	1,337
Land	6,175	6,088
Lease assets, net	2,372	1,981
Construction in progress	1,830	750
Total property, plant and equipment	45,282	48,360
Intangible assets		
Software	3,300	2,737
Other	402	361
Total intangible assets	3,702	3,098
Investments and other assets		
Investment securities	6,103	9,159
Other	1,031	1,011
Allowance for doubtful accounts	(435)	(433)
Total investments and other assets	6,699	9,736
Total noncurrent assets	55,684	61,195
Total assets	114,964	123,257

(Million yen)

	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,896	28,484
Short-term loans payable	21,099	20,095
Income taxes payable	68	612
Provision for bonuses	977	561
Other	15,102	11,412
Total current liabilities	61,144	61,165
Noncurrent liabilities		
Provision for retirement benefits	5,884	5,973
Other	3,444	3,574
Total noncurrent liabilities	9,328	9,548
Total liabilities	70,472	70,714
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	32,591	38,098
Treasury stock	(2,926)	(2,928)
Total shareholders' equity	42,704	48,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,483	3,754
Foreign currency translation adjustment	(696)	577
Total accumulated other comprehensive income	1,786	4,332
Total net assets	44,491	52,543
Total liabilities and net assets	114,964	123,257

(2) Consolidated statements of operations and comprehensive income (loss)

Consolidated statements of operations

(Million yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Net sales	64,367	87,127
Cost of sales	60,437	73,014
Gross profit	3,930	14,113
Selling, general and administrative expenses	8,964	11,193
Operating income (loss)	(5,033)	2,920
Non-operating income		
Interest income	61	79
Dividends income	81	81
Foreign exchange gains	1,100	3,293
Other	227	280
Total non-operating income	1,470	3,734
Non-operating expenses		
Interest expenses	125	93
Loss on valuation of investment securities	188	2
Equity in losses of affiliates	—	103
Compensation expenses	285	—
Other	109	58
Total non-operating expenses	709	257
Ordinary income (loss)	(4,272)	6,396
Extraordinary income		
Gain on sales of noncurrent assets	1,481	231
Gain on sales of investment securities	9	—
State subsidy	159	159
Total extraordinary income	1,650	391
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,550	125
Loss on reduction of noncurrent assets	152	149
Total extraordinary losses	1,703	275
Income (loss) before income taxes and minority interests	(4,324)	6,512
Income taxes	544	1,006
Income (loss) before minority interests	(4,869)	5,505
Minority interests in loss	—	(2)
Net income (loss)	(4,869)	5,507

Consolidated statements of comprehensive income (loss)

(Million yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Income (loss) before minority interests	(4,869)	5,505
Other comprehensive income		
Valuation difference on available-for-sale securities	(683)	1,270
Foreign currency translation adjustment	104	1,244
Share of other comprehensive income of associates accounted for using equity method	—	29
Total other comprehensive income	(578)	2,545
Comprehensive income	(5,447)	8,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(5,447)	8,053
Comprehensive income attributable to minority interests	—	(2)

(3) Consolidated statements of cash flows

(Million yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(4,324)	6,512
Depreciation and amortization	6,731	8,169
Amortization of goodwill	43	—
Increase (decrease) in provision for bonuses	(458)	(421)
Increase (decrease) in provision for retirement benefits	112	89
Increase (decrease) in allowance for doubtful accounts	62	48
Interest and dividends income	(142)	(160)
Interest expenses	125	93
Foreign exchange losses (gains)	(432)	(1,120)
Equity in (earnings) losses of affiliates	—	103
Loss (gain) on sales and retirement of noncurrent assets	69	(105)
Loss (gain) on valuation of investment securities	188	2
Decrease (increase) in notes and accounts receivable-trade	(11,618)	(11,098)
Decrease (increase) in inventories	107	598
Increase (decrease) in notes and accounts payable-trade	9,079	4,350
Other, net	7,966	(2,404)
Subtotal	7,511	4,658
Interest and dividends income received	141	158
Interest expenses paid	(125)	(93)
Income taxes paid	(377)	(235)
Income taxes refund	66	84
Net cash provided by (used in) operating activities	7,216	4,573

(Million yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	1,500	—
Purchase of property, plant and equipment and intangible assets	(7,085)	(12,175)
Proceeds from sales of property, plant and equipment and intangible assets	1,670	819
Purchase of investment securities	(123)	(78)
Proceeds from sales of investment securities	58	19
Purchase of stocks of subsidiaries and affiliates	—	(1,245)
Payments of loans receivable	(3)	(4)
Collection of loans receivable	13	10
Other, net	14	1
Net cash provided by (used in) investing activities	(3,955)	(12,653)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	(1,000)
Repayments of lease obligations	(467)	(470)
Purchases of treasury stock-net	(0)	(1)
Cash dividends paid	(1)	(1)
Proceeds from stock issuance to minority shareholders	—	2
Net cash provided by (used in) financing activities	(469)	(1,471)
Effect of exchange rate change on cash and cash equivalents	731	2,305
Net increase (decrease) in cash and cash equivalents	3,523	(7,246)
Cash and cash equivalents at beginning of period	19,490	23,692
Cash and cash equivalents at end of period	23,013	16,445

(4) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable.

(Notes to material changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

I. The nine months ended December 31, 2012 (April 1, 2012 to December 31, 2012)

1. Information about sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment					Reconciliations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Information & Communication	Other (Note 1)	Total		
Sales							
Sales to external customers	21,172	29,434	13,680	80	64,367	—	64,367
Inter-segment sales or transfers	—	—	—	572	572	(572)	—
Total	21,172	29,434	13,680	652	64,940	(572)	64,367
Segment income (loss)	230	(1,213)	73	139	(769)	(4,264)	(5,033)

(Notes) 1. The "Other" category consists of real estate leasing and worker dispatch business.

2. The negative ¥4,264 million of reconciliations in segment income (loss) includes unallocated corporate expenses, etc.

Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

3. Segment income (loss) is reconciled with operating loss recorded in the consolidated statements of operations.

2. Information about impairment loss and goodwill, etc. by reportable segment

Not applicable.

II. The nine months ended December 31, 2013 (April 1, 2013 to December 31, 2013)

1. Information about sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment					Reconciliations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Information & Communication	Other (Note 1)	Total		
Sales							
Sales to external customers	20,456	53,568	13,006	95	87,127	—	87,127
Inter-segment sales or transfers	—	—	—	514	514	(514)	—
Total	20,456	53,568	13,006	610	87,642	(514)	87,127
Segment income (loss)	38	6,396	(672)	(33)	5,728	(2,808)	2,920

(Notes) 1. The “Other” category consists of worker dispatch business.

2. The negative ¥2,808 million of reconciliations in segment income (loss) includes unallocated corporate expenses, etc.

Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

3. Segment income (loss) is reconciled with operating income recorded in the consolidated statements of operations.

2. Changes in reportable segments, etc.

We have reconsidered the scope of expenses to be allocated to each reportable segment. As a result, we adopted a new method whereby a part of the corporate expenses formerly included in reconciliations was allocated to each reportable segment based on a certain allocation standard, effective from the first quarter ended June 30, 2013.

This change was made in conjunction with a new review of performance management methods by the Company Group with a view to measuring profitability more appropriately on a business by segment basis.

As a result of the change from the previous to the new method, segment income in the Industrial Materials for the nine months ended December 31, 2013 decreased by ¥852 million, segment income in the Devices decreased by ¥986 million, and segment loss in the Information & Communication increased by ¥495 million.

3. Information about impairment loss and goodwill, etc. by reportable segment

Not applicable.