



Consolidated Financial Results
for the Three Months Ended June 30, 2014
[Japanese GAAP]

August 6, 2014

Company name: Nissha Printing Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7915

URL: <http://www.nissha.com/english>

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Scheduled date of filing quarterly securities report: August 8, 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 Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2014	22,150	26.5	(751)	—	(856)	—	(965)	—
Three months ended June 30, 2013	17,504	7.2	(3,650)	—	(2,367)	—	(2,704)	—

(Note) Comprehensive income: Three months ended June 30, 2014: ¥(1,318) million (–%)

Three months ended June 30, 2013: ¥(1,359) million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2014	(22.49)	—
Three months ended June 30, 2013	(63.02)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2014	103,642	50,966	49.2
As of March 31, 2014	106,140	51,676	48.7

(Reference) Equity: As of June 30, 2014: ¥50,966 million

As of March 31, 2014: ¥51,675 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, 2014	—	0.00	—	5.00	5.00
Fiscal year ending March 31, 2015	—				
Fiscal year ending March 31, 2015 (Forecast)		5.00	—	5.00	10.00

(Note) Revision of cash dividend forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% 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
First half (cumulative total)	56,000	13.6	700	—	500	—	450	—	10.49
Full year	120,000	8.2	5,000	158.4	5,000	(3.5)	4,500	13.4	104.86

(Note) Revision of consolidated financial results forecast: No

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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 three months ended June 30, 2014, the economic recovery in the US continued and the European economy showed signs of recovery. Meanwhile, economic growth slowed down in China and other emerging countries. The Japanese economy remained on a moderate recovery trend, mainly buoyed by bold monetary easing and the ongoing trend of the weaker yen, though growth slowed for a spell in response to the primary impact of the consumption tax hike.

In smartphones, notebook PCs 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. Anticipating weaker sales due mainly to seasonal factors for the three months ended June 30, 2014, the Company Group strove to improve productive efficiency and reduce costs across the board.

As a result, the net sales for the three months ended June 30, 2014 were ¥22,150 million (an increase of 26.5% as compared to the same period of the previous year). For income, operating loss was ¥751 million (operating loss of ¥3,650 million in the same period of the previous year), ordinary loss was ¥856 million (ordinary loss of ¥2,367 million in the same period of the previous year), and quarterly net loss was ¥965 million (quarterly net loss of ¥2,704 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 three months ended June 30, 2014, demand for our mainstay automotive interior components and consumer notebook PCs mostly progressed as projected.

As a result, segment sales for the three months ended June 30, 2014 were ¥5,721 million, a decrease of 4.6% 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 core products, the FineTouch touch input device. These devices are adopted mainly in tablet devices, smartphones, and mobile game consoles in global markets.

During the three months ended June 30, 2014, sales of the capacitive-type touch panels (photolithography process) adopted to tablet devices were affected by a seasonal decline, but exceeded the original estimate.

As a result, segment sales for the three months ended June 30, 2014 were ¥12,448 million, an increase of 69.8% 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 three months ended June 30, 2014, commercial field, the key product field in this segment, was affected by a decrease in the volume of printed materials due to the diversification of information media and the counter reaction to the wave of rush demand associated with the consumption tax hike. These movements led the market into a highly competitive climate.

As a result, segment sales for the three months ended June 30, 2014 were ¥3,950 million, a decrease of 4.4% as compared to the same period of the previous year.

(2) Explanation of financial position

Total assets at the end of the first quarter ended June 30, 2014 decreased by ¥2,497 million from the end of the previous year (the fiscal year ended March 31, 2014) to ¥103,642 million.

Current assets decreased by ¥2,872 million from the end of the previous year to ¥45,209 million. This was mainly because a ¥4,813 million decrease of cash and deposits outweighed a ¥2,097 million increase of notes and accounts receivable-trade.

Non-current assets increased by ¥374 million from the end of the previous year to ¥58,432 million. This was mainly because a ¥1,830 million increase of goodwill due to new consolidation outweighed a ¥1,385 million decrease of property, plant and equipment.

Total liabilities at the end of the first quarter ended June 30, 2014 decreased by ¥1,787 million from the end of the previous year to ¥52,676 million.

Current liabilities decreased by ¥1,991 million from the end of the previous year to ¥42,820 million. This was mainly because a ¥4,702 million decrease of notes and accounts payable-trade outweighed a ¥1,610 million increase of accounts payable-other included in the "other" item.

Non-current liabilities increased by ¥204 million from the end of the previous year to ¥9,855 million. This was mainly because a ¥897 million increase of long-term loans payable included in the "other" item due to the new

consolidation outweighed a ¥681 million decrease of net defined benefit liability due to changes in the methods for calculating retirement benefit obligations for conformance with amendments to the accounting standards.

Net assets at the end of the first quarter ended June 30, 2014 decreased by ¥710 million from the end of the previous year to ¥50,966 million.

Analysis of Cash Flows

The balance of cash and cash equivalents (the "funds") on a consolidated basis at the end of the three months ended June 30, 2014 was ¥15,425 million, a decrease of ¥4,847 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the three months ended June 30, 2014.

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

Funds used in operating activities amounted to ¥3,536 million. This was mainly because a ¥4,677 million decrease in notes and accounts payable-trade outweighed a ¥2,375 million of depreciation.

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

Funds used in investing activities amounted to ¥780 million. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥1,079 million.

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

Funds used in financing activities amounted to ¥368 million. This was mainly attributable to cash dividends paid of ¥204 million.

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

The consolidated financial forecasts for the six months ending September 30, 2014 and the fiscal year ending March 31, 2015 remain the same as those announced on May 9, 2014.

2. Matters regarding the Summary Information (Notes)

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

Not applicable.

(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 first quarter ended June 30, 2014. 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) Changes in accounting policies, changes in accounting estimates, and restatements

(Changes in accounting policies)

From among the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Accounting Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; hereinafter the “Guidance”), the provisions of the main text of Paragraph 35 of the Accounting Standard and the main text of Paragraph 67 of the Guidance have been applied effective from the first quarter ended June 30, 2014. Accordingly, the method for calculating retirement benefit obligations and service costs has been revised: the method for period allocation of projected retirement benefit has been changed from the straight-line basis to the benefit formula basis, and the method for calculating the discount rate has been changed from calculation based on a period approximately equal to the average remaining service years of the employees, to calculation using a single weighted average discount rate reflecting the estimated payment period of retirement benefits and the amount thereof for each estimated payment period.

Regarding the application of the Accounting Standard and the Guidance, the effect of the changes in the method for calculating retirement benefit obligations and service costs is reflected in retained earnings as of April 1, 2014, in accordance with the transitional treatment provided for in Paragraph 37 of the Accounting Standard.

As a result, net defined benefit liability decreased by ¥823 million and retained earnings increased by the same amount as of April 1, 2014. The effect on profit and loss for the first quarter ended June 30, 2014 is insignificant.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	20,272	15,459
Notes and accounts receivable-trade	16,252	18,350
Merchandise and finished goods	4,148	4,677
Work in process	2,227	3,003
Raw materials and supplies	1,449	1,858
Other	3,887	2,024
Allowance for doubtful accounts	(156)	(164)
Total current assets	48,081	45,209
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,607	22,983
Machinery, equipment and vehicles, net	12,807	12,108
Tools, furniture and fixtures, net	1,233	1,258
Land	6,082	6,082
Lease assets, net	1,940	1,800
Construction in progress	549	602
Total property, plant and equipment	46,221	44,836
Intangible assets		
Software	2,409	2,141
Goodwill	—	1,830
Other	468	678
Total intangible assets	2,877	4,650
Investments and other assets		
Investment securities	8,490	8,442
Other	902	936
Allowance for doubtful accounts	(432)	(432)
Total investments and other assets	8,959	8,946
Total non-current assets	58,058	58,432
Total assets	106,140	103,642

(Million yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,776	16,073
Short-term loans payable	17,095	17,212
Income taxes payable	288	72
Provision for bonuses	975	1,498
Other	5,677	7,963
Total current liabilities	44,812	42,820
Non-current liabilities		
Net defined benefit liability	6,245	5,564
Other	3,404	4,290
Total non-current liabilities	9,650	9,855
Total liabilities	54,463	52,676
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	36,558	36,202
Treasury shares	(2,928)	(2,928)
Total shareholders' equity	46,670	46,314
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,379	3,438
Foreign currency translation adjustment	1,614	1,209
Remeasurements of defined benefit plans	11	3
Total accumulated other comprehensive income	5,004	4,652
Minority interests	1	—
Total net assets	51,676	50,966
Total liabilities and net assets	106,140	103,642

(2) Consolidated statements of operations and comprehensive loss

Consolidated statements of operations

(Million yen)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
Net sales	17,504	22,150
Cost of sales	17,525	19,205
Gross profit (loss)	(21)	2,944
Selling, general and administrative expenses	3,629	3,696
Operating loss	(3,650)	(751)
Non-operating income		
Interest income	25	24
Dividends income	57	61
Foreign exchange gains	1,099	—
Other	136	33
Total non-operating income	1,320	119
Non-operating expenses		
Interest expenses	31	25
Share of loss of entities accounted for using equity method	—	173
Foreign exchange losses	—	19
Other	6	6
Total non-operating expenses	37	224
Ordinary loss	(2,367)	(856)
Extraordinary income		
Gain on sales of non-current assets	103	3
State subsidy	59	—
Total extraordinary income	163	3
Extraordinary losses		
Loss on sales and retirement of non-current assets	28	1
Loss on reduction of non-current assets	59	—
Total extraordinary losses	88	1
Loss before income taxes and minority interests	(2,292)	(854)
Income taxes	413	112
Loss before minority interests	(2,706)	(966)
Minority interests in loss	(2)	(1)
Net loss	(2,704)	(965)

Consolidated statements of comprehensive loss

(Million yen)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
Loss before minority interests	(2,706)	(966)
Other comprehensive income		
Valuation difference on available-for-sale securities	523	59
Foreign currency translation adjustment	823	(368)
Remeasurements of defined benefit plans, net of tax	—	(7)
Share of other comprehensive income of entities accounted for using equity method	—	(36)
Total other comprehensive income	1,347	(352)
Comprehensive income	(1,359)	(1,318)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,357)	(1,317)
Comprehensive income attributable to minority interests	(2)	(1)

(3) Consolidated statements of cash flows

(Million yen)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
Cash flows from operating activities		
Loss before income taxes and minority interests	(2,292)	(854)
Depreciation	2,462	2,375
Amortization of goodwill	—	1
Increase (decrease) in provision for bonuses	503	525
Increase (decrease) in provision for retirement benefits	60	—
Increase (decrease) in net defined benefit liability	—	49
Increase (decrease) in allowance for doubtful accounts	(40)	9
Interest and dividends income	(83)	(86)
Interest expenses	31	25
Foreign exchange losses (gains)	(513)	(89)
Share of (profit) loss of entities accounted for using equity method	—	173
Loss (gain) on sales and retirement of non-current assets	(75)	(2)
Decrease (increase) in notes and accounts receivable-trade	6,281	(1,977)
Decrease (increase) in inventories	(591)	(1,225)
Increase (decrease) in notes and accounts payable-trade	(6,178)	(4,677)
Other, net	2,049	2,363
Subtotal	1,612	(3,388)
Interest and dividends income received	83	85
Interest expenses paid	(30)	(25)
Income taxes paid	(49)	(222)
Income taxes refund	6	14
Net cash provided by (used in) operating activities	1,621	(3,536)

(Million yen)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,505)	(1,079)
Proceeds from sales of property, plant and equipment and intangible assets	121	0
Purchase of investment securities	(21)	(41)
Proceeds from sales of investment securities	14	—
Purchase of shares of subsidiaries and affiliates	(937)	(25)
Purchase of investments in other securities of subsidiaries and affiliates	—	(20)
Payments for transfer of business	—	(344)
Payments of loans receivable	(2)	(1)
Collection of loans receivable	3	2
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(22)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	744
Other, net	1	7
Net cash provided by (used in) investing activities	(3,326)	(780)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(0)
Repayment of long-term loans payable	—	(2)
Repayments of lease obligations	(156)	(161)
Purchases of treasury shares-net	(0)	(0)
Cash dividends paid	(0)	(204)
Proceeds from shares issuance to minority shareholders	2	—
Net cash provided by (used in) financing activities	(154)	(368)
Effect of exchange rate change on cash and cash equivalents	1,047	(161)
Net increase (decrease) in cash and cash equivalents	(811)	(4,847)
Cash and cash equivalents at beginning of period	23,692	20,272
Cash and cash equivalents at end of period	22,880	15,425

(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 three months ended June 30, 2013 (April 1, 2013 to June 30, 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	5,998	7,331	4,134	40	17,504	—	17,504
Inter-segment sales or transfers	—	—	—	123	123	(123)	—
Total	5,998	7,331	4,134	164	17,628	(123)	17,504
Segment loss	(467)	(2,076)	(111)	(7)	(2,662)	(988)	(3,650)

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

2. The negative ¥988 million of reconciliations in segment loss includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

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

II. The three months ended June 30, 2014 (April 1, 2014 to June 30, 2014)

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	5,721	12,448	3,950	29	22,150	—	22,150
Inter-segment sales or transfers	0	153	—	138	292	(292)	—
Total	5,721	12,602	3,950	167	22,442	(292)	22,150
Segment income (loss)	(548)	879	(192)	(13)	123	(875)	(751)

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

2. The negative ¥875 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 assets by reportable segment

Mainly as a result of acquisition of shares of FIS Inc. in the first quarter ended June 30, 2014 and inclusion of it in the scope of consolidation, segment assets included in the “Other” segment increased by ¥2,595 million from the end of the previous year.

3. Changes in reportable segments, etc.

As stated in “Changes in accounting policies,” the method for calculating retirement benefit obligations and service costs was changed effective from the first quarter ended June 30, 2014. Accordingly, the method for calculating retirement benefit obligations and service costs for business segments was changed in the same way.

This change has no significant impact on segment income (loss).

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

(Material changes in the amount of goodwill)

We made FIS Inc. a wholly owned subsidiary through a share exchange effective on June 30, 2014 and reported it in the “Other” segment.

The increase in the amount of goodwill attributable to the event was ¥1,717 million for the three months ended June 30, 2014.