



Consolidated Financial Results
for the Six Months Ended September 30, 2014
[Japanese GAAP]

November 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: November 12, 2014
 Scheduled date of commencing dividend payments: December 5, 2014
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2014 (April 1, 2014 to September 30, 2014)

(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	%
Six months ended September 30, 2014	55,122	11.9	2,818	—	4,062	—	3,212	—
Six months ended September 30, 2013	49,282	35.1	(2,813)	—	(1,126)	—	(1,587)	—

(Note) Comprehensive income: Six months ended September 30, 2014: ¥2,995 million (1,098.2%)

Six months ended September 30, 2013: ¥249 million (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2014	74.86	—
Six months ended September 30, 2013	(37.00)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2014	111,732	55,279	49.5
As of March 31, 2014	106,140	51,676	48.7

(Reference) Equity: As of September 30, 2014: ¥55,279 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	—	5.00			
Fiscal year ending March 31, 2015 (Forecast)			—	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
Full year	113,000	1.9	7,000	261.7	7,500	44.7	5,000	26.0	116.51

(Note) Revision of consolidated financial results forecast: Yes

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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 six months ended September 30, 2014, the economic recovery in the US continued, while uncertainty over economic recovery grew in Europe, and China and other emerging countries saw slowdowns in growth. The Japanese economy made headway towards recovery in spite of a slowdown for a spell in response to the primary impact of the consumption tax hike, while the trend toward a weaker yen has been intensifying.

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. In anticipation of growing demand for the capacitive-type touch panels (photolithography process) in the Devices segment for the six months ended September 30, 2014, we focused on improvements of productive efficiency and strove to maximize cash flows.

As a result, the net sales for the six months ended September 30, 2014 were ¥55,122 million (an increase of 11.9% as compared to the same period of the previous year). For income, operating income was ¥2,818 million (operating loss of ¥2,813 million in the same period of the previous year), ordinary income was ¥4,062 million (ordinary loss of ¥1,126 million in the same period of the previous year), and quarterly net income was ¥3,212 million (quarterly net loss of ¥1,587 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 six months ended September 30, 2014, demand for our mainstay automotive interior components progressed steadily. On the other hand, demand for consumer notebook PCs remained sluggish.

As a result, segment sales for the six months ended September 30, 2014 were ¥12,638 million, a decrease of 5.4% 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 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 six months ended September 30, 2014, demand for the capacitive-type touch panels (photolithography process) adopted to tablet devices progressed steadily.

As a result, segment sales for the six months ended September 30, 2014 were ¥34,044 million, an increase of 23.9% 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 six months ended September 30, 2014, commercial field, the key product field 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 six months ended September 30, 2014 were ¥8,065 million, a decrease of 3.7% as compared to the same period of the previous year.

(2) Explanation of financial position

Total assets at the end of the second quarter ended September 30, 2014 increased by ¥5,592 million from the end of the previous year (the fiscal year ended March 31, 2014) to ¥111,732 million.

Current assets increased by ¥8,089 million from the end of the previous year to ¥56,171 million. This was mainly because a ¥11,396 million increase of notes and accounts receivable-trade outweighed a ¥5,682 million decrease of cash and deposits.

Non-current assets decreased by ¥2,497 million from the end of the previous year to ¥55,561 million. This was mainly because a ¥4,063 million decrease of property, plant and equipment outweighed a ¥1,771 million increase of goodwill due to new consolidation.

Total liabilities at the end of the second quarter ended September 30, 2014 increased by ¥1,988 million from the end of the previous year to ¥56,452 million.

Current liabilities increased by ¥1,986 million from the end of the previous year to ¥46,798 million. This was mainly because a ¥2,377 million increase of notes and accounts payable-trade and a ¥739 million increase of accounts payable-other included in the “other” item outweighed a ¥1,881 million decrease of short-term loans payable.

Non-current liabilities increased by ¥2 million from the end of the previous year to ¥9,653 million. This was mainly because a ¥748 million increase of long-term loans payable included in the “other” item due to the new

consolidation outweighed a ¥650 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 second quarter ended September 30, 2014 increased by ¥3,603 million from the end of the previous year to ¥55,279 million.

Analysis of Cash Flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the six months ended September 30, 2014 was ¥14,550 million, a decrease of ¥5,722 million compared to the end of the previous year.

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

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

Funds used in operating activities amounted to ¥426 million. This was mainly because a ¥11,288 million increase of notes and accounts receivable-trade outweighed a ¥3,653 million of income before income taxes and minority interests, a ¥4,790 million of depreciation, and a ¥2,455 million increase in notes and accounts payable-trade.

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

Funds used in investing activities amounted to ¥2,697 million. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥1,547 million and the purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥856 million.

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

Funds used in financing activities amounted to ¥2,839 million. This was mainly attributable to net decrease in short-term loans payable of ¥1,999 million and the repayments of lease obligations of ¥324 million.

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

With regard to the consolidated financial forecasts for the fiscal year ending March 31, 2015, we have reviewed and revised the results announced on May 9, 2014 in consideration of the consolidated operating results for the six months ended September 30, 2014, the latest trends in product demand, the move toward a weaker yen, and other factors.

For details, please see the “Notice of the Recording of Non-operating Income (Foreign Exchange Gains), Difference between Business Forecast and Actual Results in the First Half of FY2015, and Revision to Business Forecast for FY2015” announced on November 6, 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 second quarter ended September 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 six months ended September 30, 2014 is insignificant.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	20,272	14,590
Notes and accounts receivable-trade	16,252	27,648
Merchandise and finished goods	4,148	4,830
Work in process	2,227	3,552
Raw materials and supplies	1,449	1,924
Other	3,887	3,681
Allowance for doubtful accounts	(156)	(55)
Total current assets	48,081	56,171
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,607	21,632
Machinery, equipment and vehicles, net	12,807	10,944
Tools, furniture and fixtures, net	1,233	1,337
Land	6,082	5,922
Lease assets, net	1,940	1,655
Construction in progress	549	665
Total property, plant and equipment	46,221	42,158
Intangible assets		
Software	2,409	1,846
Goodwill	—	1,771
Other	468	729
Total intangible assets	2,877	4,348
Investments and other assets		
Investment securities	8,490	8,482
Other	902	1,004
Allowance for doubtful accounts	(432)	(432)
Total investments and other assets	8,959	9,054
Total non-current assets	58,058	55,561
Total assets	106,140	111,732

(Million yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,776	23,154
Short-term loans payable	17,095	15,213
Income taxes payable	288	433
Provision for bonuses	975	1,169
Provision for directors' bonuses	—	21
Other	5,677	6,806
Total current liabilities	44,812	46,798
Non-current liabilities		
Net defined benefit liability	6,245	5,595
Other	3,404	4,058
Total non-current liabilities	9,650	9,653
Total liabilities	54,463	56,452
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	36,558	40,379
Treasury shares	(2,928)	(2,929)
Total shareholders' equity	46,670	50,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,379	3,555
Foreign currency translation adjustment	1,614	1,237
Remeasurements of defined benefit plans	11	(4)
Total accumulated other comprehensive income	5,004	4,788
Minority interests	1	—
Total net assets	51,676	55,279
Total liabilities and net assets	106,140	111,732

(2) Consolidated statements of operations and comprehensive income

Consolidated statements of operations

(Million yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Net sales	49,282	55,122
Cost of sales	44,533	44,627
Gross profit	4,748	10,495
Selling, general and administrative expenses	7,562	7,677
Operating income (loss)	(2,813)	2,818
Non-operating income		
Interest income	54	49
Dividend income	60	66
Foreign exchange gains	1,482	1,471
Other	210	78
Total non-operating income	1,808	1,666
Non-operating expenses		
Interest expenses	64	58
Share of loss of entities accounted for using equity method	—	340
Other	56	23
Total non-operating expenses	121	422
Ordinary income (loss)	(1,126)	4,062
Extraordinary income		
Gain on sales of non-current assets	174	43
State subsidy	159	275
Total extraordinary income	334	319
Extraordinary losses		
Loss on sales and retirement of non-current assets	90	60
Loss on reduction of non-current assets	149	86
Impairment loss	—	581
Total extraordinary losses	239	727
Income (loss) before income taxes and minority interests	(1,031)	3,653
Income taxes	557	442
Income (loss) before minority interests	(1,589)	3,211
Minority interests in loss	(2)	(1)
Net income (loss)	(1,587)	3,212

Consolidated statements of comprehensive income

(Million yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Income (loss) before minority interests	(1,589)	3,211
Other comprehensive income		
Valuation difference on available-for-sale securities	525	176
Foreign currency translation adjustment	1,335	(361)
Remeasurements of defined benefit plans, net of tax	—	(15)
Share of other comprehensive income of entities accounted for using equity method	(21)	(15)
Total other comprehensive income	1,839	(216)
Comprehensive income	249	2,995
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	251	2,996
Comprehensive income attributable to minority interests	(2)	(1)

(3) Consolidated statements of cash flows

(Million yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(1,031)	3,653
Depreciation	5,219	4,790
Impairment loss	—	581
Amortization of goodwill	—	58
Increase (decrease) in provision for bonuses	122	196
Increase (decrease) in provision for directors' bonuses	—	21
Increase (decrease) in provision for retirement benefits	22	—
Increase (decrease) in net defined benefit liability	—	72
Increase (decrease) in allowance for doubtful accounts	10	(99)
Interest and dividend income	(115)	(116)
Interest expenses	64	58
Foreign exchange losses (gains)	(1,032)	(375)
Share of (profit) loss of entities accounted for using equity method	(0)	340
Loss (gain) on sales and retirement of non-current assets	(84)	16
Decrease (increase) in notes and accounts receivable-trade	(3,093)	(11,288)
Decrease (increase) in inventories	(103)	(2,008)
Increase (decrease) in notes and accounts payable-trade	(3,185)	2,455
Other, net	(165)	1,444
Subtotal	(3,371)	(198)
Interest and dividend income received	113	115
Interest expenses paid	(64)	(58)
Income taxes paid	(212)	(312)
Income taxes refund	92	27
Net cash provided by (used in) operating activities	(3,443)	(426)

(Million yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Cash flows from investing activities		
Payments into time deposits	—	(6)
Purchase of property, plant and equipment and intangible assets	(5,117)	(1,547)
Proceeds from sales of property, plant and equipment and intangible assets	658	215
Purchase of investment securities	(76)	(63)
Proceeds from sales of investment securities	14	3
Purchase of shares of subsidiaries and associates	(937)	(25)
Purchase of investments in other securities of subsidiaries and affiliates	—	(20)
Payments for transfer of business	—	(344)
Payments of loans receivable	(3)	(246)
Collection of loans receivable	6	155
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(856)
Other, net	1	39
Net cash provided by (used in) investing activities	(5,453)	(2,697)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,000)	(1,999)
Repayments of long-term loans payable	—	(285)
Redemption of bonds	—	(15)
Repayments of lease obligations	(313)	(324)
Purchases of treasury shares-net	(0)	(0)
Cash dividends paid	(0)	(213)
Proceeds from shares issuance to minority shareholders	2	—
Net cash provided by (used in) financing activities	(1,312)	(2,839)
Effect of exchange rate change on cash and cash equivalents	1,835	240
Net increase (decrease) in cash and cash equivalents	(8,373)	(5,722)
Cash and cash equivalents at beginning of period	23,692	20,272
Cash and cash equivalents at end of period	15,318	14,550

(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 six months ended September 30, 2013 (April 1, 2013 to September 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	13,363	27,475	8,375	67	49,282	—	49,282
Inter-segment sales or transfers	—	—	—	299	299	(299)	—
Total	13,363	27,475	8,375	366	49,581	(299)	49,282
Segment loss	(278)	(215)	(334)	(25)	(853)	(1,960)	(2,813)

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

2. The negative ¥1,960 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 six months ended September 30, 2014 (April 1, 2014 to September 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	12,638	34,044	8,065	374	55,122	—	55,122
Inter-segment sales or transfers	0	222	—	303	526	(526)	—
Total	12,639	34,266	8,065	678	55,649	(526)	55,122
Segment income (loss)	(673)	5,799	(428)	(110)	4,586	(1,768)	2,818

(Notes) 1. The “Other” category consists of the gas sensor production and sales business.

2. The negative ¥1,768 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. Information about assets by reportable segment

Mainly as a result of acquisition of all 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 ¥2,502 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 impairment loss of non-current assets)

We recorded impairment loss of ¥581 million for non-current assets in the “Industrial Materials” segment.

(Material changes in the amount of goodwill)

We made FIS Inc. a wholly owned subsidiary through a simple 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 ¥1,663 million for the six months ended September 30, 2014.