



Consolidated Financial Results
for the Nine Months Ended December 31, 2014
[Japanese GAAP]

February 6, 2015

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: February 12, 2015
 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, 2014 (April 1, 2014 to December 31, 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	%
Nine months ended December 31, 2014	95,722	9.9	10,359	254.8	14,439	125.7	12,442	125.9
Nine months ended December 31, 2013	87,127	35.4	2,920	—	6,396	—	5,507	—

(Note) Comprehensive income: Nine months ended December 31, 2014: ¥13,360 million (65.9%)
 Nine months ended December 31, 2013: ¥8,051 million (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2014	289.95	—
Nine months ended December 31, 2013	128.34	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2014	125,120	65,430	52.3
As of March 31, 2014	106,140	51,676	48.7

(Reference) Equity: As of December 31, 2014: ¥65,430 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)				10.00	15.00

(Note) Revision of cash dividend forecast: Yes

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	117,000	5.5	8,000	313.4	11,500	121.9	8,000	101.6	186.42

(Note) Revision of consolidated financial results forecast: Yes

Notes:

- (1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
New: – (), Exclusion: – ()
- (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: Yes
 - 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 shares):

As of December 31, 2014	45,029,493 shares
As of March 31, 2014	45,029,493 shares

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

As of December 31, 2014	2,116,347 shares
As of March 31, 2014	2,115,557 shares

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

Nine months ended December 31, 2014	42,913,606 shares
Nine months ended December 31, 2013	42,914,710 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 6, 2015. 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, 2014, the economic recovery in the US continued, while the sense of economic slowdown grew in Europe, and China and other emerging countries saw slowdowns in growth. Meanwhile, uncertainty over the economies of resource-rich countries intensified, mainly on the back of rapidly declining crude oil prices. The Japanese economy made headway towards gradual 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 continued.

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 in the Devices segment for the nine months ended December 31, 2014, we focused on improvements of productive efficiency and strove to maximize cash flows.

As a result, the net sales for the nine months ended December 31, 2014 were ¥95,722 million (an increase of 9.9% as compared to the same period of the previous year). For income, operating income was ¥10,359 million (an increase of 254.8% as compared to the same period of the previous year), ordinary income was ¥14,439 million (an increase of 125.7% as compared to the same period of the previous year), and quarterly net income was ¥12,442 million (an increase of 125.9% as compared to 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, smartphones, notebook PCs, and home appliances.

During the nine months ended December 31, 2014, demand for our mainstay automotive interior components progressed steadily.

As a result, segment sales for the nine months ended December 31, 2014 were ¥20,660 million, an increase of 1.0% 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 nine months ended December 31, 2014, demand for the capacitive-type touch panels adopted to tablet devices progressed steadily.

As a result, segment sales for the nine months ended December 31, 2014 were ¥61,315 million, an increase of 14.5% 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, 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 nine months ended December 31, 2014 were ¥12,981 million, a decrease of 0.2% 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, 2014 increased by ¥18,980 million from the end of the previous year (the fiscal year ended March 31, 2014) to ¥125,120 million.

Current assets increased by ¥22,788 million from the end of the previous year to ¥70,870 million. This was mainly attributable to a ¥14,839 million increase of notes and accounts receivable-trade and a ¥7,654 million increase of cash and deposits.

Non-current assets decreased by ¥3,808 million from the end of the previous year to ¥54,250 million. This was mainly because a ¥5,441 million decrease of property, plant and equipment outweighed a ¥1,723 million increase of goodwill due to new consolidation.

Total liabilities at the end of the third quarter ended December 31, 2014 increased by ¥5,226 million from the end of the previous year to ¥59,690 million.

Current liabilities increased by ¥6,416 million from the end of the previous year to ¥51,229 million. This was mainly attributable to a ¥6,901 million increase of notes and accounts payable-trade.

Non-current liabilities decreased by ¥1,190 million from the end of the previous year to ¥8,460 million. This was mainly attributable to a ¥1,193 million decrease of lease obligations included in the “other” item.

Net assets at the end of the third quarter ended December 31, 2014 increased by ¥13,753 million from the end of the previous year to ¥65,430 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, 2014 was ¥27,760 million, an increase of ¥7,488 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, 2014.

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

Funds provided by operating activities amounted to ¥14,835 million. This was mainly because a ¥13,813 million of income before income taxes and minority interests, a ¥7,272 million of depreciation, and a ¥6,736 million increase in notes and accounts payable-trade outweighed a ¥14,515 million increase of notes and accounts receivable-trade.

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

Funds used in investing activities amounted to ¥2,122 million. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥2,050 million.

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

Funds used in financing activities amounted to ¥7,212 million. This was mainly attributable to net decrease in short-term loans payable of ¥5,099 million and the repayments of long-term loans payable of ¥1,031 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 November 6, 2014 in consideration of the consolidated operating results for the nine months ended December 31, 2014, the latest product demand, and the trends in foreign exchange.

For details, please see the “Notice of Revision to Business Forecast for FY2015, Revision to Dividend Forecast, and Recording of Non-operating Income (Foreign Exchange Gains)” announced on February 6, 2015.

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 third quarter ended December 31, 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 nine months ended December 31, 2014 is insignificant.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	20,272	27,927
Notes and accounts receivable-trade	16,252	31,092
Merchandise and finished goods	4,148	3,787
Work in process	2,227	2,820
Raw materials and supplies	1,449	2,430
Other	3,887	2,876
Allowance for doubtful accounts	(156)	(64)
Total current assets	48,081	70,870
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,607	21,164
Machinery, equipment and vehicles, net	12,807	11,482
Tools, furniture and fixtures, net	1,233	1,333
Land	6,082	5,922
Lease assets, net	1,940	283
Construction in progress	549	593
Total property, plant and equipment	46,221	40,780
Intangible assets		
Software	2,409	1,562
Goodwill	—	1,723
Other	468	791
Total intangible assets	2,877	4,077
Investments and other assets		
Investment securities	8,490	8,842
Other	902	983
Allowance for doubtful accounts	(432)	(432)
Total investments and other assets	8,959	9,393
Total non-current assets	58,058	54,250
Total assets	106,140	125,120

(Million yen)

	As of March 31, 2014	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,776	27,677
Short-term loans payable	17,095	12,114
Income taxes payable	288	1,163
Provision for bonuses	975	606
Provision for directors' bonuses	—	32
Other	5,677	9,634
Total current liabilities	44,812	51,229
Non-current liabilities		
Net defined benefit liability	6,245	5,661
Other	3,404	2,798
Total non-current liabilities	9,650	8,460
Total liabilities	54,463	59,690
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	36,558	49,395
Treasury shares	(2,928)	(2,929)
Total shareholders' equity	46,670	59,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,379	3,867
Foreign currency translation adjustment	1,614	2,068
Remeasurements of defined benefit plans	11	(12)
Total accumulated other comprehensive income	5,004	5,923
Minority interests	1	—
Total net assets	51,676	65,430
Total liabilities and net assets	106,140	125,120

(2) Consolidated statements of operations and comprehensive income

Consolidated statements of operations

(Million yen)

	Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2014
Net sales	87,127	95,722
Cost of sales	73,014	73,487
Gross profit	14,113	22,235
Selling, general and administrative expenses	11,193	11,875
Operating income	2,920	10,359
Non-operating income		
Interest income	79	77
Dividend income	81	89
Foreign exchange gains	3,293	4,539
Other	280	174
Total non-operating income	3,734	4,880
Non-operating expenses		
Interest expenses	93	82
Share of loss of entities accounted for using equity method	103	489
Compensation expenses	—	200
Other	60	28
Total non-operating expenses	257	800
Ordinary income	6,396	14,439
Extraordinary income		
Gain on sales of non-current assets	231	50
State subsidy	159	275
Total extraordinary income	391	326
Extraordinary losses		
Loss on sales and retirement of non-current assets	125	164
Loss on reduction of non-current assets	149	86
Impairment loss	—	701
Total extraordinary losses	275	952
Income before income taxes and minority interests	6,512	13,813
Income taxes	1,006	1,371
Income before minority interests	5,505	12,441
Minority interests in loss	(2)	(1)
Net income	5,507	12,442

Consolidated statements of comprehensive income

(Million yen)

	Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2014
Income before minority interests	5,505	12,441
Other comprehensive income		
Valuation difference on available-for-sale securities	1,270	488
Foreign currency translation adjustment	1,244	415
Remeasurements of defined benefit plans, net of tax	—	(23)
Share of other comprehensive income of entities accounted for using equity method	29	38
Total other comprehensive income	2,545	918
Comprehensive income	8,051	13,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,053	13,361
Comprehensive income attributable to minority interests	(2)	(1)

(3) Consolidated statements of cash flows

(Million yen)

	Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	6,512	13,813
Depreciation	8,169	7,272
Impairment loss	—	701
Amortization of goodwill	—	115
Increase (decrease) in provision for bonuses	(421)	(370)
Increase (decrease) in provision for directors' bonuses	—	32
Increase (decrease) in provision for retirement benefits	89	—
Increase (decrease) in net defined benefit liability	—	130
Increase (decrease) in allowance for doubtful accounts	48	(93)
Interest and dividend income	(160)	(166)
Interest expenses	93	82
Foreign exchange losses (gains)	(1,120)	(1,701)
Share of (profit) loss of entities accounted for using equity method	103	489
Loss (gain) on sales and retirement of non-current assets	(105)	114
Decrease (increase) in notes and accounts receivable-trade	(11,098)	(14,515)
Decrease (increase) in inventories	598	(638)
Increase (decrease) in notes and accounts payable-trade	4,350	6,736
Other, net	(2,401)	3,171
Subtotal	4,658	15,173
Interest and dividend income received	158	165
Interest expenses paid	(93)	(82)
Income taxes paid	(235)	(450)
Income taxes refund	84	29
Net cash provided by (used in) operating activities	4,573	14,835

(Million yen)

	Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2014
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	42
Payments into time deposits	—	(174)
Purchase of property, plant and equipment and intangible assets	(12,175)	(2,050)
Proceeds from sales of property, plant and equipment and intangible assets	819	1,381
Purchase of investment securities	(78)	(73)
Proceeds from sales of investment securities	19	39
Purchase of shares of subsidiaries and associates	(1,245)	(25)
Purchase of investments in other securities of subsidiaries and affiliates	—	(20)
Payments for transfer of business	—	(344)
Payments of loans receivable	(4)	(257)
Collection of loans receivable	10	158
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(856)
Other, net	1	59
Net cash provided by (used in) investing activities	(12,653)	(2,122)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,000)	(5,099)
Repayments of long-term loans payable	—	(1,031)
Redemption of bonds	—	(165)
Repayments of lease obligations	(470)	(488)
Purchases of treasury shares-net	(1)	(1)
Cash dividends paid	(1)	(426)
Proceeds from shares issuance to minority shareholders	2	—
Net cash provided by (used in) financing activities	(1,471)	(7,212)
Effect of exchange rate change on cash and cash equivalents	2,305	1,987
Net increase (decrease) in cash and cash equivalents	(7,246)	7,488
Cash and cash equivalents at beginning of period	23,692	20,272
Cash and cash equivalents at end of period	16,445	27,760

(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, 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.

II. The nine months ended December 31, 2014 (April 1, 2014 to December 31, 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	20,660	61,315	12,981	765	95,722	—	95,722
Inter-segment sales or transfers	1	542	—	506	1,050	(1,050)	—
Total	20,661	61,857	12,981	1,271	96,772	(1,050)	95,722
Segment income (loss)	(514)	14,254	(559)	(175)	13,005	(2,645)	10,359

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

2. The negative ¥2,645 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 ¥2,433 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 ¥1,610 million for the nine months ended December 31, 2014.