

1. This document is a translation of the official Japanese Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 93rd Business Term.
2. This translation is provided only as a reference to assist shareholders in their voting and does not constitute an official document.
3. In the event of any discrepancies between this translated document and the Japanese original, the original shall prevail.

(Securities code: 7915)

June 1, 2012

To All Shareholders

3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan
Nissha Printing Co., Ltd.
Junya Suzuki, President and CEO, Representative Director of the Board

Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 93rd Business Term

We hereby notify that the Ordinary General Meeting of Shareholders for the 93rd Business Term of Nissha Printing Co., Ltd. (the “Company”) shall be held as described below and request your attendance.

If you are unable to attend on the day, you may exercise your voting rights in writing or by an electromagnetic method (via Internet, etc.). You are requested to exercise your voting rights by 6 p.m. on June 21, 2012 (Thurs.) after examining the “Reference Materials for the General Meeting of Shareholders” [p.[45] to p.[49] of the Japanese original].

Ordinary General Meeting of Shareholders

1. **Date and time:** June 22, 2012 (Fri.), 10:00 a.m.
2. **Venue:** Company auditorium, 3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan
(Please refer to the “Guide to the Venue for the General Meeting of Shareholders” of the Japanese original.)
3. **Agenda:**
Matters to be reported
 1. The contents of the Business Report and Consolidated Financial Documents for the 93rd business term (from April 1, 2011 through March 31, 2012)
The Consolidated Financial Documents Audit Report of the Accounting Auditor and the Board of Corporate Auditors
 2. The contents of Non-consolidated Financial Documents for the 93rd business term (from April 1, 2011 through March 31, 2012)

Proposals to be resolved

- Proposal 1** Election of 7 Directors
Proposal 2 Election of 2 Corporate Auditors

[Exercise of voting rights by postal mail]

After indicating your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form, please send the form to reach us by the deadline for exercising voting rights given above.

[Exercise of voting rights by an electromagnetic method (via Internet, etc.)]

Please access the Company's designated websites for exercising voting rights (<http://www.it-soukai.com/>), and after using the "Voting Rights Exercise Code" and "Password" indicated on the enclosed Voting Rights Exercise Form, please enter your approval or disapproval of the proposals in accordance with the guidance given on the screen.

We request that you confirm the "Guide to the Exercise of Voting Rights via the Internet, etc." [p.[50] to p.[51] of the Japanese original] when exercising your voting rights via the Internet, etc.

In addition, if voting rights are exercised in duplicate in writing and via the Internet, the voting rights exercised via the Internet shall be deemed valid.

END

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1. If you intend to attend the meeting, we request that you submit the enclosed Voting Rights Exercise Form to the reception desk at the meeting.
 2. If there are any corrections to the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Documents, and Financial Documents, such corrections will be posted on the Company's website (<http://www.nissha.co.jp/english/index.html>).

Attachments

Business Report

(from April 1, 2011 through March 31, 2012)

1. Current Status of the business group

(1) Progress and results of operations

During the fiscal year under review, with regard to global economic conditions, emerging countries in Asia, including China, progressed steadily although the pace of growth slowed somewhat, however, the overall economic recovery was gradual due to the low growth rate of the US economy and the impact from the continuing debt crisis in Europe. For the Japanese economy, severe conditions continued due to the slowdown in overseas economies, massive flooding in Thailand and persistent high yen rate, etc., while demand from recovery and reconstruction from the Great East Japan Earthquake have pulled economic recovery in the second half.

In the field of consumer electronics including PCs and smart phones, which comprise the main products of the Nissha Group, rapid changes in product demand and lower product prices and lower cost services caused deterioration in production efficiency and price reduction pressure, which led to significant impact on sales and profits.

Under such circumstances, in addition to emergency measures of reducing variable and fixed costs through implementation of “Actions to be taken urgently” with which we have continued to cope from the previous fiscal year, we initiated from September 2011 realization of optimum fixed costs through structural reforms strengthening measures. That is, in order to generate profits even under a low growth environment and to build up a strong business foundation for the next period of growth, we are addressing the reduction of the break even sales point by cost structural reform, improvements in asset efficiency through elimination of consolidation of domestic production bases and strengthening of our ability to cope with a high yen rate by increasing overseas purchasing ratios, etc.

In connection with implementation of these structural reforms strengthening measures, we posted business structure improvement expenses of ¥9,668 million in the fiscal year under review. The breakdown includes impairment loss of fixed assets of ¥6,528 million, special additional benefit and expenses for reemployment support program, etc., of ¥3,139 million in connection with a call for voluntary retirement.

Based on the performance trend in the fiscal year under review and the future, after reviewing the recoverability of deferred tax assets, we reversed the deferred tax assets.

As a result, the Company posted consolidated net sales of ¥80,160 million (down 29.7% year-on-year) for the fiscal year under review, for income, operating loss of ¥11,716 million (operating loss of ¥4,946 million for the previous fiscal year), ordinary loss of ¥11,320 million (ordinary loss of ¥5,396 million for the previous fiscal year) and net loss of ¥28,684 million (net loss of ¥2,464 million for the previous fiscal year).

From the above situation, it is with regret that we announce that the year-end dividend for the fiscal year under review will not be paid. We deeply apologize to our shareholders and ask for your understanding.

An overview of the operations by business segments is as follows:

Industrial Materials

The Industrial Materials segment centers on technologies for decorating the surfaces of plastic products, etc., and it will expand the business field into functional films, etc., in the future. IMD, a technology enabling simultaneous molding of plastic and printing, is applied widely to various items such as notebook PCs, mobile phones, automotives (interior), and home appliances in the global market.

During the fiscal year under review, demand for use in personal notebook PCs and mobile phones, which had been in key demand, dipped.

Consequently, consolidated net sales for the fiscal year under review stood at ¥35,825 million, down 18.6% year-on-year.

Devices

The Devices segment provides devices that pursue high-precision and functionality, centering on touch input devices, FineTouch. These are adopted in smart phones and portable gaming gears, etc., in the global market.

During the fiscal year under review, in addition to a sharp decrease in demand for TouchWindow with decorative films, due to a sharp fluctuations in demand for capacitive-type touch panels for smart phones and severer competition, sales were weak.,.

Consequently, consolidated net sales for the fiscal year under review stood at ¥25,728 million, down 49.0% year-on-year.

Information and Communication

The Information and Communication segment, is engaged in sales promotions, web solutions, commercial and publication printing, which support the general communication strategies of customers regarding publicity, advertising and sales, as well as production of digital archives of cultural assets.

During the fiscal year under review, in the commercial field which is the main field of this segment, due to the reduction in advertising spending by companies following the slowdown of the domestic economy and decrease in printed matter as a result of transition to Internet media, etc., competition for receiving orders grew increasingly more severe.

Consequently, consolidated net sales for the fiscal year under review stood at ¥18,385 million, down 4.4% year-on-year.

(2) Status of fund procurement, etc.

1) Status of fund procurement

The Company did not procure funds through issuance of corporate bonds and new shares, etc.

2) Status of capital expenditures

The Nissha Group has promoted business activities in order to generate profits even under a severe business environment with low growth and build up a strong business foundation for the next period of growth.

To that end, we expanded our production capacity of the capacitive-type touch input device factory with a new process in Himeji, Hyogo Prefecture during the fiscal year under review. In the Administration Division, we enhanced functions of the enterprise resource planning (ERP) system aimed at further improving business efficiency and proper business processes.

As a result, capital expenditures amounted to ¥422 million in the Industrial Materials segment, ¥4,470 million in the Devices segment, ¥66 million in the Information and Communication segment, and ¥1,764 million in the Administration Division, with overall capital expenditures of the Nissha Group standing at ¥6,724 million.

Details of major capital expenditures are as follows:

Business Segment/Division	Breakdown of major capital expenditures
Devices	Expansion of production capacity of Nitec Precision and Technologies, Inc. Himeji Factory (touch input device factory)
Administration	Enhancement of functions of the enterprise resource planning (ERP) system software

(3) Status of assets and operating results

1) Status of assets and operating results of the business group

(Millions of Yen)

Item	Fiscal 2009 [the 90 th business term]	Fiscal 2010 [the 91 st business term]	Fiscal 2011 [the 92 nd business term]	Fiscal 2012 (current term) [the 93 rd business term]
Net sales	127,767	126,965	114,054	80,160
Operating income or operating loss	16,302	11,257	(4,946)	(11,716)
Ordinary income or ordinary loss	15,494	12,061	(5,396)	(11,320)
Net income or net loss	8,689	6,934	(2,464)	(28,684)
Net income or net loss per share (Yen)	200.97	160.38	(57.25)	(668.40)
Total assets	148,787	153,077	142,942	105,250
Shareholders' equity	82,266	88,700	80,396	48,986

Note: Net income or net loss per share is calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury stock).

2) Status of assets and operating results of the Company

(Millions of Yen)

Item	Fiscal 2009 [the 90 th business term]	Fiscal 2010 [the 91 st business term]	Fiscal 2011 [the 92 nd business term]	Fiscal 2012 (current term) [the 93 rd business term]
Net sales	120,287	120,007	105,226	72,114
Operating income or operating loss	9,700	4,182	(2,331)	(7,386)
Ordinary income or ordinary loss	9,530	5,505	(3,023)	(6,928)
Net income or net loss	5,187	2,612	(954)	(17,834)
Net income or net loss per share (Yen)	119.96	60.41	(22.17)	(415.57)
Total assets	118,709	120,532	114,833	91,843
Shareholders' equity	65,315	66,682	62,052	43,214

Note: Net income or net loss per share is calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury stock).

(4) Issues to be addressed

The global economy is expected to remain uncertain and harsh as there are concerns about the future of the continuing debt crisis in Europe and the impact from escalating oil prices, while the steady performance of emerging countries in Asia, including China and a recovery in the US economy are expected.

The Nissha Group will carry out every effort to eliminate operating loss and return to operating profitability as soon as possible. We have been promoting structural improvements that will generate profits even under an environment of a high yen rate and low growth by structural reforms strengthening measures which we initiated in September 2011.

The Nissha Group reviewed the Third Medium-term Business Plan and based on reflections and recognition of the business environment, we formulated the Fourth Medium-term Business Plan (from Fiscal 2013 to Fiscal 2015). We kicked off operation of new approaches to return to a growth trend from April 2012.

The essence of the Fourth Medium-term Business Plan is as follows:

(1) Mid-term Vision

Nissha develops cutting-edge printing technologies and creates an array of exceptional products that fundamentally redefines value for our customers.

(2) Overview of Fourth Medium-term Business Plan

(i) Convert from a strategy of focus to a strategy of product diversification

- Enhance marketing, and provide value required by customers.
- Work to further enhance printing technologies and revamp Nissha Group's proprietary technologies.

(ii) Reorganize business portfolio and product portfolio

- Pursue low-cost operations in existing businesses and consistently generate cash
- Promote the development of new businesses and products

(iii) Relentlessly pursue business profitability

- Pursue profitability and efficiency using return on invested capital (ROIC) as a management indicator
- Rigorously eliminate job and workplace inefficiencies

(iv) Create systems that enable organizations and employees to resolutely carry out strategies

- Simplify organizational hierarchies and accelerate decision making and action.
- Establish human resource strategies and management systems that motivate employees to produce results.

(3) Numerical Targets of the Fourth Medium-term Business Plan

Fiscal year ending March 2015, consolidated sales of ¥130 billion and consolidated operating income ratio of 7%, at least 25% of sales ratio from new businesses and product development

As always, we highly value our favorable relationships with our shareholders, customers, suppliers, local communities, and employees. We aim to build "a mutually trusting Co-Existence with society," as outlined in our corporate mission, as well as actively promote communication from a global perspective. We will also work on Corporate Social Responsibility (CSR) issues continuously, including promotion of environment-conscious business activities, initiatives based on the basic policy of social contributions, etc.

We position maintenance and improvement of corporate ethics and compliance as the most significant issues in management, emphasize corporate governance, and aim to improve long-term corporate value under a management system with greater transparency.

We would like to ask our shareholders for their continuing support.

(5) Principal businesses (as of March 31, 2012)

The Nissha Group has paid attention to the fact that most of our social lives comprise such elements as color, design and function, and plans, develops, designs, produces and sells unique products and services in three business segments—Industrial Materials, Devices and Information and Communication—by expanding the fields of printing technologies.

The principal products of the Nissha Group by business segment are as follows:

Business segment	Principal products
Industrial Materials	IMD (simultaneous In-mold Decoration & design transfer system), IML (simultaneous In-mold Decoration & design insert system), heat transfer foils, Nissha TechSol (functional film)
Devices	FineTouch (touch input devices) (capacitive-type touch panels and resistive-type touch panels)
Information and Communication	Sales promotion, web solution, commercial printing, publication printing, and digital archive production

(6) Principal bases, etc. of the business group (as of March 31, 2012)

1) Principal sales offices and factories

(i) The Company

Headquarters	Kyoto
Division Headquarters	Tokyo (Minato-ku, Tokyo)
	Osaka (Osaka)

(ii) Subsidiaries

Nitec Industries, Inc.	Headquarters (Kameoka, Kyoto Pref.)
	Koka Factory (Koka, Shiga Pref.)
	Tsu Factory (Tsu, Mie Pref.)
Nitec Mold Engineering, Inc.	Headquarters/Factory (Kameoka, Kyoto Pref.)
	Kumihama Factory (Kyotango, Kyoto Pref.)
Nitec Precision, Inc.	Headquarters/Factory (Kaga, Ishikawa Pref.)
Nitec Precision and Technologies, Inc.	Headquarters/Factory (Himeji, Hyogo Pref.)
Nissha USA, Inc.	Head Office (U.S.A.)
Nissha Europe GmbH	Head Office (Germany)
Nissha Korea Inc.	Head Office (Korea)
Nissha Industrial and Electronics Trading (Shanghai) Co., Ltd.	Head Office (China)
Hong Kong Nissha Co., Ltd.	Head Office (China)
Taiwan Nissha Co., Ltd.	Head Office (Taiwan)
Eimo Technologies, Inc.	Head Office/Factory (U.S.A.)
Southern Nissha Sdn. Bhd.	Head Office/Factory (Malaysia)
Guangzhou Nissha High Precision Plastics Co., Ltd.	Head Office/Factory (China)
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	Head Office/Factory (China)
Nitec Printing Co., Ltd.	Headquarters/Factory (Kyoto)
	Yachiyo Factory (Yachiyo, Chiba Pref.)
Nissha Business Service Co., Ltd.	Headquarters (Kyoto)

2) Status of employees

(i) Status of employees of the business group

Business segment/Division	Number of employees	Change from the previous fiscal year-end
Industrial Materials	1,904	-670
Devices	864	
Information and Communication	356	-39
Administration	272	-16
Total	3,396	-725

Note: 1. "Number of employees" indicates the number of employees actually working.

2. The main reason for a decrease is the retirement of 490 personnel as of December 31, 2011 in connection with the call for voluntary retirement through structural reforms strengthening measures.

(ii) Status of employees of the Company

Number of employees		Change from the previous fiscal year-end	Average age	Average length of service
Male	781	-64	38 years and 6 months	13 years and 5 months
Female	202	-12	31 years and 8 months	7 years and 6 months
Total or average	983	-76	37 years and 1 month	12 years and 2 months

Note: "Number of employees" indicates the number of employees actually working.

(7) Status of important parent company and subsidiaries (as of March 31, 2012)

1) Status of the parent company

Not applicable.

2) Status of subsidiaries

Company name	Capital (Millions of Yen)	Equity stake of the Company	Major businesses
Nitec Industries, Inc.	12	100%	Production of decorative films of the Industrial Materials segment
Nitec Precision, Inc.	20	100%	Production of touch input devices of the Devices segment
Nissha USA, Inc.	1,716	100%	Sales of products of the Industrial Materials and the Devices segments
Nissha Korea Inc.	673	100%	Sales of products of the Industrial Materials and the Devices segments
Eimo Technologies, Inc.	1,712	100%*	Production and sales of molded products of the Industrial Materials segment
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	946	100%	Production of molds of the Industrial Materials segment, and production of touch input devices of the Devices segment

Note: The figure ending with * indicates the ratio of indirect equity participation.

(8) Principal creditors and amount of borrowings (as of March 31, 2012)

(Millions of Yen)

Creditors	Amount of borrowings
Mizuho Bank, Ltd.	12,500
The Bank of Kyoto, Ltd.	6,250
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,250

2. Items Regarding Shares of the Company (as of March 31, 2012)

- (1) **Total number of shares authorized** **180,000,000 shares**
- (2) **Total number of common shares issued** **45,029,493 shares**
(including 2,113,731 shares of treasury stock)
- (3) **Number of shareholders** **12,905**
- (4) **Major shareholders (Top 10)**

Name	No. of Shares Held (thousand shares)	Shareholding Ratio (%)
Taiyo Fund, L.P.	3,077	7.17
Suzuki Kosan Co., Ltd.	2,563	5.97
Japan Trustee Services Bank, Ltd. (Trust Account)	2,424	5.64
Meiji Yasuda Life Insurance Company	2,341	5.45
Mizuho Bank, Ltd.	2,076	4.83
The Bank of Kyoto, Ltd.	1,442	3.36
Nissha Kyoeikai	983	2.29
DIC Corporation	905	2.10
Oji Paper Co., Ltd.	894	2.08
Tokio Marine & Nichido Fire Insurance Co., Ltd.	808	1.88

Notes:

1. The Company holds 2,113 thousand shares of treasury stock and is excluded from the list of major shareholders above.
2. The shareholding ratio was computed after excluding shares of treasury stock from the total number of common shares issued.
3. The shares held by Mizuho Bank, Ltd., mentioned above, are trust assets of a retirement benefit trust contributed by the bank (the name in the register of shareholders is Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Retrustee Trust & Custody Services Bank, Ltd.).
4. Nissha Kyoeikai is a supplier ownership association of the Company.
5. The shares held by DIC Corporation, mentioned above, are trust assets of a retirement benefit trust contributed by the company (the name in the register of shareholders is The Master Trust Bank of Japan, Ltd. (retirement benefit trust account/DIC Corporation account)).

3. Items Regarding Stock Acquisition Rights

Not applicable.

4. Items Regarding Directors and Corporate Auditors (as of March 31, 2012)

(1) Items regarding Directors and Corporate Auditors of the Company

Position	Name	Responsibilities	Significant positions concurrently held
President and CEO, Representative Director of the Board	Junya Suzuki	Chief Executive Officer	Chairperson, President and Director, Nissha USA, Inc.
			President and CEO, Representative Director of the Board, Suzuki Kosan Co., Ltd.
			Representative Director, Nissha Foundation for Printing Culture and Technology
Corporate Vice President, Representative Director of the Board	Yoshiharu Tsuji	Sourcing and Logistics	
Director	Takuji Shibata	Executive Vice President Chief Production Officer	
Director	Takao Hashimoto	Executive Vice President Chief Technology Officer Corporate Technology and Core Competence Development	Representative Director, Nitec Precision and Technologies, Inc
Director	Tamio Kubota		Outside Corporate Auditor, Takashima & Co., Ltd. (Full-time)
Director	Kenji Kojima		Professor at Research Institute for Economics & Business Administration, Kobe University
Full-time Corporate Auditor	Michio Taniguchi		
Full-time Corporate Auditor	Yoshitaka Matsumiya		
Corporate Auditor	Yoshio Nakano		Outside Corporate Auditor, Seiwa Electric Mfg. Co., Ltd.
Corporate Auditor	Shigeaki Momo-o		Partner, Momo-o, Matsuo & Namba

Notes:

1. Both Mr. Tamio Kubota and Mr. Kenji Kojima are Outside Directors as stipulated in Article 2, Item 15, of the Companies Act.
2. Both Mr. Yoshio Nakano and Mr. Shigeaki Momo-o are Outside Corporate Auditors as stipulated in Article 2, Item 16, of the Companies Act.
3. Corporate Auditor Yoshio Nakano has a qualification as certified public accountant and possesses considerable knowledge with regard to finance and accounting.
4. Changes in Directors during the fiscal year under review are as follows:
 - (1) As of June 24, 2011, both Directors, Mr. Masaru Takahashi and Mr. Yutaka Inada resigned due to the expiration of their respective terms.
 - (2) As of November 12, 2011, the term of Chairperson Emeritus, Member of the Board, Mr. Shozo Suzuki expired due to his death. In addition, Mr. Shozo Suzuki concurrently held the post of Chairperson, Representative Director of the Board of Suzuki Kosan Co., Ltd.
5. As of June 29, 2011, Corporate Auditor, Mr. Shigeaki Momo-o resigned as an Outside Corporate Auditor of Daidoh Limited due to the expiration of the term.

6. As of April 1, 2012, changes to responsibilities of and significant positions concurrently held by Directors are as follows:

Position	Name	Responsibilities	Significant positions concurrently held
President and CEO, Representative Director of the Board	Junya Suzuki	Chief Executive Officer	Chairperson, President and Director, Nissha USA, Inc.
			President and CEO, Representative Director of the Board, Suzuki Kosan Co., Ltd.
			Representative Director, Nissha Foundation for Printing Culture and Technology
Representative Director of the Board	Yoshiharu Tsuji	Special Assistant to President	
Director	Takuji Shibata	Executive Vice President Chief Production Officer	
Director	Takao Hashimoto	Executive Vice President Chief Technology Officer Corporate Technology Research and Development	Representative Director, Nitec Precision and Technologies, Inc
Director	Tamio Kubota		Outside Corporate Auditor, Takashima & Co., Ltd. (Full-time)
Director	Kenji Kojima		Specially Appointed Professor at Research Institute for Economics & Business Administration, Kobe University

7. The Company has introduced a corporate officer system to enhance corporate governance. As of April 1, 2012, the Company had 16 Corporate Officers including two Corporate Officers who concurrently serve as Directors.
8. Each of the Tokyo Stock Exchange and Osaka Securities Exchange was notified of the names of the following as Independent Directors/Auditors of the Company: Directors Tamio Kubota and Kenji Kojima and Corporate Auditors Yoshio Nakano and Shigeaki Momo-o.

(2) Total amount of remunerations paid to Directors and Corporate Auditors

Title	Number of officers	Total amount of remunerations
Directors	9	¥137 million (¥10 million of which were paid to two Outside Directors)
Corporate Auditors	4	¥31 million (¥10 million of which were paid to two Outside Corporate Auditors)
Total	13	¥168 million (¥20 million of which were paid to four Outside Directors and Outside Corporate Auditors)

Notes:

1. It was resolved at the Ordinary General Meeting of Shareholders for the 89th Business Term, held on June 27, 2008, that the amount of remunerations to be paid to Directors in total per year shall not exceed ¥430 million (¥30 million of which, the amount of remunerations to be paid to Outside Directors shall not exceed).
2. It was resolved at the Ordinary General Meeting of Shareholders for the 88th Business Term, held on June 28, 2007, that the amount of remunerations to be paid to Corporate Auditors in total per year shall not exceed ¥50 million (¥16 million of which, the amount of remunerations to be paid to Outside Corporate Auditors shall not exceed).

(3) Items regarding Outside Directors and Outside Corporate Auditors

- 1) Relationships between the companies where significant positions are concurrently held by Outside Directors or Outside Corporate Auditors and the Company
No special interest exists between these companies and the Company.

2) Major activities of Outside Directors and Outside Corporate Auditors

Position	Name	Major activities
Outside Director	Tamio Kubota	He attended all of the 18 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on his international knowledge and broad experience as a manager and corporate auditor in other companies.
Outside Director	Kenji Kojima	He attended all of the 18 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinion concerning the management of the Company based on his deep knowledge as an expert in corporate governance and corporate strategies.
Outside Corporate Auditor	Yoshio Nakano	He attended all of the 18 meetings of the Board of Directors held during the fiscal year under review and 11 of the 13 meetings of the Board of Corporate Auditors held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a certified public accountant.
Outside Corporate Auditor	Shigeaki Momo-o	He attended 17 of the 18 meetings of the Board of Directors held during the fiscal year under review and 12 of the 13 meetings of the Board of Corporate Auditors held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a lawyer.

3) Outline of the details of contracts for limitation of liability concluded with Outside Directors and Outside Corporate Auditors

The Company has concluded contracts for limitation of liability with all Outside Directors and all Outside Corporate Auditors to limit liability for damages to the Company under Article 423, Paragraph 1, of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act, when the Director's or Corporate Auditor's duty is performed in good faith and with no gross negligence.

4) Total amount of remunerations of Outside Directors and Outside Corporate Auditors received from subsidiaries of the Company

Not applicable.

5. Items Regarding Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of remunerations

	Amount of remunerations
Amount of remunerations to be paid during the fiscal year under review	¥46 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor	¥47 million

Note: The “Amount of remuneration to be paid during the fiscal year under review” is the sum of the amount of remunerations for auditing services in accordance with the Companies Act and the amount of remunerations for auditing work in accordance with the Financial Instruments and Exchange Act, since the two kinds of remunerations are not clearly divided under the audit agreement concluded between the Company and the Accounting Auditor and they cannot be divided practically.

(3) Details of non-auditing services

The Company pays the Accounting Auditor consideration for advice and guidance regarding international businesses, which are businesses other than the businesses under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Outline of the details of the liability limitation agreement concluded with the Accounting Auditor

Not applicable.

(5) Policy on decision to dismiss or not to reappoint the Accounting Auditor

In the case that the Accounting Auditor falls under any of the items in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors shall discharge the Accounting Auditor upon the unanimous approval of the Corporate Auditors.

In addition to the aforementioned case, when execution of proper auditing is thought to be difficult due to the occurrence of events that harm eligibility and independence of the Accounting Auditor, Directors shall, after obtaining the consent of the Board of Corporate Auditors or on the request of the Board of Corporate Auditors, submit a proposal for the dismissal or the disapproval of reappointment of the Accounting Auditor to the General Meeting of Shareholders.

6. Systems and Policies of the Company

(1) Systems necessary to ensure that the execution of the duties by Directors complies with laws and regulations and the Company's articles of incorporation and other systems necessary to ensure the properness of operations of the Company

The details of the resolution made by the Board of Directors on the establishment of the aforementioned systems are as follows:

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company shall establish systems to ensure the properness of operations of the Company (hereinafter referred to as "Internal Control") as follows:

- 1) Systems necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Company's articles of incorporation**
 - (i) The Company shall establish and enforce a Corporate Ethics and Code of Conduct based on its corporate mission, Shared Values and code of conduct so as to comply laws and social ethics from a global point of view.
 - (ii) The Company shall establish a Corporate Ethics and Compliance Committee under Corporate Ethics and Compliance Rules to carry out monitoring and educational activities to ensure compliance with laws and regulations, the Company's articles of incorporation and social norms. In addition, in order to appropriately address any compliance-related problems, "in-house reporting system (Nissha Hotline)" shall be established and operated, through which employees may provide information directly to the Company.
 - (iii) The Company shall elect multiple Outside Directors to maintain and enhance the function of supervising the execution of duties by Directors.
 - (iv) The Company shall ensure the properness of operations by setting up an Internal Control-related division, and establish an Internal Control system to prevent the occurrence of misconduct or mistakes in business processes.
 - (v) The Internal Audit Division, which is under the direct control of the President and Representative Director, shall audit the state of the establishment of an Internal Control system.
 - (vi) The Company shall not have any relationship with antisocial forces, and shall develop and operate a system which enables it to respond to any unreasonable demands with a resolute attitude.

- 2) Systems regarding the retention and management of information relating to the execution of duties by Directors**
 - (i) The Company shall retain and manage information regarding execution of duties by Directors, including the minutes of the General Meetings of Shareholders, the minutes of the meetings of the Board of Directors and the requests for managerial decision, properly and with certainty pursuant to the laws and regulations and in-house regulations on information management, and the information shall be maintained in a condition which can be inspected.
 - (ii) The Company shall disclose important information on all Nissha Group companies timely and properly by establishing a Disclosure Control Committee which shall discuss the necessity of timely disclosure of corporate information and the contents of disclosure.

- 3) Rules and other systems for risk management**
 - (i) The Company shall establish a basic policy for risk management to clarify its stance toward risk management.
 - (ii) The Company shall establish a Risk Management Committee in accordance with the Risk Management Rules, to analyze and oversee the risk of all Nissha Group companies and make reports on a regular basis to the Board of Directors and the Board of Corporate Auditors.
 - (iii) The cross-organizational committee and the superintending division shall properly prevent and cope with the risks relating to compliance, insider trading, product quality, environment, information security, safety and health, etc.

- 4) Systems necessary to ensure the efficient execution of the duties by Directors**
- (i) Through introduction of the corporate officer system, the Company shall establish functional segregation between strategy development and management monitoring functions to be undertaken by the Board of Directors and business executive functions to be undertaken by the Corporate Officers.
 - (ii) The Board of Directors shall approve medium-term business plans, and the Directors and employees shall execute operations based on such strategic and performance plans.
 - (iii) The Company shall establish a Monthly Business Review (MBR) as a meeting body to request the Corporate Officers to report the status of their execution of business and to confirm that the business is executed according to the plans.
 - (iv) The Company shall share the status of execution of business by the Corporate Officers and the strategy implementation items to be undertaken by the organization through the use of IT (information technology) to improve business efficiency.
- 5) Systems necessary to ensure the proper operation of the business group consisting of the Company and its subsidiaries**
- (i) The Company shall appoint its officers or employees to Directors and Corporate Auditors of each Nissha Group company in order to ensure the proper execution of operations.
 - (ii) The Internal Control-related division, etc., shall manage the proper execution of operations at all Nissha Group companies and lead and counsel the subsidiaries.
 - (iii) In order to construct a framework to promote corporate ethics and compliance, managers and personnel in charge of such promotion shall be appointed in each division of each Nissha Group company. Corporate Ethics and Code of Conduct shall be prepared in the languages of major countries and made known to all Directors, Corporate Auditors, Corporate Officers and employees globally through training programs.
- 6) Matters regarding employees assisting the duties of Corporate Auditors, when Corporate Auditors ask for appointment of such employees, and matters regarding the independence of such employees from Directors**
- (i) The Company shall establish a Corporate Auditor's Office to assist the duties of Corporate Auditors, and shall arrange for employees to be exclusively assigned to the office.
 - (ii) The Corporate Auditor's Office shall belong to the Board of Corporate Auditors and be independent of Directors. With regard to matters regarding the personnel affairs of the employees of the Corporate Auditor's Office, approval of the Board of Corporate Auditors shall be obtained through consultation.
- 7) Systems for reporting to Corporate Auditors by Directors and employees and other systems regarding reporting to Corporate Auditors**
- Directors and employees shall quickly report to the Board of Corporate Auditors items that have a serious influence on all Nissha Group companies, the status of risk management, the results of internal audit, the status of internal reports and the details of such reports, etc. Corporate Auditors shall request the Directors and employees to report the same as necessary.
- 8) Other systems necessary to ensure the effective audit by Corporate Auditors**
- (i) The regular meetings for exchanges of opinions between the Representative Directors and the Board of Corporate Auditors shall be held. Corporate Auditors shall also set up regular meetings with the Accounting Auditor, Internal Audit Divisions and Internal Control-related divisions, etc., to cooperate with them closely.
 - (ii) Corporate Auditors shall attend not only the meetings of the Board of Directors, but also other important meetings such as the MBR (Monthly Business Review), etc., and express their opinions as necessary. In addition, they shall also examine the requests for managerial decision and other important documents.

- (iii) The Company shall ensure objectivity and effectiveness of audit through Outside Corporate Auditors, including those who have considerable knowledge concerning finance and accounting or legal affairs, such as a certified public accountant or an attorney, etc.

(2) Basic policy for controlling a stock company

An overview of the details of the resolution passed by the Board of Directors concerning the above policy is as follows:

1) Contents of basic policy

The Company believes that a decision on whether to accept or reject proposals for a large-scale purchase of shares of the Company or acts similar thereto involving the transfer of control of the Company must ultimately be based on the will of its shareholders.

However, the Company finds it necessary to assume that some of these proposals for a large-scale purchase of shares or acts similar thereto: 1) may explicitly undermine the corporate value or the common interests of shareholders in consideration of the purpose of such proposals; 2) may pose the danger of actually forcing shareholders to sell off their shares; or 3) do not benefit the corporate value and the common interests of the shareholders, such as denying the Board of Directors or shareholders of the target company adequate time or information to examine the details of the proposals for a large-scale purchase of shares or acts similar thereto, or denying the Board of Directors of the target company adequate time or information to present alternative proposals.

The Company believes that it is essential that the Company carries out its corporate social missions as a forward-looking company centered on its in-house technologies accumulated over a number of years and based on the Company's corporate mission. Specifically, the Company believes that it is necessary to carry out our corporate activities by making effective use of the Company's expertise in planning, development, design, production, sales and other business activities, and the operating know-how and experience acquired primarily by employees, and through actively developing favorable relationships with stakeholders and adequately verifying tangible and intangible management resources of the Company, latent effects of future strategies, synergistic effects between strategies, and other matters.

The Company believes that parties who hold control over the determination of the Company's financial matters and business policies must fully understand the said basic views described above, and secure and enhance the corporate value of the Company and the common interests of its shareholders with medium-term and long-term points of view.

Therefore, the Company believes that any party that, without adequately understanding the basic views described above, proposes any inappropriate large-scale purchase of shares or any acts similar thereto that do not benefit the corporate value or the common interests of shareholders, should be considered inappropriate to have control over the determination of the Company's financial matters and business policies, and there must be measures to prevent any large-scale purchase of shares of the Company by such parties.

2) Special initiatives contributing to implementation of basic policy

The Company plans, develops, designs, produces and sells unique products and services in the three business areas of Industrial Materials, Devices, and Information and Communication under the corporate mission of "pursuing a mutually trustful Co-Existence with society through our business activities utilizing a unique technology development, based on PRINTING as a core." The core competency of the Company is "printing technology," and the directions in which we aim to expand the business are set as "vectors for business expansion." The directions of such vectors are summarized in the following four points: (i) reinforcement of product lineup through development of derivative technologies, (ii) geographical expansion of trading areas, (iii) creation of innovative business models, and (iv) evolution of marketing.

Having established the medium-term vision as: "Nissha develops cutting-edge printing technologies and creates an array of exceptional products that fundamentally redefines value for our customers." under the "Fourth Medium-term Business Plan" (from Fiscal 2013), the Company

focuses on further expanding its presence as a technology-oriented manufacturer in global markets.

The Board of Directors of the Company comprises four Directors and two Outside Directors. To respond flexibly to changes in the management environment and to promote the clarification of management responsibility, the term of office of a Director has been set at one year. The Company has the corporate officer system in place to reinforce the business execution system, in order to segregate strategy development and management monitoring functions to be undertaken by the Board of Directors and business executive functions to be undertaken by the Corporate Officers. The Board of Corporate Auditors is composed of two Corporate Auditors (full-time) and two Outside Corporate Auditors (part-time), including those who have considerable knowledge concerning finance, accounting or legal affairs, such as a certified public accountant or an attorney. The Company ensures the objectivity and effectiveness of audits and establishes a system to support the smooth running of auditing operations by establishing a Corporate Auditor's Office to support auditing operations of Corporate Auditors and arranging for employees to be exclusively assigned to the office. With regard to our internal management system, the Company sets up an Internal Audit Division, which reports directly to the President and Representative Director of the Board, as an internal auditing function, and discloses important information on all Nissha Group companies timely and properly by establishing a Disclosure Control Committee, which determines the need for the timely disclosure of corporate information and the contents of disclosure.

3) Initiatives in light of basic policy to prevent the control over the determination of the Company's financial and business policies by an inappropriate party

The Company decided at a meeting of its Board of Directors on May 13, 2010, subject to the approval of shareholders obtained at the ordinary general meeting of shareholders scheduled for June 25, 2010 (the "Ordinary General Meeting of Shareholders 2010"), to make partial revisions to and renew the "Countermeasures Against a Large-scale Purchase of Shares of Nissha Printing Co., Ltd.," the effective period of which would end at the close of the Ordinary General Meeting of Shareholders 2010 (the revised "Countermeasures Against a Large-scale Purchase of Shares of Nissha Printing Co., Ltd.,"; the "Plan"), for the sake of further protecting and enhancing the corporate value of the Company and the common interests of shareholders, and the Plan was approved at the Ordinary General Meeting of Shareholders 2010 by consent of a majority of the votes of the shareholders present at the meeting.

The Plan sets forth procedures aimed at protecting and enhancing the corporate value of the Company and common interests of shareholders. In case that any party performing or seeking to perform (the "Purchaser, etc.") any purchase of stock certificates, etc., issued by the Company that results in the holder's shareholding ratio becoming 20% or above, a public tender offer that results in the total shareholding ratio of the purchasers of such public tender offer and specially related parties becoming 20% or above with respect to stock certificates, etc., issued by the Company, or any acts similar thereto (the "Purchase, etc.") emerges, the Company requests any and all Purchasers, etc., to provide, in advance, information regarding the subject Purchase, etc., and give a period of time to collect, examine, and take other steps regarding said Purchase, etc. The Company will thus present the plan made by its Board of Directors or alternative plans to the shareholders, and will negotiate with a Purchaser, etc. In case a Purchaser, etc., pursuing Purchase, etc., without complying with the procedures prescribed in the Plan, or in case an act of Purchase, etc., by a Purchaser, etc., is judged to severely damage the corporate value of the Company and the common interests of shareholders, the Company may implement certain countermeasures.

(For reference)

For details of the Plan, please refer to the website of the Company:

(http://www.nissha.co.jp/english/ir/library/had98i0000001mvd-att/disclosure20100513_1en.pdf)

4) Judgment of the Board of Directors on aforementioned initiatives

The initiatives described in aforementioned 2) are formulated to secure and enhance the corporate value of the Company and the common interests of shareholders, and when the results of such

initiatives are reflected in the evaluation of shares of the Company by shareholders and investors, large-scale purchases of shares that may significantly harm the corporate value of the Company and the common interests of shareholders are considered to become difficult.

The initiatives described in aforementioned 3) are intended to prevent a Purchase, etc., that may significantly harm the corporate value of the Company and the common interests of shareholders and prevent the control over the determination of the Company's financial and business policies by an inappropriate party in light of the basic policy by enabling countermeasures against a Purchaser, etc., who intends to carry out such Purchase, etc. Also, the initiatives shall be introduced to request a Purchaser, etc., to provide, in advance, information we need, and give time to evaluate and examine the details of such information. Furthermore, various systems and procedures are secured to eliminate any arbitrary judgment of the Board of Directors of the Company and ensure rationality, including importance attached to the will of shareholders, by establishing a procedure to ascertain the will of shareholders, establishment of rational and objective prerequisites, and establishment of an Independent Committee.

Therefore, we believe that the initiatives described in aforementioned 2) and 3) are in line with the basic policy and contribute to protection and enhancement of the common interests of shareholders, and they are not aimed at maintaining the status of Directors and Corporate Auditors of the Company.

Consolidated Balance Sheets

(As of March 31, 2012)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	48,050	Current liabilities	46,404
Cash and deposits	19,735	Notes and accounts payable-trade	13,556
Notes and accounts receivable-trade	17,034	Short-term borrowings	25,094
Merchandise and finished goods	3,744	Lease liabilities	625
Work in process	3,018	Accrued expenses	1,666
Raw materials and supplies	1,609	Accrued income taxes	148
Deferred tax assets	252	Provision for bonuses	967
Consumption taxes receivable	2,024	Notes payable-facilities	570
Other	821	Other	3,775
Allowance for doubtful accounts	(190)		
Noncurrent assets	57,200	Long-term liabilities	9,859
Property, plant and equipment	43,524	Lease liabilities	2,491
Buildings and structures	18,755	Deferred tax liabilities	1,384
Machinery, equipment and vehicles	10,789	Liability for retirement benefits	5,734
Tools, furniture and fixtures	1,496	Asset retirement obligations	30
Land	6,387	Other	219
Lease assets	2,965		
Construction in progress	3,130	Total liabilities	56,264
Intangible assets	4,593	(NET ASSETS)	
Goodwill	58	Shareholders' equity	48,143
Software	4,348	Capital stock	5,684
Software in progress	67	Capital surplus	7,355
Other	119	Retained earnings	38,029
		Treasury stock	(2,925)
Investments and other assets	9,081	Accumulated other comprehensive income	842
Investment securities	6,661	Valuation difference on available-for-sale securities	2,807
Deferred tax assets	436	Foreign currency translation adjustment	(1,964)
Other	2,418		
Allowance for doubtful accounts	(434)	Total net assets	48,986
Total assets	105,250	Total liabilities and net assets	105,250

(Note: Amounts are rounded down to the nearest million yen.)

Consolidated Statements of Income

(From April 1, 2011 to March 31, 2012)

(Millions of Yen)

Items	Amount	
Net sales		80,160
Cost of sales		79,759
Gross profit		401
Selling, general and administrative expenses		12,117
Operating loss		11,716
Non-operating income		
Interest and dividend income	215	
Foreign exchange gain	170	
Other	243	629
Non-operating expenses		
Interest expenses	134	
Other	99	233
Ordinary loss		11,320
Extraordinary income		
Gain on sales of noncurrent assets	91	
Gain on business transfer	200	
State subsidy	159	452
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,341	
Loss on reduction of noncurrent assets	156	
Loss on liquidation of subsidiaries and affiliates	209	
Business Structure Improvement Expenses	9,668	11,375
Loss before income taxes		22,243
Current	506	
Deferred	5,934	6,440
Net loss before minority interests		28,684
Net loss		28,684

(Note: Amounts are rounded down to the nearest million yen.)

Consolidated Statements of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Millions of Yen)

Items	Amount
Shareholders' equity	
Capital stock	
Balance at the beginning of current period	5,684
Balance at the end of current period	5,684
Capital surplus	
Balance at the beginning of current period	7,355
Balance at the end of current period	7,355
Retained earnings	
Balance at the beginning of current period	67,679
Changes of items during the period	
Dividends from surplus	(965)
Net loss	(28,684)
Total changes of items during the period	(29,650)
Balance at the end of current period	38,029
Treasury stock	
Balance at the beginning of current period	(2,925)
Changes of items during the period	
Purchase of treasury stock	(0)
Total changes of items during the period	(0)
Balance at the end of current period	(2,925)
Total shareholders' equity	
Balance at the beginning of current period	77,794
Changes of items during the period	
Dividends from surplus	(965)
Net loss	(28,684)
Purchase of treasury stock	(0)
Total changes of items during the period	(29,650)
Balance at the end of current period	48,143

(Note: Amounts are rounded down to the nearest million yen.)

(Millions of Yen)

Items	Amount
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	
Balance at the beginning of current period	4,409
Changes of items during the period	
Net changes of items other than shareholders' equity	(1,602)
Total changes of items during the period	(1,602)
Balance at the end of current period	2,807
Foreign currency translation adjustment	
Balance at the beginning of current period	(1,807)
Changes of items during the period	
Net changes of items other than shareholders' equity	(157)
Total changes of items during the period	(157)
Balance at the end of current period	(1,964)
Total accumulated other comprehensive income	
Balance at the beginning of current period	2,601
Changes of items during the period	
Net changes of items other than shareholders' equity	(1,759)
Total changes of items during the period	(1,759)
Balance at the end of current period	842
Total net assets	
Balance at the beginning of current period	80,396
Changes of items during the period	
Dividends from surplus	(965)
Net loss	(28,684)
Purchase of treasury stock	(0)
Net changes of items other than shareholders' equity	(1,759)
Total changes of items during the period	(31,410)
Balance at the end of current period	48,986

(Note: Amounts are rounded down to the nearest million yen.)

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

(1) Scope of consolidation

1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 22

Names of major consolidated subsidiaries

Nitec Industries, Inc., Nitec Precision, Inc., Nissha USA, Inc., Nissha Korea Inc.,
Eimo Technologies, Inc., Nissha (Kunshan) Precision IMD Mold Co., Ltd.

During the fiscal year under review, as Nissha Korea High Precision Plastics Inc. has completed liquidation procedures, it is excluded from the scope of consolidation.

(2) Application of equity method

No affiliates or subsidiaries are accounted for by the equity method.

(3) Fiscal year, etc. of consolidated subsidiaries

The balance sheet date of Nissha USA, Inc. and 9 other consolidated subsidiaries is December 31.

When preparing consolidated financial statements, we used the financial statements of the aforementioned consolidated subsidiaries as of their balance sheet date, and made the necessary consolidation adjustments for material transactions concluded between the consolidated balance sheet date and the balance sheet date of these subsidiaries.

(4) Significant accounting policies

1) Standards and methods of valuation of assets

i. Securities

Available-for-sale securities

-Available-for-sale securities with market values: Stated at fair value based on market prices as of the balance sheet date.

(Differences in valuation are included directly in net assets and the cost of securities sold is determined based on the moving-average method.)

-Available-for-sale securities without market values: Stated at cost determined by the moving-average method.

ii. Derivatives

Derivatives: Stated at fair value.

iii. Inventories

-Finished products Stated at cost determined by the specific identification method.

(excluding Decorative Film products of Industrial Materials business segment) and work in process: (The balance sheet amount is written down based on the decrease of profit.)

-Finished products Stated at cost determined by the moving-average method. (Decorative Film products of Industrial Materials business segment): (The balance sheet amount is written down based on the decrease of profit.)

-Raw materials and supplies: Stated at cost determined mainly by the periodic average method. (The balance sheet amount is written down based on the decrease of profit.)

- 2) Depreciation methods of noncurrent assets
- i. Property, plant and equipment (excluding lease assets):
 Declining-balance method (However, the straight-line method is principally applied to foreign subsidiaries, etc.)
 Useful lives are principally as follows:
 Buildings and structures: 7 to 50 years
 Machinery, equipment and vehicles: 3 to 12 years
 - ii. Intangible assets (excluding lease assets)
 - Software: Software for internal use is amortized by the straight-line method based on a usable life of generally five years.
 - Other intangible assets: Amortized by the straight-line method.
 - iii. Lease assets
 - Lease assets concerning finance Depreciated by the straight-line method over the lease terms as useful lives with no residual value.
 leases except those that deem to transfer ownership of the leased property to the lessee:
- 3) Standards for accounting for significant reserves
- i. Allowance for doubtful accounts
 The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful accounts.
 - ii. Provision for bonuses
 To provide for the payment of bonuses to employees, the amount deemed necessary for employees' bonuses in the consolidated fiscal year under review is posted based on the estimated amount of payment.
 - iii. Provision for directors' bonuses
 To provide for the payment of bonuses to Directors and Corporate Auditors, the amount deemed necessary for bonuses for Directors and Corporate Auditors in the consolidated fiscal year under review is posted based on the estimated amount of payment.
 - iv. Liability for retirement benefits
 To provide for the payment of retirement benefits to employees, the Company posts the amount that is deemed to have accrued at the end of the consolidated fiscal year under review, based on projected benefit obligation and plan assets at the end of the consolidated fiscal year under review.
 Actuarial gain/loss is recognized as expenses starting from the following consolidated fiscal year and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.
 Prior service cost is recognized as expenses starting from the consolidated fiscal year in which such cost is incurred and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.

- 4) Other items of basis of presenting consolidated financial statements
- i. Standard for translating major foreign-currency-denominated assets or liabilities into Japanese yen
Foreign-currency-denominated monetary claims and debts are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and exchange differences are scored as profits/losses. Assets, liabilities, earnings, and expenses of foreign subsidiaries are translated into Japanese yen at the spot exchange rates in effect at the balance sheet date of the relevant subsidiaries, and exchange differences are included in foreign currency translation adjustments under net assets.
 - ii. Accounting for consumption taxes
Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.
 - iii. Method and period of goodwill
Goodwill is amortized equally within a period that is decided on the basis of an estimate for the period during which its effect will be revealed (principally within five years).

(5) Additional information

Changes in Accounting and Application of Accounting Standards, etc., to corrections of errors

From the changes in accounting and corrections of the previous errors which are conducted after the beginning of the consolidated fiscal year under review, the “Accounting Standards for Changes in Accounting and Corrections of Errors” (Business Accounting Standards No. 24, December 4, 2009) and the “Guidelines for Application of the Accounting Standards for Changes in Accounting and Corrections of Errors” (Guidelines for Application of Business Accounting Standards No. 24, December 4, 2009) have been applied.

2. Notes to the Consolidated Balance Sheets

- (1) Accumulated depreciation concerning assets
Accumulated depreciation on property, plant and equipment: ¥47,915 million
- (2) Guarantee liabilities
Discount on notes receivable-trade: ¥350million

3. Notes to the Consolidated Statements of Changes in Net Assets

- (1) Type and total number of shares issued at the end of the consolidated fiscal year under review
Common stock: 45,029 thousand shares
- (2) Items concerning dividends
1) Dividends paid

Resolution	Type of stock	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)	Base date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2011	Common stock	965	22.50	March 31, 2011	June 27, 2011
Total		965			

- 2) Of dividends whose base date belong to the consolidated fiscal year under review, dividends that take effect in the following consolidated fiscal year
Not applicable.

4. Notes Concerning Financial Instruments

(1) Items concerning the status of financial instruments

1) Financial instrument guidelines

The Group focuses on highly safe financial assets in its fund management, and procures funds mainly through the issuance of bonds and borrowings from banks. It carries out optimum fund procurements at each time while giving full consideration to the management environment. The Group uses derivative transactions to hedge foreign exchange risk, and does not enter into derivative transactions for speculative purposes.

2) Details and risks of financial instruments

Notes and accounts receivable are exposed to credit risk of clients. As operating receivables denominated in foreign currencies, which arise from global business development, are exposed to the risk of fluctuating foreign currency exchange rates, for some of them, the Group uses forward exchange contracts to hedge against such risk.

Investment securities are exposed to the risk of fluctuating market prices.

Notes payable, accounts payable, accrued expenses, and notes payable-facilities are all due within one year. Although some of these are denominated in foreign currencies and are exposed to foreign exchange risk, they are kept constantly within the scope of the outstanding balance of accounts receivable respectively denominated in the same foreign currencies.

Some short-term borrowings are exposed to the risk of fluctuating interest rates because they are borrowed at variable interest rates.

3) Financial instrument risk control structure

The credit status of major clients is assessed periodically through the management of due dates and outstanding balance by client in accordance with Credit Management Regulations.

The Company uses forward exchange contracts to hedge foreign exchange risk associated with operating receivables/payables denominated in foreign currencies.

The operation and management of derivative transactions are conducted by the finance and accounting division in accordance with Exchange Contract Management Regulations. The status of transactions is reported quarterly to Chief Financial Officer.

The finance and accounting division periodically assesses the fair value of investment securities and the financial status, etc., of their issuers.

The finance and accounting division manages liquidity risk concerning fund procurement by preparing and/or updating fund management plans in a timely manner.

(2) Items concerning fair value, etc., of financial instruments

Book value, fair value, and net unrealized gains/losses as of March 31, 2012 (consolidated balance sheet date of the current term) are as follows. Those whose fair value is difficult to assess are not included in the following table. (Refer to Note 2.)

	(Millions of Yen)		
	Book value	Fair value	Net unrealized gains/losses
(1) Cash and deposits	19,735	19,735	-
(2) Notes and accounts receivable-trade	17,034	17,034	-
(3) Consumption taxes receivable	2,024	2,024	-
(4) Investment securities	6,399	6,399	-
Total assets	45,193	45,193	-
(1) Notes and accounts payable-trade	13,556	13,556	-
(2) Short-term borrowings	25,094	25,094	-
(3) Accrued expenses	1,666	1,666	-
(4) Accrued income taxes	148	148	-
(5) Notes payable-facilities	570	570	-
(6) Lease liabilities	3,117	3,048	(68)
Total liabilities	44,153	44,084	(68)

(Note 1) Items concerning method of calculating fair values of financial instruments and securities

Assets

(1) Cash and deposits

(2) Notes and accounts receivable-trade

(3) Consumption taxes receivable, etc.

Because these are settled within a short period, fair value is almost the same as book value. Therefore, fair value is based on the relevant book value.

(4) Investment securities

Fair values of investment securities are based on the market prices as of the end of the consolidated fiscal year under review.

Notes concerning securities by purpose of holding are as follows:

1) Available-for-sale securities (March 31, 2012)

(Millions of Yen)			
Classification	Amount on consolidated balance sheets	Acquisition cost	Net unrealized gains/losses
Securities with amount on consolidated balance sheets exceeding acquisition cost			
Stock	5,601	1,126	4,475
Other	8	7	0
Subtotal	5,609	1,133	4,476
Securities with amount on consolidated balance sheets not exceeding acquisition cost			
Stock	772	935	(162)
Other	16	18	(2)
Subtotal	789	954	(164)
Total	6,399	2,087	4,311

2) Available-for-sale securities that were sold during the consolidated fiscal year (from April 1, 2011 to March 31, 2012)

Not applicable.

- 3) Securities for which impairment losses were recognized (from April 1, 2011 to March 31, 2012)
 “Acquisition cost” in the above table is the book value after impairment losses were recognized.
 Impairment losses were recognized in the consolidated fiscal year under review, and loss on valuation of investment securities of ¥6 million was posted.

Liabilities

- (1) Notes and accounts payable-trade
 (2) Short-term borrowings
 (3) Accrued expenses
 (4) Accrued income taxes
 (5) Notes payable-facilities

Because these are settled within a short period, fair value is almost the same as book value. Therefore, fair value is based on the relevant book value.

- (6) Lease liabilities

Fair value is estimated at present value, which is calculated by discounting principal and interest at a rate assumed to be applied to a new similar lease transaction.

(Note 2) Financial instruments whose fair value is deemed to be very difficult to assess
 (Millions of Yen)

Classification	Book value
Unlisted stock	102
Other	159
Total	261

The aforementioned financial instruments are not included among “Assets (4) Investment securities” because they have no market prices and it is deemed to be very difficult to assess their fair values. Impairment losses were recognized for the aforementioned unlisted stocks in the consolidated fiscal year under review and a loss on valuation of investment securities of ¥11 million was posted.

(Note 3) Projected redemption amounts for monetary claims with maturities after the consolidated settlement date
 (Millions of Yen)

	Within one year
Cash and deposits	19,735
Notes and accounts receivable	17,034
Consumption taxes receivable	2,024
Total	38,794

(*) Investment securities are not presented because there are no investment securities with maturities.

(Note 4) Projected repayment amounts of lease liabilities after the consolidated settlement date

	(Millions of Yen)					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease liabilities	625	621	610	604	598	55
Total	625	621	610	604	598	55

(*) Long-term loans payable and lease liabilities are not presented because they are not material.

5. Notes to Per Share Information

Net assets per share	¥1,141.45
Net loss per share	¥668.40

6. Other Notes (Notes to loss on reduction of noncurrent assets)

Loss on reduction of noncurrent assets is the amount directly reduced from the acquisition value of assets obtained through the acceptance of state subsidy.

Land	¥59 million
<u>Buildings</u>	<u>¥96 million</u>
Total	<u>¥156 million</u>

7. Other Notes (Notes to Business Structure Improvement Expenses)

In the consolidated fiscal year under review, business structure improvement expenses of ¥9,668 million was posted. The breakdown is impairment loss of fixed assets in connection with implementation of structural reforms strengthening measures (¥6,528 million) and special additional benefit and expenses for reemployment support program, etc., in connection with a request for voluntary retirement (¥3,139 million).

The breakdown of impairment losses by major business office is the assets of Nitec Industries, Inc., Kameoka Factory of ¥3,281 million, assets of Koka Factory of ¥347 million and assets of Nitec Precision, Inc., Kaga Factory of ¥1,317 million.

Non-consolidated Balance Sheets

(As of March 31, 2012)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	48,897	Current liabilities	43,385
Cash and deposits	13,606	Notes payable-trade	1,627
Notes receivable-trade	1,295	Accounts payable-trade	14,116
Accounts receivable-trade	14,934	Short-term borrowings	25,000
Merchandise and finished goods	2,930	Accrued expenses	1,404
Work in process	1,118	Provision for bonuses	442
Raw materials and supplies	123	Notes payable-facilities	25
Short-term loans receivable	8,115	Accounts payable-facilities	154
Prepaid expenses	263	Other	614
Accounts receivable-other	4,831		
Consumption taxes receivable	1,843	Long-term liabilities	5,244
Other	30	Long-term accounts payable-other	127
Allowance for doubtful accounts	(195)	Deferred tax liability	248
		Liability for retirement benefits	4,791
Noncurrent assets	42,946	Asset retirement obligation	22
Property, plant and equipment	14,380	Other	54
Buildings	7,978	Total liabilities	48,629
Structures	196		
Machinery and equipment	116	(NET ASSETS)	
Vehicles	6	Shareholders' equity	42,683
Tools, furniture and fixtures	1,257	Capital stock	5,684
Land	4,797	Capital surplus	7,355
Lease assets	5	Legal capital surplus	7,115
Construction in progress	23	Other capital surplus	240
Intangible assets	4,375	Retained earnings	32,568
Software	4,318	Legal retained earnings	1,230
Software in progress	37	Other retained earnings	31,338
Other	18	General reserve	28,766
Investments and other assets	24,189	Retained earnings brought forward	2,572
Investment securities	3,064	Treasury stock	(2,925)
Stocks of subsidiaries and affiliates	2,866		
Investments in capital of subsidiaries and affiliates	1,480	Valuation and translation adjustments	530
Long-term loans receivable	15,713	Valuation difference on available-for-sale securities	530
Claims provable in bankruptcy, claims provable in rehabilitation and other	432		
Long-term deposit	1,500		
Other	279		
Allowance for doubtful accounts	(953)		
Allowance for investment loss	(193)	Total net assets	43,214
Total assets	91,843	Total liabilities and net assets	91,843

(Note: Amounts are rounded down to the nearest million yen.)

Non-consolidated Statements of Income

(From April 1, 2011 to March 31, 2012)

(Millions of Yen)

Items	Amount	
Net sales		72,114
Cost of sales		68,204
Gross profit		3,909
Selling, general, and administrative expenses		11,295
Operating loss		7,386
Non-operating income		
Interest and dividend income	210	
Noncurrent assets rent	1,242	
Foreign exchange gain	97	
Other	90	1,640
Non-operating expenses		
Interest expenses	129	
Loss on valuation of investment securities	18	
Expenses for noncurrent asset loaned	1,004	
Other	30	1,182
Ordinary loss		6,928
Extraordinary income		
Gain on sales of noncurrent assets	9	
State subsidy	59	68
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,101	
Loss on reduction of noncurrent assets	59	
Loss on valuation of stocks of subsidiaries and affiliates	266	
Provision of allowance for doubtful debts of subsidiaries and affiliates	501	
Business Structure Improvement Expenses	3,931	5,860
Loss before income taxes		12,719
Current	11	
Deferred	5,103	5,114
Net loss		17,834

(Note: Amounts are rounded down to the nearest million yen.)

Non-consolidated Statements of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Millions of Yen)

Items	Amount
Shareholders' equity	
Capital stock	
Balance at the beginning of current period	5,684
Balance at the end of current period	5,684
Capital surplus	
Legal capital surplus	
Balance at the beginning of current period	7,115
Balance at the end of current period	7,115
Other capital surplus	
Balance at the beginning of current period	240
Balance at the end of current period	240
Total capital surplus	
Balance at the beginning of current period	7,355
Balance at the end of current period	7,355
Retained earnings	
Legal retained earnings	
Balance at the beginning of current period	1,230
Balance at the end of current period	1,230
Other retained earnings	
General reserve	
Balance at the beginning of current period	28,766
Balance at the end of current period	28,766
Retained earnings brought forward	
Balance at the beginning of current period	21,372
Changes of items during the period	
Dividends from surplus	(965)
Net loss	(17,834)
Total changes of items during the period	(18,800)
Balance at the end of current period	2,572
Total retained earnings	
Balance at the beginning of current period	51,368
Changes of items during the period	
Dividends from surplus	(965)
Net loss	(17,834)
Total changes of items during the period	(18,800)
Balance at the end of current period	32,568

(Note: Amounts are rounded down to the nearest million yen.)

(Millions of Yen)

Items	Amount
Treasury stock	
Balance at the beginning of current period	(2,925)
Changes of items during the period	
Purchase of treasury stock	(0)
Total changes of items during the period	(0)
Balance at the end of current period	(2,925)
Total shareholders' equity	
Balance at the beginning of current period	61,483
Changes of items during the period	
Dividends from surplus	(965)
Net loss	(17,834)
Purchase of treasury stock	(0)
Total changes of items during the period	(18,800)
Balance at the end of current period	42,683
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the beginning of current period	569
Changes of items during the period	
Net changes of items other than shareholders' equity	(38)
Total changes of items during the period	(38)
Balance at the end of current period	530
Total valuation and translation adjustments	
Balance at the beginning of current period	569
Changes of items during the period	
Net changes of items other than shareholders' equity	(38)
Total changes of items during the period	(38)
Balance at the end of current period	530
Total net assets	
Balance at the beginning of current period	62,052
Changes of items during the period	
Dividends from surplus	(965)
Net loss	(17,834)
Purchase of treasury stock	(0)
Net changes of items other than shareholders' equity	(38)
Total changes of items during the period	(18,838)
Balance at the end of current period	43,214

(Note: Amounts are rounded down to the nearest million yen.)

Notes to Non-Consolidated Financial Statements

1. Notes to Items Concerning Significant Accounting Policies

(1) Standards and methods of valuation of assets

1) Securities

- i. Stocks of subsidiaries Stated at cost determined by the moving-average method.
- ii. Available-for-sale securities
 - Available-for-sale securities with market values: Stated at fair value based on market prices as of the balance sheet date.
(Differences in valuation are included directly in net assets and the cost of securities sold is determined based on the moving-average method.)
 - Available-for-sale securities without market values: Stated at cost determined by the moving-average method.

2) Derivatives

Derivatives: Stated at fair value.

3) Inventories

- Finished products (excluding Decorative Film products of Industrial Materials business segment) and work in process: Stated at cost determined by the specific identification method.
(The balance sheet amount is written down based on the decrease of profit.)
- Finished products (Decorative Film products of Industrial Materials business segment) Stated at cost determined by the moving-average method.
(The balance sheet amount is written down based on the decrease of profit.)
- Raw materials and supplies: Stated at cost determined mainly by the periodic average method.
(The balance sheet amount is written down based on the decrease of profit.)

(2) Depreciation methods of fixed assets

1) Property, plant and equipment (excluding lease assets):

Declining-balance method

Useful lives are principally as follows:

Buildings and structures: 7 to 50 years

Machinery, equipment and vehicles: 3 to 12 years

2) Intangible assets (excluding lease assets)

- Software: Software for internal use is amortized by the straight-line method based on a usable life of generally five years.
- Other intangible assets: Amortized by the straight-line method.

3) Lease assets

- Lease assets concerning finance leases except those that deem to transfer ownership of the leased property to the lessee: Depreciated for by the straight-line method over the lease terms as useful lives with no residual value.

4) Long-term prepaid expenses:..... Amortized by straight-line method

- (3) Standards of accounting for significant reserves
- 1) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful receivables.
 - 2) Allowance for investment loss
To provide against losses on investments in subsidiaries and affiliates, an allowance for investment loss is posted in consideration of the financial conditions of the said subsidiaries and affiliates.
 - 3) Provision for bonuses
To provide for the payment of bonuses to employees, the amount deemed necessary for employees' bonuses in the fiscal year under review is posted based on the estimated amount of payment.
 - 4) Provision for directors' bonuses
To provide for the payment of bonuses to Directors and Corporate Auditors, the amount deemed necessary for bonuses for Directors and Corporate Auditors in the fiscal year under review is posted based on the estimated amount of payment.
 - 5) Liability for retirement benefits
To provide for the payment of retirement benefits to employees, the Company posts an amount that is deemed to have accrued at the end of the fiscal year under review, based on projected benefit obligation and plan assets at the end of the fiscal year under review.
Actuarial gain/loss is recognized as expenses starting from the following fiscal year and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.
Prior service cost is recognized as expenses starting from the fiscal year in which such cost was incurred and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.
- (4) Other items of basis of presenting non-consolidated financial statements
- Accounting for consumption tax
Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.
- (5) Additional information
Changes in Accounting and Application of Accounting Standards, etc., to corrections of errors
From the changes in accounting and corrections of previous errors which are conducted after the beginning of the business year under review, the "Accounting Standards for Changes in Accounting and Corrections of Errors" (Business Accounting Standards No. 24, December 4, 2009) and the "Guidelines for Application of the Accounting Standards for Changes in Accounting and Corrections of Errors" (Guidelines for Application of Business Accounting Standards No. 24, December 4, 2009) have been applied.

2. Notes to the Non-Consolidated Balance Sheets

- | | |
|--|-----------------|
| (1) Accumulated depreciation concerning assets | |
| Accumulated depreciation on property, plant and equipment: | ¥18,341 million |
| (2) Guarantee liabilities | |
| 1) Guarantee liabilities | ¥2,333 million |
| The Company guarantees factoring debts of subsidiaries and affiliates. | |
| 2) Discount on notes receivable-trade: | ¥350 million |

(3)	Monetary claims receivable from and monetary debts payable to subsidiaries and affiliates	
	Short-term monetary claims	¥13,982 million
	Long-term monetary claims	¥15,655 million
	Short-term monetary debts	¥4,277 million

(4)	Monetary debts payable to directors and corporate auditors	¥89 million
	Long-term monetary debts payable to directors and corporate auditors are liabilities concerning amounts equivalent to payments of retirement allowances to each of them, corresponding to the period up until the day the Company terminated its unfunded retirement allowance plan for directors and corporate auditors. They are included in “Long-term accounts payable – other” under Long-term liabilities.	

3. Notes to the Non-Consolidated Statements of Income

(1)	Transactions with subsidiaries and affiliates	
	Operating transactions	
	Net sales	¥3,762 million
	Purchases	¥50,473 million
	Non-operating transactions	¥1,455 million

4. Notes to the Non-Consolidated Statements of Changes in Net Assets

(1)	Class and number of shares of treasury stock at the end of the fiscal year under review	
	Common stock	2,113 thousand shares

5. Notes to Tax Effect Accounting

Significant cause-specific components of deferred tax assets and deferred tax liabilities

1)	Current		
	Deferred tax assets	Inventories	¥387 million
		Allowance for doubtful accounts	¥44 million
		Provision for bonuses	¥167 million
		Other	¥106 million
		Subtotal deferred tax assets	¥706 million
		Less valuation allowance	(¥706 million)
	Total deferred tax assets		-
2)	Noncurrent		
	Deferred tax assets	Depreciation	¥414 million
		Impairment loss	¥990 million
		Software	¥299 million
		Investment securities	¥209 million
		Stocks of subsidiaries	¥359 million
		Allowance for doubtful accounts	¥288 million
		Liability for retirement benefits	¥1,705 million
		Tax loss carryforward	¥4,838 million
		Other	¥178 million
		Subtotal deferred tax assets	¥9,284 million
		Less valuation allowance	(¥9,284 million)
	Total deferred tax assets		-
	Deferred tax liabilities	Unrealized gain on available-for-sale securities	(¥248 million)
	Net deferred tax assets (liabilities)		(¥248 million)

6. Notes to Related Party Transactions

Type	Company name	Ownership (owned) percentage	Relationship	Description of transaction	Transaction amount (Millions of Yen)	Items	Balance at the end of the fiscal year (Millions of Yen)
Subsidiary	Nitec Industries, Inc.	(Owning) 100%	Manufacturing of transfer foils of the Industrial Materials segment of the Company	Onerous supply of materials (Note)	-	Accounts receivable-other	3,861
				Purchase of products	19,803	Accounts payable-trade	1,605
				Rent of noncurrent assets	870	-	-
				Lending of funds	40	Short-term loans receivable	2,950
						Long-term loans receivable	4,360
	Nitec Mold Engineering, Inc.	(Owning) 100%	Manufacturing of products of the Industrial Materials segment of the Company	Valuation loss of stock	266	-	-
				Provision of allowance for doubtful accounts	492	Long-term loans receivable	909
	Nitec Precision, Inc.	(Owning) 100%	Manufacturing of touch input devices of the Devices segment of the Company	Purchase of products	22,891	Accounts payable-trade	1,793
				Collection of funds	2,880	Short-term loans receivable	148
	Nitec Precision and Technologies, Inc.	(Owning) 100%	Manufacturing of touch input devices of the Devices segment of the Company Concurrent directors and corporate auditor	Lending of funds	4,443	Short-term loans receivable	4,443
Loan guarantee				1,434	Long-term loans receivable	1,511	
Nissha Business Service Co., Ltd.	(Owning) 100%	Management of real estate Temporary staffing service	Collection of funds	634	Short-term loans receivable	1	
					Long-term loans receivable	2,410	

Transaction condition and policy for deciding transaction condition

- (Notes):
1. Offset elimination processing is conducted for onerous transactions of materials in the Statements of Income.
 2. Transaction conditions are decided in consideration of market prices, etc.
 3. Consumption taxes are not included in the transaction amount. They are included in the balance at the end of the fiscal year.

7. Notes to Per Share Information

Net assets per share	¥1,006.95
Net loss per share	¥415.57

8. Other Notes (Notes Concerning Retirement Benefit Accounting)

(1) General information on adopted employee retirement benefit plans

The Company has adopted a defined benefit pension plan, in addition to in-house reserve lump-sum severance payment plans in accordance with the Retirement Allowance Regulations.

(2) Items concerning retirement benefit liabilities

1) Projected benefit liability	(¥5,869 million)
2) Fair value of plan assets	1,263 million
3) Unfunded retirement benefit liability (1) + 2))	(¥4,606 million)
4) Unrecognized actuarial loss	(¥7 million)
5) Unrecognized prior service cost	(¥177 million)
6) Liability for retirement benefits (3) + 4) + 5))	(¥4,791 million)

(3) Items concerning retirement benefit expenses

1) Service cost	¥184 million
2) Interest cost	¥149 million
3) Expected return on plan assets	(¥15 million)
4) Recognized actuarial gain/loss	¥49 million
5) Amortization of prior service cost	(¥29 million)
6) Net retirement benefit expenses (1) + 2) + 3) + 4) + 5))	¥339 million

(4) Items concerning basis for calculating projected benefit liability

1) Discount rate	2.0%
2) Expected rate of return on plan assets	1.0%
3) Method of attributing projected benefits to periods of service	Periodic straight-line basis
4) Recognition period of actuarial gain/loss	10 years (The amount allocated by the straight-line method is expensed from the following fiscal year.)
5) Amortization period of prior service cost	10 years (The amount allocated by the straight-line method is expensed from the fiscal year when the cost was incurred.)

9. Other Notes (Notes to loss on reduction of noncurrent assets)

Loss on reduction of noncurrent assets is the amount directly reduced from the acquisition value of assets obtained through the acceptance of state subsidy.

Land	¥59 million
Total	¥59 million

10. Other Notes (Notes to Business Structure Improvement Expenses)

In the consolidated fiscal year under review, business structure improvement expenses of ¥3,931 million was posted. The breakdown is impairment loss of fixed assets in connection with implementation of structural reforms strengthening measures (¥2,892 million) and special additional benefit and expenses for reemployment support program, etc., in connection with a request for voluntary retirement (¥1,038 million).

The major contents of impairment losses is as to the land and buildings which are leased to Nitec Industries, Inc., Kameoka Factory of ¥1,855 million, etc.

Copy of Accounting Auditors' Report Relating to the Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 7, 2012

To the Board of Directors of
Nissha Printing Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Koichiro Tsukuda

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Hirokazu Miura

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheets as of March 31, 2012 of Nissha Printing Co., Ltd. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from April 1, 2011 to March 31, 2012, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Copy of Accounting Auditors' Report

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2012, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of Accounting Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 7, 2012

To the Board of Directors of
Nissha Printing Co., Ltd. :

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Koichiro Tsukuda

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Hirokazu Miura

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheets as of March 31, 2012 of Nissha Printing Co., Ltd. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the 93rd fiscal year from April 1, 2011 to March 31, 2012, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

Copy of Accounting Auditors' Report

audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of Audit Report of the Board of Corporate Auditors

(TRANSLATION)

Audit Report

The Board of Corporate Auditors, upon deliberation, has prepared this Audit Report based on the audit reports prepared by each Corporate Auditor regarding the execution by the Directors of their duties during the 93rd business term from April 1, 2011 through March 31, 2012, and hereby reports as follows:

1. Auditing Methods Employed by Corporate Auditors and the Board of Corporate Auditors, and Details Thereof

The Board of Corporate Auditors established the auditing policy, auditing plans and other guidelines for the term under review, received reports from each Corporate Auditor on the execution of audits and results thereof, and in addition, and received reports from Directors, etc. and the Accounting Auditor on the execution of their duties, and when necessary, requested explanations regarding such reports.

In accordance with the auditing standards for Corporate Auditors, established by the Board of Corporate Auditors, and the auditing policy, auditing plans and other guidelines, each Corporate Auditor maintained good communications with Directors, the Internal Control-related division, other employees, etc., and collected information and improved the auditing environment, as well as attended meetings of the Board of Directors and other meetings deemed important, received reports on the execution of their duties from Directors, employees, etc. and, when necessary, requested explanations, inspected documents on the basis of which important decisions were made, and examined status of business and assets at the head office and principal offices. We received reports from Directors and employees, etc., requested explanations regarding such reports when necessary and expressed our opinions regarding the status of construction and management of details of resolutions made by the Board of Directors concerning the establishment of systems necessary to ensure that the execution of the duties by Directors and employees complies with laws, regulations and the Company's articles of incorporation, which is listed in business report, and systems defined under Paragraph 1 and Paragraph 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as what is other systems necessary to ensure the properness of operations of the Company, and systems established on the basis of said resolution (internal control systems). With regard to the basic policy regarding parties who hold control over the determination of the Company's financial matter and business policies, which is stated in the business report, and various activities, we reviewed details based on the deliberations of the Board of Directors, etc. We also maintained good communications and exchanged information with directors, corporate auditors and others of subsidiaries of the Company and, as necessary, received from the subsidiaries reports on their business conditions. Based on the methods stated above, we reviewed the business report for the said business term and their supplementary schedules.

We also monitored and verified whether the Accounting Auditor maintains independence and properly conducts audits, received from the Accounting Auditor reports on the execution of duties and, when necessary, requested explanations. We received a report from the Accounting Auditor that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Ordinance for Corporate Accounting) have been established in accordance with the "Standards for Quality Control of Audit Practices" (Business Accounting Council, October 28, 2005), etc. and, when necessary, requested explanations from the Accounting Auditor. Based on the methods mentioned above, we reviewed the financial statements for the said business term (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report, etc.

- 1) The business report and its supplementary schedules are found to correctly present the status of the Company in conformity with laws, regulations, and the Company's articles of incorporation.
- 2) With respect to the execution of duties by Directors, no misconduct or material fact in violation of laws, regulations or the Company's articles of incorporation is found to exist.
- 3) The details of resolutions passed by the Board of Directors concerning internal control systems are found to be appropriate. In addition, there is nothing to be reported on the contents of the business report and the execution of duties by Directors regarding the relevant internal control systems.
- 4) There is nothing to be reported on the basic policy regarding parties who hold control over the determination of the Company's financial matter and business policies, which is stated in the business report. Activities based on the relevant basic policy are found neither to damage the common interests of shareholders of the Company nor to have the purpose of maintaining the positions of Directors and

Copy of Audit Report of the Board of Corporate Auditors

Corporate Auditors of the Company.

(2) Results of audit of financial statements and their supplementary schedules

The methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are found to be appropriate.

(3) Results of audit of consolidated financial statements

The methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are found to be appropriate.

May 9, 2012

Board of Corporate Auditors of Nissha Printing Co., Ltd.

Full-time Corporate Auditor Michio Taniguchi (Seal)

Full-time Corporate Auditor Yoshitaka Matsumiya (Seal)

Outside Corporate Auditor Yoshio Nakano (Seal)

Outside Corporate Auditor Shigeaki Momo-o (Seal)

END

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of 7 Directors

The term of office of all of the Company's Directors (6) shall expire at the end of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of 7 Directors including 2 Outside Directors.

The candidates for the position of Director are as follows.

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
1	Junya Suzuki (December 8, 1964)	<p>April 1990 Entered The Dai-ichi Kangyo Bank, Limited (Currently, Mizuho Financial Group, Inc.), Ginza Branch Office</p> <p>April 1993 Industrial Research Office, Corporation Planning Division</p> <p>March 1996 Los Angeles Branch Office</p> <p>March 1998 Entered the Company</p> <p>June 1999 Director</p> <p>June 2001 Executive Director</p> <p>June 2003 Senior Executive Director</p> <p>July 2005 Corporate Vice President, Member of the Board</p> <p>June 2007 President and CEO, Representative Director of the Board (present post) Currently, Chief Executive Officer</p> <p>(Significant positions concurrently held)</p> <ul style="list-style-type: none"> • Chairperson, President and Director, Nissha USA, Inc. • President and CEO, Representative Director of the Board, Suzuki Kosan Co., Ltd. • Representative Director, Nissha Foundation for Printing Culture and Technology 	605,051 shares

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
2	Takuji Shibata (July 21, 1948)	<p>March 1967 Entered the Company</p> <p>June 1999 Director</p> <p>July 2007 Executive Director</p> <p>June 2008 Executive Vice President, Member of the Board (present post) Currently, Chief Production Officer</p>	14,861 shares
3	Takao Hashimoto (September 11, 1948)	<p>April 1973 Entered the Company</p> <p>June 2005 Director</p> <p>June 2008 Executive Vice President, Member of the Board (present post) Currently, Chief Technology Officer Corporate Technology Research and Development</p> <p>(Significant positions concurrently held)</p> <ul style="list-style-type: none"> • Representative Director, Nitec Precision and Technologies, Inc. 	12,478 shares
4	* Hayato Nishihara (February 16, 1953)	<p>April 1976 Entered The Dai-ichi Kangyo Bank, Limited (Currently, Mizuho Financial Group, Inc.)</p> <p>December 2004 Entered the Company, Department Manager of General Affairs</p> <p>April 2005 Deputy General Manager of Administration</p> <p>June 2008 Vice President, Deputy General Manager of Administration</p> <p>April 2009 Vice President, General Manager of Corporate Finance and Accounting</p> <p>April 2011 Senior Vice President (present post) Currently, Chief Financial Officer</p>	1,467 shares
5	Yoshiharu Tsuji (February 19, 1942)	<p>March 1965 Entered the Company</p> <p>June 1987 Director</p> <p>June 1997 Executive Director</p> <p>June 2001 Senior Executive Director</p> <p>July 2005 Corporate Vice President, Member of the Board</p> <p>June 2007 Corporate Vice President, Representative Director of the Board</p> <p>April 2012 Representative Director of the Board (present post) Currently, Special Assistant to President</p>	29,127 shares

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
6	Tamio Kubota (August 4, 1947)	<p>April 1972 Entered The Dai-ichi Kangyo Bank, Limited (Currently, Mizuho Financial Group, Inc.)</p> <p>June 1979 Completed MBA, Yale School of Management, Yale University, USA</p> <p>January 2001 General Manager, International Credit Supervision Division, The Dai-ichi Kangyo Bank, Limited</p> <p>April 2002 Entered TOKYO LEASING CO., LTD. (Currently, Century Tokyo Leasing Corporation)</p> <p>June 2006 Representative Director and Senior Executive Officer</p> <p>June 2007 Senior Executive Officer</p> <p>June 2007 Outside Director, the Company (present post)</p> <p>June 2008 Outside Corporate Auditor, Takashima & Co., Ltd. (Full-time) (present post)</p>	2,447 shares
7	Kenji Kojima (February 5, 1948)	<p>April 1970 Entered Matsushita Electric Industrial Co., Ltd. (Currently, Panasonic Corporation)</p> <p>June 1975 Completed MBA, Kellogg School of Management, Northwestern University, USA</p> <p>March 1979 Acquired PhD, Kobe University Graduate School of Business Administration</p> <p>March 1985 Visiting Researcher, Yale School of Management, Yale University, USA</p> <p>September 1988 Visiting researcher, Stanford University, Electrical Engineering Department, USA</p> <p>January 1993 Visiting researcher, Harvard University, Economics Department, USA</p> <p>May 1999 Professor at Research Institute for Economics & Business Administration, Kobe University</p> <p>June 2008 Outside Director, the Company (present post)</p> <p>April 2012 Specially Appointed Professor at Research Institute for Economics & Business Administration, Kobe University (present post)</p>	0 shares

- Notes: 1. No special interest exists between any of the candidates and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares in the Company held.
3. Both Mr. Tamio Kubota and Mr. Kenji Kojima are Candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
4. Special items regarding each Candidate for Outside Director are as follows.
- (1) Mr. Tamio Kubota worked for The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.) in personnel, planning, research and the international division, and for TOKYO LEASING CO., LTD. (currently, Century Tokyo Leasing Corporation), as Representative Director and Senior Executive Officer. He currently holds an office of Outside Corporate Auditor at Takashima & Co., Ltd.
- Mr. Tamio Kubota has given valuable advice and opinions from an independent point of view across the whole range of the Company's management, making the most of his international knowledge, broad experience as a manager or a corporate auditor in other companies and his excellent judgment gained through such experience. We ask for his election as an Outside

- Director, since we judged that he will continue to give his valuable counsel.
- (2) Mr. Kenji Kojima has not participated in corporate management other than as an Outside Director for the Company, but he has given his specialist, objective and valuable counsel from an independent point of view, that comes from his deep knowledge as a researcher in corporate governance and corporate strategy, and also his rich experiences in developing businesspersons at the Kobe University Graduate School of Business Administration MBA program. We ask for his election as an Outside Director, since we judged that he will continue to give his valuable counsel.
 - (3) The terms of office for both Mr. Tamio Kubota and Mr. Kenji Kojima will be for 5 years and 4 years respectively as Outside Directors as of the end of this Ordinary General Meeting of Shareholders.
 - (4) Mr. Kenji Kojima conducts seminars on general management strategy for the executives of the Company and receives compensation for doing so, however, the amount is small and it would not affect the independence of Mr. Kenji Kojima as a Director.
 - (5) The Company has concluded contracts for limitation of liability with both Mr. Tamio Kubota and Mr. Kenji Kojima, and if we obtain approval for their reelections, we will continue these contracts.
The aforementioned contracts limit liability for damages to the Company under Article 423, Paragraph 1, of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act, when the Director's duty is performed in good faith and with no gross negligence.
 - (6) Each of the Tokyo Stock Exchange and Osaka Securities Exchange was notified of Mr. Tamio Kubota and Mr. Kenji Kojima as Independent Directors of the Company.
5. Person with a * is a candidate for new appointee.

Proposal 2: Election of 2 Corporate Auditors

The term of office of Corporate Auditors, Mr. Michio Taniguchi and Mr. Shigeaki Momo-o shall expire at the end of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of 2 Corporate Auditors.

The consent of the Board of Corporate Auditors has been obtained in regard to this proposal.

The candidates for the position of Corporate Auditor are as follows.

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares in the Company held
1	* Hitoshi Konishi (January 2, 1949)	<p>March 1971 Entered the Company</p> <p>April 1991 General Manager of Tokyo Marketing and Sales and Department Manager of Marketing and Sales, General Printing and Information Media Business Unit</p> <p>April 1999 General Manager of Marketing and Sales (Kyoto, Osaka), Industrial Materials and Input Devices Business Unit</p> <p>June 2008 Vice President, General Manager of Corporate Social Responsibility</p> <p>April 2011 Advisor (present post)</p>	6,816 shares
2	Shigeaki Momo-o (August 19, 1940)	<p>April 1966 Registered as an attorney (The Dai-ichi Tokyo Bar Association)</p> <p>February 1989 Partner, Momo-o, Matsuo & Namba (present post)</p> <p>October 1996 Member of Legislative Council of the Ministry of Justice, Bankruptcy Law Subcommittee</p> <p>January 2001 Temporary Member of Legislative Council of the Ministry of Justice</p> <p>June 2001 Outside Corporate Auditor, the Company (present post)</p> <p>March 2002 Member of the Advisory Committee for the Supreme Court Civil Regulations Enactment</p> <p>December 2007 Civil Conciliation Committee Member (Tokyo District Court)</p>	5,447 shares

- Notes:
1. No special interest exists between the candidates and the Company.
 2. Shares held under the name of the shareholding association are included in the number of shares in the Company held.
 3. Mr. Shigeaki Momo-o is the Candidate for an Outside Corporate Auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
 4. Special items regarding the Candidate for Outside Corporate Auditor are as follows.
 - (1) Mr. Shigeaki Momo-o has not participated in corporate management other than as an Outside Corporate Auditor for the Company and other companies and is well acquainted with corporate legal affairs as a lawyer, has sufficient expertise for administering corporate management and we request Mr. Shigeaki Momo-o to conduct an audit from a professional point of view. We determine Mr. Shigeaki Momo-o will continue to reflect a wealth of expertise and request that he assume the post of Outside Corporate Auditor.
 - (2) The terms of office for Mr. Shigeaki Momo-o will be for 11 years as Outside Corporate Auditor as of the end of this Ordinary General Meeting of Shareholders.
 - (3) We have business relationships such as entrustment of legal affairs with Momo-o, Matsuo &

Namba to which Mr. Shigeaki Momo-o belongs, however, the amount is small and it would not affect the independence of Mr. Shigeaki Momo-o as a Corporate Auditor.

- (4) The Company has concluded contracts for limitation of liability with Mr. Shigeaki Momo-o, and if we obtain approval for his reelection, we will continue this contract.

The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1, of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act, when the Corporate Auditor's duty is performed in good faith and with no gross negligence.

- (5) Each of the Tokyo Stock Exchange and Osaka Securities Exchange was notified of Mr. Shigeaki Momo-o as an Independent Auditor of the Company.

5. Person with a * is a candidate for new appointee.

END