Information Disclosed on the Internet upon Issuing Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 96th Business Term

Consolidated Statements of Changes in Net Assets

Notes to Consolidated Financial Statements

Non-consolidated Statements of Changes in Net Assets

Notes to Non-consolidated Financial Statements

From April 1, 2014 to March 31, 2015

Nissha Printing Co., Ltd.

Nissha Printing Co., Ltd. provides “Consolidated Statements of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Net Assets,” and “Notes to Non-consolidated Financial Statements” to Shareholders by posting them on its website (http://www.nissha.com/english/) pursuant to the provisions of laws, regulations and Article 16 of its Articles of Incorporation.

Consolidated Statements of Changes in Net Assets

(From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	5,684	7,355	36,558	(2,928)	46,670
Cumulative effects of changes in accounting policies			823		823
Restated balance	5,684	7,355	37,381	(2,928)	47,494
Changes of items during the period					
Dividends of surplus			(429)		(429)
Net income			11,245		11,245
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(0)	10,816	(1)	10,814
Balance at the end of current period	5,684	7,355	48,198	(2,930)	58,308

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	3,379	1,614	11	5,004	1	51,676
Cumulative effects of changes in accounting policies						823
Restated balance	3,379	1,614	11	5,004	1	52,499
Changes of items during the period						
Dividends of surplus						(429)
Net income						11,245
Purchase of treasury shares						(1)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	2,003	1,250	(254)	3,000	(1)	2,999
Total changes of items during the period	2,003	1,250	(254)	3,000	(1)	13,813
Balance at the end of current period	5,382	2,865	(242)	8,004	—	66,313

(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: 23

Names of major consolidated subsidiaries

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

The Company incorporated Nissha Industrial and Trading Malaysia Sdn. Bhd. and acquired shares of FIS Inc., Nissha F8, Inc., PMX Technologies, S.A. de C.V. and PMX Technologies Services, S.A. de C.V. in the current consolidated fiscal year. These companies are therefore included in the scope of consolidation from the current consolidated fiscal year.

DDN Co., Ltd., Nissha Sales Promotion & Products Co., Ltd. and Nissha Industrial and Electronics Trading (Shanghai) Co,. Ltd., consolidated subsidiaries at the end of the previous consolidated fiscal year, completed their liquidation. These companies are therefore excluded from the scope of consolidation from the current consolidated fiscal year onward

2) Names, etc. of major non-consolidated subsidiaries

Bridge Venture 2014 Investment Enterprise, L.P.

(Reason for excluding the non-consolidated subsidiary from the scope of consolidation)

This non-consolidated subsidiary is small and its total assets, net sales, net income or loss (in the amount commensurate with equity), retained earnings (in the amount commensurate with equity), and other items do not largely influence the consolidated financial statements.

(2) Application of equity method

1) Number of non-consolidated companies accounted for by the equity method: 1

Names of major companies, etc.

Bridge Venture 2014 Investment Enterprise, L.P.

The Company incorporated Bridge Venture Fund 2014 Investment Limited Partnership in the current consolidated fiscal year, so the company is newly included in the scope of application of the equity method.

2) Number of affiliated companies accounted for by the equity method: 3

Names of major companies, etc.

SiMICS Co., Ltd., NS Tech Co., Ltd., TPK Film Solutions Limited

The Company newly acquired shares of SiMICS Co., Ltd., so the company is included in the scope of application of the equity method from the current consolidated fiscal year.

3) Matters to be specifically noted for the procedures of application of the equity method

Among the companies accounted for by the equity method, the respective financial statements for the latest fiscal year have been used for those companies whose respective balance sheet date differ from the consolidated balance sheet date.

(3) Fiscal year, etc. of consolidated subsidiaries

The balance sheet date of Nissha USA, Inc. and 13 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 Stated at fair value.

iii. Inventories

- Finished products (excluding Decorative Film products of Industrial Materials) 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): ………… 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 non-current 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 leases except those that deem to transfer ownership of the leased property to the lessee: ………… Depreciated by the straight-line method over the lease terms as useful lives with no residual value.

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, members of the Board, the amount deemed necessary for bonuses for Directors, members of the Board in the consolidated fiscal year under review is posted based on the estimated amount of payment.

4) Other items of basis of presenting consolidated financial statements

i. Accounting standard for retirement benefits

To provide for the payment of retirement benefits to employees, the Company posts an amount equal to retirement benefit liability less the value of plan assets as net defined benefit liability, based on their projected amounts at the end of the consolidated fiscal year under review. When calculating retirement benefit liability, the method for allocating the projected amounts to periods up to the current consolidated fiscal year is a benefit formula basis.

Prior service cost is recognized as expenses 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.

Actuarial gain/loss is recognized as expenses starting from the following consolidated fiscal year and is amortized in an amount calculated by the straight-line method over a fixed number of years within the average remaining service period of current employees (10 years).

ii. 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, etc., are translated into Japanese yen at the spot exchange rates in effect at the balance sheet date of the relevant subsidiaries, etc., and exchange differences are included in foreign currency translation adjustments and minority interests under net assets.

iii. Accounting for consumption taxes

Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

iv. Method and period of goodwill

Goodwill is amortized equally within a period no more than 20 years that is decided on the basis of an estimate for the period during which its effect will be revealed.

(5) Change in accounting policy

1) Method of accounting for retirement benefits

i. Details of change in the accounting policy

The calculation methods for retirement benefit liability and service cost have been revised: the method for period allocation of projected retirement benefit has been changed from a straight-line basis to a benefit formula basis, and the calculation method for the discount rate has been changed from calculation based on a period approximately equal to the average remaining service years of the employees to calculation using a single weighted-average discount rate reflecting the estimated payment period of retirement benefits and the amount thereof for each estimated payment period.

ii. Reason for change in accounting policy (Name of accounting standard, etc.)

“Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, revised on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, revised on March 26, 2015)

iii. Impact on major items of consolidated financial statements

Net defined benefit liability decreased by ¥823 million at the beginning of the consolidated fiscal year under review and retained earnings increased by the same amount.

The impact on income or loss for the consolidated fiscal year under review is negligible.

As a cumulative impact is reflected in the net assets at the beginning of the consolidated fiscal year under review, the balance of retained earnings at the beginning of the current period in the consolidated statements of changes in net assets increased by ¥823 million.

iv. Reason for non-retroactive application

When applying the accounting standard, the effect of the changes in the calculation method for retirement benefit liability and service cost is reflected in retained earnings at the beginning of the current period in accordance with the transitional treatment provided for in Paragraph 37 of the accounting standard.

2. Notes to the Consolidated Balance Sheets

(1) Accumulated depreciation concerning assets

Accumulated depreciation on property, plant and equipment: ¥56,887 million

(2) Guarantee liabilities

Discount on notes receivable-trade: ¥100 million

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 20, 2014	Common stock	214	5.00	March 31, 2014	June 23, 2014
Board of Directors Meeting held on November 6, 2014	Common stock	214	5.00	September 30, 2014	December 5, 2014
Total		429			

2) Of dividends whose base dates belong to the consolidated fiscal year under review, dividends that take effect in the following consolidated fiscal year

Resolution	Type of stock	Dividend resource	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)	Base date	Effective date
Ordinary General Meeting of Shareholders to be held on June 19, 2015	Common stock	Retained earnings	643	15.00	March 31, 2015	June 22, 2015

(*) The total amount of dividends to be distributed and the dividend per share are stated as a proposal in the Reference Materials for the General Meeting of Shareholders.

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 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 customers. As operating receivables denominated in foreign currencies, which arise from global business development, are exposed to the risk of fluctuating foreign exchange risk, 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, and accrued expenses 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.

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 customers is assessed periodically through the management of due dates and outstanding balance by customer 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 division in accordance with Exchange Contract Management Regulations. The status of transactions is reported quarterly to Chief Financial Officer.

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

The finance 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, 2015 (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	29,794	29,794	-
(2) Notes and accounts receivable-trade	18,633	18,633	-
(3) Consumption taxes receivable	931	931	-
(4) Investment securities	9,617	9,617	-
Total assets	58,976	58,976	-
(1) Notes and accounts payable-trade	19,764	19,764	-
(2) Short-term borrowings	10,114	10,114	-
(3) Accrued expenses	3,384	3,384	-
(4) Accrued income taxes	899	899	-
(5) Lease liabilities	279	275	(3)
Total liabilities	34,441	34,437	(3)

(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

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.

Notes concerning securities by purpose of holding are as follows:

1) Available-for-sale securities (March 31, 2015)

(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	9,217	1,565	7,652
Subtotal	9,217	1,565	7,652
Securities with amount on consolidated balance sheets not exceeding acquisition cost			
Stock	399	406	(7)
Subtotal	399	406	(7)
Total	9,617	1,972	7,644

2) Available-for-sale securities sold during the consolidated fiscal year under review (from April 1, 2014 to March 31, 2015)

(Millions of Yen)

Classification	Gain on sales	Total amount of gain on sales	Total amount of loss on sales
Stock	3	―	0
Other	35	10	0
Total	39	10	0

Liabilities

(1) Notes and accounts payable-trade

(2) Short-term borrowings

(3) Accrued expenses

(4) Accrued income taxes

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.

(5) 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	312
Other	496
Total	808

The aforementioned financial instruments are not included among “(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 ¥0 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	29,794
Notes and accounts receivable	18,633
Consumption taxes receivable	931
Total	49,359

(*) 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	95	89	47	29	6	11
Total	95	89	47	29	6	11

5. Notes to Per Share Information

Net assets per share ¥1,545.30

Net income per share ¥262.05

6. Other Notes (Notes to loss on reduction of non-current assets)

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

Buildings	¥86 million
Total	¥86 million

7. Other Notes (Notes to impairment loss)

The Company Group has recognized impairment losses on the following classes of assets for the consolidated fiscal year under review.

(Millions of Yen)

Use	Location	Type	Impairment loss
Idle asset	Kyoto	Buildings and structures, etc.	119
Manufacturing facilities	Tsu, Mie Pref.	Buildings and structures	570
		Machinery, equipment and vehicles	320
		Tools, furniture and fixtures	5
		Software	0
Idle asset	Himeji, Hyogo Pref.	Construction in progress	284
Idle asset	Kaga, Ishikawa Pref.	Construction in progress	18
Manufacturing facilities	Dongguan, China	Machinery, equipment and vehicles	75
Total			1,394

The business assets of the Company Group are grouped based on a classification adopted for the purpose of internal control. However, assets to be disposed of (assets to be disposed of by disposal or sale, etc.) and idle assets are grouped on an individual basis.

With regard to assets to be disposed of by disposal or sale and idle assets not expected to be used in the future, the Company Group wrote down their book values to recoverable amounts and recorded the reduced amounts as impairment losses in extraordinary losses for the current consolidated fiscal year.

The recoverable amounts of the assets to be disposed of and the idle assets were evaluated based on a net realizable value equal to the fair value net of the estimated expenses for disposal.

8. Other Notes (Notes to business combinations)

Business combination with FIS Inc.
Business combination by acquisition

(1) Overview of the business combination

1) Name of acquired company and description of its business

Name of the acquired company FIS Inc.
Description of business Development, manufacturing, and sales of sensors

2) Major reason for the business combination

In our Fourth Medium-term Business Plan, which spanned the three year period from fiscal year ended March 2013 to fiscal year ended March 2015, the Company have been reconstructing our business and product portfolio in order to “develop cutting-edge printing technologies and creates an array of exceptional products that fundamentally redefines value for our customers”. As part of this endeavor, the Company have been looking into gas sensors as a promising field in order to develop and acquire new sensing teleology while developing touch sensors at the Devices Division.

FIS Inc. has been manufacturing appliances such as gas alarms, air purifiers, and breath alcohol checkers with its advanced technologies in semiconductor gas sensors since its establishment in 1992. In addition to their high sensitivity, gas sensors manufactured by FIS Inc. have been successfully miniaturized and made to be energy efficient with high performance, with long life and short detection time. It is expected that gas sensors will be applied to an even wider range of purposes in the future, such as for fuel-cell vehicles, medical equipment, and POCT (Point of Care Testing).

The Company will aim to combine the technology and expertise related to gas sensors with our unique printing technology in order to create a group of new products while expanding the sales of highly effective gas sensors manufactured by FIS Inc. using our global network.

3) Date of business combination

June 30, 2014

4) Legal form of business combination

The Company exchanged shares in order to make the Company a wholly owning parent company in the share exchange and to make FIS Inc. the wholly owned subsidiary in the share exchange. The Company carried out this share exchange through the procedures of simple share exchange without approval from the meeting of shareholders following the share exchange procedure based on Article 796 Paragraph 3 of the Companies Act.

5) Name of the company after the combination

FIS Inc.

6) Ratio of voting rights acquired

100%

(2) The period for which the results of the acquired company are included in the consolidated financial statements

From July 1, 2014 to March 31, 2015

(3) Acquisition costs of the acquired company and related details

Consideration for acquisition	Cash	¥1,578 million
Costs directly required for acquisition	Advisory expenses, etc.	¥1 million
Acquisition costs		¥1,580 million

(4) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

1) Amount of goodwill incurred

¥1,717 million

2) Reasons for the goodwill incurred, and the method and period of amortization

Goodwill incurred from expected excess earnings power in the future arising from further business development. Goodwill is amortized equally over 8 years.

Business combination with Polymer Tech Mexico, S.A. de C.V.

Business combination by acquisition

(1) Overview of the business combination

1) Name of acquired company and description of its business

Name of the acquired company	Polymer Tech Mexico, S.A. de C.V. ("Polymer Tech Mexico") Polymer Tech Mexico Services, S.A. de C.V.
Description of business	Manufacture and sales of molding products used for automotive engine components and interior and exterior components

2) Major reason for the business combination

The Company's Industrial Material Business Unit has been redirecting its emphasis on the automotive market which is expected to develop global growth potential, and has been shifting toward a business model based on local production and consumption rather than exports in order to meet the needs of supply chain in the market. The Company has developed a model of local production of In-mold decoration (hereinafter referred to as "IMD") for the automotive market by exhibiting Nissha USA, Inc. and Eimo Technologies, Inc.' capabilities in North America and has provided customers with products. During recent years, Mexico has been emerging as a major production center to support the demands for North American automotive market, and it is expected to see demand expansion for IMD products incorporated into the automotive interior components used for top or middle grade models. Polymer Tech Mexico has been supplying plastic molding products for automotive engine components and interior and exterior components to North American, European and Japanese major automotive makers. As a result of this acquisition, the Company intends to add Polymer Tech Mexico's plastic molding products in its product lineups and also build IMD capability in Polymer Tech Mexico and showcase Polymer Tech Mexico as an IMD production base in the automotive industry in Mexico.

3) Date of business combination

January 31, 2015

4) Legal form of business combination

Share acquisition in consideration of cash

5) Name of the company after the combination

PMX Technologies, S.A. de C.V. (its corporate name was changed from Polymer Tech Mexico, S.A. de C.V. effective as of March 26, 2015)

PMX Technologies Services, S.A. de C.V. (its corporate name was changed from Polymer Tech Mexico Services, S.A. de C.V. effective on March 26, 2015)

6) Ratio of voting rights acquired

Nissha USA, Inc. 67%, Eimo Technologies, Inc. 33%

(2) The period for which the results of the acquired company are included in the consolidated financial statements

Though the balance sheet date of the acquired company is different from the consolidated balance sheet date, the Company has prepared consolidated financial statements based on the closing figures of the subsidiary because the difference of the balance sheet date of the subsidiary and the consolidated balance sheet date is within three months.

The deemed acquisition date was January 1, 2015 and the performance of the acquired company was not included in the current consolidated fiscal year.

(3) Acquisition costs of the acquired company and related details

Consideration for acquisition	Cash	¥1,235 million
Costs directly required for acquisition		— million
Acquisition costs		¥1,235 million

(4) Amount of goodwill incurred, reasons for goodwill incurred, and the method and period of amortization

1) Amount of goodwill incurred

¥585 million (71 million MXN)

2) Reasons for goodwill incurred, and the method and period of amortization

Because the acquisition costs exceeded the net assets of the acquired company, the Company posted the resulting excess amount as goodwill.

The process for identifying distinguishable assets and liabilities on the date of the business combination is under close examination, and thus the allocation of acquisition costs has not yet been completed at the end of the current consolidated fiscal year. Therefore, the amount of goodwill is accounted for on a tentative basis, and the amortization method and period are under close examination as well.

(5) Assets received and liabilities undertaken on the date of the business combination, and the breakdown thereof

Current assets	¥387 million
Non-current assets	¥740 million
Total assets	¥1,128 million
Current liabilities	¥285 million
Non-current liabilities	¥193 million
Total liabilities	¥478 million

(6) The estimated amounts of the impact of the business combination on the consolidated statements of income for the current consolidated fiscal year when the business combination is assumed to have been completed on the first day of the current consolidated fiscal year, and the method for calculation thereof

The estimated amounts of the impact are not shown due to difficulty in reasonable calculation.

Non-consolidated Statements of Changes in Net Assets

(From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	5,684	7,115	240	7,355	1,230	28,766	2,968	32,964
Cumulative effects of changes in accounting policies							680	680
Restated balance	5,684	7,115	240	7,355	1,230	28,766	3,648	33,644
Changes of items during the period								
Dividends of surplus							(429)	(429)
Net income							8,667	8,667
Purchase of treasury shares								
Disposal of treasury shares			(0)	(0)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	(0)	(0)	—	—	8,238	8,238
Balance at the end of current period	5,684	7,115	240	7,355	1,230	28,766	11,887	41,883

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(2,928)	43,076	3,379	3,379	46,455
Cumulative effects of changes in accounting policies		680			680
Restated balance	(2,928)	43,756	3,379	3,379	47,135
Changes of items during the period					
Dividends of surplus		(429)			(429)
Net income		8,667			8,667
Purchase of treasury shares	(1)	(1)			(1)
Disposal of treasury shares	0	0			0
Net changes of items other than shareholders' equity			2,003	2,003	2,003
Total changes of items during the period	(1)	8,236	2,003	2,003	10,240
Balance at the end of current period	(2,930)	51,993	5,382	5,382	57,376

(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 and affiliates — 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 — Stated at fair value.

3) Inventories

-Finished products (excluding Decorative Film products of Industrial Materials) 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) ………… 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 non-current 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) 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.

3) Provision for directors' bonuses

To provide for the payment of bonuses to Directors, members of the Board, the amount deemed necessary for bonuses for Directors, members of the Board in the fiscal year under review is posted based on the estimated amount of payment.

4) 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 liability and plan assets at the end of the fiscal year under review. When calculating retirement benefit liability, the method for allocating the projected amounts to periods up to the current fiscal year is a benefit formula basis.

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.

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.

(4) Other items of basis of presenting non-consolidated financial statements

1) Accounting for retirement benefits

The accounting method adopted for unrecognized actuarial gain/loss and the unamortized amount of unrecognized prior service cost in the non-consolidated financial statements differs from the accounting method for the same items in the consolidated financial statements.

2) 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) Change in accounting policy

1) Method of accounting for retirement benefits

i. Details of change in the accounting policy

The calculation methods for retirement benefit liability and service cost have been revised: the method for period allocation of projected retirement benefit has been changed from a straight-line basis to a benefit formula basis, and the calculation method for the discount rate has been changed from calculation based on a period approximately equal to the average remaining service years of the employees to calculation using a single weighted-average discount rate reflecting the estimated payment period of retirement benefits and the amount thereof for each estimated payment period.

ii. Reason for change in accounting policy (Name of accounting standard, etc.)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, revised on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on March 26, 2015)

iii. Impact on major items of financial statements

Provision for retirement benefits decreased by ¥680 million at the beginning of the fiscal year under review and retained earnings brought forward increased by the same amount.

The impact on income or loss for the fiscal year under review is negligible.

As a cumulative impact is reflected in the net assets at the beginning of the fiscal year under review, the balance of retained earnings brought forward at the beginning of the current period in the non-consolidated statements of changes in net assets increased by ¥680 million.

iv. Reason for non-retroactive application

When applying the accounting standard, the effect of the changes in the calculation method for retirement benefit liability and service cost is reflected in retained earnings brought forward at the beginning of the current period in accordance with the transitional treatment provided for in Paragraph 37 of the accounting standard.

2. Notes to the Non-consolidated Balance Sheets

(1) Accumulated depreciation concerning assets

Accumulated depreciation on property, plant and equipment:	¥20,230 million

(2) Guarantee liabilities

1) Guarantee liabilities	¥1,426 million

The Company guarantees factoring debts of subsidiaries and affiliates.

2) Discount on notes receivable-trade:	¥100 million

(3) Monetary claims receivable from and monetary debts payable to subsidiaries and affiliates

Short-term monetary claims	¥7,766 million
Long-term monetary claims	¥20,529 million
Short-term monetary debts	¥4,338 million

(4) Monetary debts payable to Directors, members of the Board and Audit & Supervisory Board Members ¥62 million

Long-term monetary debts payable to Directors, members of the Board and Audit & Supervisory Board Members 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, members of the Board and Audit & Supervisory Board Members. They are included in “Other” under Long-term liabilities.

3. Notes to the Non-consolidated Statements of Income

(1) Transactions with subsidiaries and affiliates

Operating transactions

Net sales	¥5,444 million
Purchases	¥76,949 million
Non-operating transactions	¥2,580 million

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

(1) Class and number of treasury shares at the end of the fiscal year under review

Common stock	2,116 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	¥202 million
	Allowance for doubtful accounts	¥31 million
	Provision for bonuses	¥211 million
	Tax loss carried forward	¥276 million
	Other	¥98 million
	Subtotal deferred tax assets	¥822 million
	Less valuation allowance	(¥31 million)
Total deferred tax assets		¥790 million

2) Non-current

Deferred tax assets	Depreciation	¥512 million
	Impairment loss	¥734 million
	Investment securities	¥206 million
	Stocks of subsidiaries	¥5 million
	Allowance for doubtful accounts	¥1,354 million
	Liability for retirement benefits	¥1,677 million
	Tax loss carried forward	¥2,634 million
	Other	¥91million
	Subtotal deferred tax assets	¥7,217 million
	Less valuation allowance	(¥7,105 million)
	Total deferred tax assets	¥112 million
Deferred tax liabilities	Unrealized gain on available-for-sale securities	(¥2,439 million)
Net deferred tax assets (liabilities)		(¥2,326 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)
Subsidiaries	Nitec Industries, Inc.	(Owning) 100%	Manufacturing of products of the Company	Onerous supply of materials	-	Accounts receivable-other	2,731
				Purchase of products	11,805	Accounts payable-trade	1,400
				Collection of funds	428	Short-term loans receivable	349
						Long-term loans receivable	5,376
				Acquisition of property, plant and equipment	-	Advance payments-other	1,150
	Nitec Precision and Technologies, Inc.	(Owning) 100%	Manufacturing of products of the Company Concurrent directors, members of the board and audit & supervisory board member	Purchase of products	57,346	Accounts payable-trade	1,775
				Collection of funds	10,855	Short-term loans receivable	461
						Long-term loans receivable	15,018
	FIS Inc.	(Owning) 100%	Concurrent directors, members of the board and audit & supervisory board member	Lending of funds	1,071	Short-term loans receivable	1,071

Transaction condition and policy for deciding transaction condition

(Notes):

1. Offset elimination processing is conducted for onerous transactions of materials in the Non-consolidated Statements of Income.
2. The purchase of products and the acquisition of property, plant and equipment are decided in consideration of market prices.
3. The lending of funds is decided in consideration of market prices. The provision of collateral is not allowed.
4. An allowance for doubtful accounts of ¥3,677 million is posted with regard to the funding of Nitec Industries, Inc.
   A provision of allowance for doubtful debts of subsidiaries and affiliates of ¥854 million was posted for the fiscal year under review.
5. 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	¥1,337.04
Net income per share	¥201.98

8. Other Notes (Notes to impairment loss)

The Company has recognized impairment losses on the following classes of assets for the fiscal year under review.

Use	Location	Type	Impairment loss (Millions of Yen)
Idle asset	Kyoto	Buildings and structures, etc.	119
Total			119

The business assets of the Company are grouped based on a classification adopted for the purpose of internal control. However, assets to be disposed of (assets to be disposed of by disposal or sale, etc.) and idle assets are grouped on an individual basis.

With regard to assets to be disposed of by disposal, the Company wrote down their book values to recoverable amounts and recorded the reduced amounts as impairment losses in extraordinary losses for the current fiscal year.

The recoverable amounts of the assets to be disposed of were evaluated based on a net realizable value equal to the fair value net of the estimated expenses for disposal.

9. Other Notes (Notes to business combinations)

Business combination with FIS Inc.

Notes are omitted because the same content is shown in “8. Other Notes (Notes to business combinations)” in the consolidated financial statements.