Information Disclosed on the Internet upon Issuing Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 97th 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, 2015 to March 31, 2016

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, 2015 to March 31, 2016)

(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	48,198	(2,930)	58,308
Changes of items during the period					
Dividends of surplus			(1,287)		(1,287)
Profit attributable to owners of parent			6,898		6,898
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,610	(1)	5,609
Balance at the end of current period	5,684	7,355	53,808	(2,931)	63,917

	Accumulated other comprehensive income				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	5,382	2,865	(242)	8,004	66,313
Changes of items during the period					
Dividends of surplus					(1,287)
Profit attributable to owners of parent					6,898
Purchase of treasury shares					(1)
Net changes of items other than shareholders' equity	(404)	(1,094)	(327)	(1,826)	(1,826)
Total changes of items during the period	(404)	(1,094)	(327)	(1,826)	3,782
Balance at the end of current period	4,977	1,770	(570)	6,178	70,096

(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: 31

Names of major consolidated subsidiaries

Nitec Industries, Inc., Nitec Precision and Technologies, Inc., Nissha USA, Inc., Eimo Technologies, Inc., AR Metallizing N.V., Málaga Produtos Metalizados Ltda., Nissha Korea Inc., Nissha (Kunshan) Precision IMD Mold Co. Ltd.

The Company acquired all shares of H.I.G. Luxembourg Holdings 28 S.à r.l. Therefore, H.I.G. Luxembourg Holdings 28 S.à r.l., its business company AR Metallizing N.V., and AR Metallizing N.V. group companies are included in the scope of consolidation from the current consolidated fiscal year. AR Metallizing N.V. and ARM Embalagens Ltda. acquired all equity of Málaga Produtos Metalizados Ltda. The company acquired additional shares of SiMICS Co., Ltd., and incorporated Nissha Printing Communications, Inc. These companies are therefore included in the scope of consolidation from the current consolidated fiscal year.

H.I.G. Luxembourg Holdings 28 S.à r.l. changed its corporate name to Nissha Luxembourg Holdings S.à r.l. as of September 15, 2015.

PMX Technologies Services, S.A. de C.V., a consolidated subsidiary in the previous consolidated fiscal year, was extinguished in an absorption-type merger with PMX Technologies, S.A. de C.V., the surviving company in the merger in the current consolidated fiscal year.

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, profit (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.

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

Names of major companies, etc.

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

The Company acquired additional shares of SiMICS Co., Ltd., so the company is included in the scope of consolidated subsidiaries 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 19 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

Held-to-maturity debt securities	Stated at the amortized cost determined by the straight-line method.
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) ……………………………

Straight-line method

Depreciation periods are principally as follows:
Software: 5 years (Usable life of internal use)
Technical assets: 15 years
Customer related assets: 8 to 17 years

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 non-controlling 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.

v. Accounting treatment of convertible bond-type bonds with stock acquisition rights

Consideration of bonds is not distinguished from consideration of stock acquisition rights, and is therefore accounted for according to the issuance of straight bonds.

(5) Change in accounting policy

(Change in accounting policy associated with revisions of accounting standards)

Application of the "Accounting Standard for Business Combinations," etc. revised on September 13, 2013

1) Details and reasons for the change in the accounting policy

Effective from the current consolidated fiscal year, the Company has adopted the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Accounting Standard for Consolidated Financial Statements"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter, the "Accounting Standard for Business Divestitures"). Following the methods changed according to these standards, the Company records differences arising from changes in its equity interest in subsidiaries that remain under its control as capital surplus and charges acquisition-related costs for business combinations to expenses in the fiscal years when such costs are incurred.

With regard to any business combination made on or after April 1, 2015, these changes dictate that if an allocated amount of acquisition costs arising from a determination of provisional treatment is adjusted in the fiscal year following the fiscal year when the business combination occurs, the effect on the beginning balance in the fiscal year when the adjustment is made is separately presented and the beginning balance reflecting the adjustment is stated.

Furthermore, the Company has changed the presentation of net income, etc., as well as the presentation of minority interests to non-controlling interests.

2) Reason for non-retroactive application

When applying the accounting standards, the Company follows the transitional treatment set forth in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The accounting standards are applied to the period from April 1, 2015 onward.

3) Impact on major items of consolidated financial statements

As a result, operating income, ordinary income and profit before income taxes for the current consolidated fiscal year decreased by ¥361 million, respectively.

(6) Unapplied accounting standards, etc.

"Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 issued on March 28, 2016)

1) Summary

With respect to the treatment of recoverability of deferred tax assets, a framework shown in "the auditing treatment on determining the recoverability of deferred tax assets" (the JICPA Audit Committee Report No. 66), a treatment that classifies companies into five categories and estimates the amount of deferred tax assets according to the classification is basically observed as before, and the necessary revisions are made for the treatment listed below.

i. The treatment of companies that do not meet any of the requirements for (Classification 1) through (Classification 5)

ii. The requirements for (Classification 2) and (Classification 3)

iii. The treatment of deductible temporary difference not schedulable at companies that fall under (Classification 2)

iv. The treatment of a reasonably estimable period for taxable income before reflecting deductible temporary differences, etc. at companies that fall under (Classification 3)

v. The treatment when any company that meets the requirements for (Classification 4) also falls under (Classification 2) or (Classification 3)

2) Planned date of application

The revisions are scheduled to be applied from the beginning of fiscal 2017, the consolidated fiscal year ending March 31, 2017.

3) Impact of the application of the above accounting standards

The impact of the application of the above accounting standard and its guidance is being estimated when the consolidated financial statements are prepared.

(7) Change in presentation method

Effective from the current consolidated fiscal year, customer related assets, an item included in other under intangible assets in the previous consolidated fiscal year (¥538 million in the previous consolidated fiscal year), is separately presented due to an increase in quantitative materiality.

2. Notes to the Consolidated Balance Sheets

(1) Accumulated depreciation concerning assets

Accumulated depreciation on property, plant and equipment: ¥68,542 million

(2) Guarantee liabilities

Discount on notes receivable-trade: ¥86 million

3. Notes to the Consolidated Statements of Income

Amortization of goodwill

The amortization of goodwill represents the amount of lump-sum amortization for goodwill in the other business segment, as a result of impairment loss on the stock of FIS Inc., a consolidated subsidiary, in accordance with Paragraph 32 of the Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements (Accounting Practice Committee Report No.7, November 28, 2014, issued by the Japanese Institute of Certified Public Accountants).

4. 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 19, 2015	Common stock	643	15.00	March 31, 2015	June 22, 2015
Board of Directors Meeting held on November 6, 2015	Common stock	643	15.00	September 30, 2015	December 4, 2015
Total		1,287			

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 17, 2016	Common stock	Retained earnings	643	15.00	March 31, 2016	June 20, 2016

(*) 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.

(3) Type and number of shares to be issued upon the exercise of stock acquisition rights outstanding at the end of the consolidated fiscal year under review

Common stock 9,052 thousand shares

5. Notes to Financial Instruments

(1) Items concerning the status of financial instruments

1) Financial instrument guidelines

The Company Group focuses on highly safe financial assets in its fund management, and procures funds mainly through borrowings from banks and issuance of bonds. It carries out optimum fund procurements at each time while giving full consideration to the management environment. The Company 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 Company Group uses forward exchange contracts to hedge against such risk.

Securities and investment securities mostly consist of debt securities held for the investment of excess funds and stock of companies with which the Company has business relationships. Because the debt securities held for investment of excess funds are invested in highly safe financial instruments only, credit risk is limited. Stock trading in markets is 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.

Borrowings and bonds are used to procure funds for operational transactions, capital expenditures, and loans and investment. Borrowings are exposed to the risk of fluctuating interest rates because most of them 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 Group 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 securities and 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, 2016 (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	40,085	40,085	—
(2) Notes and accounts receivable-trade	21,665	21,665	—
(3) Consumption taxes receivable	1,722	1,722	—
(4) Securities and investment securities			
1) Held-to-maturity debt securities	2,033	2,033	—
2) Available-for-sale securities	8,879	8,879	—
Total assets	74,386	74,386	—
(1) Notes and accounts payable-trade	24,758	24,758	—
(2) Short-term borrowings	12,485	12,485	—
(3) Accrued expenses	3,585	3,585	—
(4) Accrued income taxes	1,313	1,313	—
(5) Bonds payable	20,000	20,640	640
(6) Long-term loans payable (*1)	4,050	4,139	88
(7) Lease liabilities	1,804	1,662	(141)
Total liabilities	67,998	68,585	586

(*1) Includes the current portion of long-term loans payable.

(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) Securities and investment securities

Because securities 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. Fair values of investment securities are based on the market prices.

Notes concerning securities by purpose of holding are as follows:

1) Held-to-maturity debt securities (March 31, 2016)

(Millions of Yen)

Classification	Amount on consolidated balance sheets	Fair value	Net unrealized gains/losses
Securities with fair value exceeding the amount on consolidated balance sheets			
Commercial paper	—	—	—
Other	—	—	—
Subtotal	—	—	—
Securities with fair value not exceeding the amount on consolidated balance sheets			
Commercial paper	1,999	1,999	—
Other	33	33	—
Subtotal	2,033	2,033	—
Total	2,033	2,033	—

2) Available-for-sale securities (March 31, 2016)

(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	8,487	1,579	6,908
Subtotal	8,487	1,579	6,908
Securities with amount on consolidated balance sheets not exceeding acquisition cost Stock	391	401	(9)
Subtotal	391	401	(9)
Total	8,879	1,980	6,898

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) Bonds payable

Fair value is estimated at present value, which is calculated by discounting principal at a rate considering the remaining terms and a rate adjusted for credit risk.

(6) Long-term loans payable

Fair value is calculated by discounting principal and interest at a rate assumed to be applied to a new similar borrowing.

(7) 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	481
Other	486
Total	968

The aforementioned financial instruments are not included among "(4) Securities and 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 ¥493 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	40,085
Notes and accounts receivable	21,665
Securities	2,033
Consumption taxes receivable	1,722
Total	65,506

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

(Note 4) Projected repayment amounts of bonds payable, long-term loans payable, lease liabilities and other interest-bearing 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
Short-term borrowings	12,485	–	–	–	–	–
Bonds payable	–	–	–	–	20,000	–
Long-term loans payable	563	548	291	1,459	1,188	–
Lease liabilities	170	133	116	84	80	1,218
Total	13,219	681	407	1,543	21,269	1,218

6. Notes to Per Share Information

Net assets per share	¥1,633.47
Basic earnings per share	¥160.75
Diluted earnings per share	¥158.46

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.

(1) Overview of assets or asset group recorded impairment losses

(Millions of Yen)

Use	Location	Type	Impairment loss
Idle asset	Koka, Shiga Pref.	Machinery, equipment and vehicles	184
Manufacturing facilities	Tsu, Mie Pref.	Machinery, equipment and vehicles	150
Total			334

(2) Factors leading to the recognition of impairment losses

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.

(3) Assets grouping method

The business assets of the Company Group are grouped based on the business segment used for monitoring operations for management accounting purposes. 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.

(4) Method of evaluating recoverable amounts

The recoverable amounts of the idle assets were measured based on a net realizable value and evaluated based on memorandum value.

The recoverable amounts of the manufacturing facilities as assets to be disposed of were measured based on net realizable values, and their fair values were calculated mainly by the estimated proceeds from sales.

8. Other Notes (Notes to business combinations)

Business combination by acquisition

Business combination with H.I.G. Luxembourg Holdings 28 S.à r.l.

(1) Overview of the business combination

1) Name of acquired company and description of its business

Name of the acquired company	H.I.G. Luxembourg Holdings 28 S.à r.l.
Description of business	Corporate planning and management of AR Metallizing N.V., a subsidiary that engages in the production and sales of metallized paper for label and packaging for beverages, foods, consumer products, etc., and its group companies, and ancillary or related businesses to the above

2) Major reason for the business combination

In the Fifth Medium-term Business Plan, which has been implemented since April 2015 and covers a three-year period, the Company has established its medium-term vision as: “We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets.” The Company pursues the creation of new values and innovative product lineups through the expansion of its existing base of proprietary printing technologies combined with newly added core technologies, and is working to advance into the markets expected for global growth.

Currently, in the consumer electronics industry, which includes the Company’s mainstay smartphone and tablet devices, high volatility in product demand and price reduction of products and services are becoming widespread, and from the perspective of balanced management, it will be necessary to quickly establish a business foundation that can secure sustained and stable sales and profits.

Concerning the Company's Industrial Materials Business Segment, the automotive and home appliance area have been designated as priority markets in the mainstay decoration field due to expected stable growth on a global level. While advancing the establishment of a supply chain to meet the features of the markets, the Company will also focus on printing related materials field, which is the upstream domain of printing and decoration products, and aim to provide general-purpose products utilizing proprietary technologies to a wide market.

AR Metallizing N.V. ("ARM") is the global top manufacturer in the metallized paper industry, and headquartered in Belgium. Aside from Belgium, ARM also has production bases in locations such as Italy and the United States (Massachusetts), and currently provides products to approximately 300 printing companies and converters in 80 countries. ARM's products have superiorities in cosmetic appearance, functionality and printing friendliness, and are widely used in the labeling and packaging of a variety of products, including beverages, foods, and consumer products. Moving forward, in addition to expectations that the external packaging will become more important as a differentiation element for end products in developed markets such as Europe and North America, there are hopes for a rapid increase in product demand in emerging markets such as Latin America, Africa and South East Asia in line with their economic growth.

Through this acquisition, the Company's Industrial Materials Business Segment will incorporate metallized paper into its product portfolio in near domains related to printing, and it will be enabled to capture product categories and sales channels for goods such as beverages, foods, and consumer products in the global market. Moving forward, the Company will use the tangible and intangible assets held by ARM, while also combining these assets with the characteristic technologies held by the Industrial Materials Business Segment, with the intent of creating new product lineups and market value.

3) Date of business combination

August 6, 2015

4) Legal form of business combination

Share acquisition in consideration of cash

5) Name of the company after the combination

Nissha Luxembourg Holdings S.à r.l. (changed a corporate name from H.I.G. Luxembourg Holdings 28 S.à r.l. as of September 15, 2015)

6) Ratio of voting rights acquired

100%

7) Grounds for determining an acquiring company

The Company acquired 100 % of the voting rights resulting from a share acquisition in consideration of cash.

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

From September 1, 2015 to December 31, 2015

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.

(3) Acquisition costs of the acquired company and related details for each consideration for acquisition

Consideration for acquisition	Cash	¥15,010 million
Acquisition costs		¥15,010 million

(4) Details and amount of major acquisition-related expenses
Remuneration, fees, etc. paid to GCA Savvian Corporation ¥208 million

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

1) Amount of goodwill incurred
¥9,582 million

2) Reasons for the goodwill incurred
Goodwill incurred from expected excess earnings power in the future arising from further business development.

3) Method and period of amortization
Goodwill is amortized equally over 17 years.

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

Current assets	¥6,471 million
Non-current assets	¥11,714 million
Total assets	¥18,186 million
Current liabilities	¥4,203 million
Non-current liabilities	¥8,554 million
Total liabilities	¥12,758 million

Business combination by acquisition
Business combination with Málaga Produtos Metalizados Ltda.

(1) Overview of the business combination

1) Name of acquired company and description of its business

Name of the acquired company	Málaga Produtos Metalizados Ltda.
Description of business	Production and sales for metallized paper, deposition film, and related products

2) Major reason for the business combination

In the Fifth Medium-term Business Plan, which has been implemented since April 2015 and covers a three-year period, the Company has established its medium-term vision as: “We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets.”

In August 2015, the company welcomed into its Industrial Materials business segment the AR Metallizing Group, representing the largest global metallized paper major, thereby adding metallized paper to the Nissha product portfolio and expanding into labeling and packaging of beverages, foods, and consumer products for which stable growth can be expected in the global market.

Málaga boasts a 45% share of the South American market for metallized paper, as well as diverse production technologies including film deposition and lamination. Through the acquisition, the AR Metallizing Group will have a production and sales network in the potential growth market of South America, on top of its existing networks in Europe and North America, and reinforce its foundation for growth on a global scale.

3) Date of business combination
December 30, 2015

4) Legal form of business combination
Equity acquisition in consideration of cash

5) Name of the company after the combination
Málaga Produtos Metalizados Ltda.

6) Ratio of voting rights acquired
100%

7) Grounds for determining an acquiring company
AR Metallizing N.V. and ARM Embalagens Ltda. (both of them, wholly owned subsidiaries of the Company) acquired 100 % of the voting rights resulting from an equity acquisition in consideration of cash.

(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 December 31, 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 for each consideration for acquisition

Consideration for acquisition	Cash	¥1,658 million
Acquisition costs		¥1,658 million

Adjustments of minimum working capital, etc. at the time of its equity acquisition, illustrated in the purchase contract, are currently under close examination. Therefore, consideration for acquisition has not been determined and the consideration is provisionally calculated in the current consolidated fiscal year.

(4) Details of a conditional acquisition price stipulated in the business combination agreement and accounting policy on and after the current consolidated fiscal year

1) Details of a conditional acquisition price stipulated in the business combination agreement
The acquisition price is to be payable by installments, namely, at the time of closing and five times after the closing (six times in total). An additional amount for each time may be payable according to the inflation ratio after the closing and a certain index of performance.

2) Accounting policy on and after the current consolidated fiscal year
In the case of an additional payment of an acquisition price, the acquisition costs will be revised as if the additional amount was paid at the time of acquisition, and the amount of goodwill and the amount of amortization thereof will be adjusted.

(5) Details and amount of major acquisition-related expenses

Remuneration, fees, etc. paid to José Maurício Machado e Associados	¥24 million

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

1) Amount of goodwill incurred

¥257 million

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.

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

Current assets	¥688 million
Non-current assets	¥277 million
Total assets	¥965 million
Current liabilities	¥353 million
Non-current liabilities	¥－ million
Total liabilities	¥353 million

Transactions under common control

(1) Overview of the transaction

1) Name and description of business subject to the transaction

Name of business	The Company's Information and Communication business segment
Description of business	Planning, development, production and sales of products and services such as publication printing and commercial printing

2) Date of business combination

July 1, 2015

3) Legal form of business combination

An absorption-type company split in which the Company will be the splitting company and Nissha Printing Communications, Inc. will be the succeeding company

4) Name of the company after the combination

Nissha Printing Communications, Inc. (a consolidated subsidiary of the Company)

5) Other matters regarding overview of the transaction

The Information and Communication business segment inherited the tradition of high-quality art printing that the Company sought to practice and uphold upon its founding in 1929, and primarily engages in the production and sales of general printed matter. This business segment has a principal business domain of publication printing and commercial printing at present and has endeavored to expand into sales promotion and Web solutions to support the total communications activities of customers relating to advertising and sales in recent years.

In spite of the dwindling market for printing domestically, the Company believes that this business segment will have many opportunities to grow as the methods of social communication continue to diversify with the appearance of new information media one after another.

The purpose of the company split of the Information and Communication business segment is to attune the Company's organizational structure to promptly respond to these perpetual changes expected in the market environment.

The Company will delegate definite "authorities and responsibilities" to the succeeding company and thereby enable the succeeding company to execute an adaptive and bold strategy in the current market environment as a commissioning entity. The Company also urges the succeeding company to carry out rigorous and disciplined reform to facilitate its continuous growth.

The succeeding company will inherit the founding mission of the Company to "achieve things no others can compete with." In addition to producing and selling conventional printed matter, this new company will provide high added value products and services attuned to the communication strategies of customers as a partner in the market while pursuing the development of new domains expected to grow.

(2) Overview of accounting treatment

The business combination was treated as a transaction under common control pursuant to the "Revised Accounting Standard for Business Combinations" and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

Non-consolidated Statements of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

(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	11,887	41,883
Changes of items during the period								
Dividends of surplus							(1,287)	(1,287)
Loss							(1,453)	(1,453)
Decrease by corporate division							(938)	(938)
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	—	—	(3,679)	(3,679)
Balance at the end of current period	5,684	7,115	240	7,355	1,230	28,766	8,207	38,203

	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	(2,930)	51,993	5,382	5,382	57,376
Changes of items during the period					
Dividends of surplus		(1,287)			(1,287)
Loss		(1,453)			(1,453)
Decrease by corporate division		(938)			(938)
Purchase of treasury shares	(1)	(1)			(1)
Net changes of items other than shareholders' equity			(543)	(543)	(543)
Total changes of items during the period	(1)	(3,680)	(543)	(543)	(4,223)
Balance at the end of current period	(2,931)	48,312	4,839	4,839	53,152

(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. Held-to-maturity debt securities — Stated at the amortized cost determined by the straight-line method.

iii. 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: 4 to 10 years

2) Intangible assets (excluding lease assets) ………………………

Straight-line method

Depreciation periods are principally as follows:

Software: 5 years (Usable life of internal use)

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.

3) Accounting treatment of convertible bond-type bonds with stock acquisition rights

Consideration of bonds is not distinguished from consideration of stock acquisition rights, and is therefore accounted for according to the issuance of straight bonds.

2. Notes to the Non-consolidated Balance Sheets

(1) Accumulated depreciation concerning assets

Accumulated depreciation on property, plant and equipment: ¥21,060 million

(2) Guarantee liabilities

1) Guarantee liabilities ¥1,585 million

The Company guarantees factoring debts of subsidiaries and affiliates.

2) Discount on notes receivable-trade: ¥86 million

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

Short-term monetary claims	¥6,804 million
Long-term monetary claims	¥12,152 million
Short-term monetary debts	¥4,430 million

(4) Monetary debts payable to Directors, members of the Board and Audit & Supervisory Board Members ¥56 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	¥6,905 million
Purchases	¥74,027 million
Non-operating transactions	¥1,503 million

(2) Loss on valuation of shares of subsidiaries and associates

Loss on valuation of shares of subsidiaries and associates are for stock of FIS Inc., a consolidated subsidiary of the Company.

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	2,117 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	¥193 million
		Allowance for doubtful accounts	¥25 million
		Provision for bonuses	¥204 million
		Tax loss carried forward	¥1,117 million
		Other	¥42 million
		Subtotal deferred tax assets	¥1,582 million
		Less valuation allowance	(¥— million)
	Total deferred tax assets		¥1,582 million
2)	Non-current		
	Deferred tax assets	Depreciation	¥509 million
		Impairment loss	¥665 million
		Investment securities	¥344 million
		Stocks of subsidiaries	¥446 million
		Allowance for doubtful accounts	¥1,289 million
		Liability for retirement benefits	¥1,125 million
		Tax loss carried forward	¥1,774 million
		Other	¥79million
		Subtotal deferred tax assets	¥6,235 million
		Less valuation allowance	(¥6,090 million)
		Total deferred tax assets	¥145 million
	Deferred tax liabilities	Unrealized gain on available-for-sale securities	(¥2,045 million)
	Net deferred tax assets (liabilities)		(¥1,900 million)

6. Notes to Related Party Transactions

<table>
<tr><th>Type</th><th>Company name</th><th>Ownership (owned) percentage</th><th>Relationship</th><th>Description of transaction</th><th>Transaction amount (Millions of Yen)</th><th>Items</th><th>Balance at the end of the fiscal year (Millions of Yen)</th></tr>
<tr><td rowspan="10">Subsidiaries</td><td rowspan="2">Nitec Industries, Inc.</td><td rowspan="2">(Owning) 100%</td><td rowspan="2">Manufacturing of products of the Company</td><td>Purchase of products</td><td>12,971</td><td>Accounts payable-trade</td><td>1,127</td></tr>
<tr><td>Lending of funds</td><td>592</td><td>Short-term loans receivable
Long-term loans receivable</td><td>987
5,331</td></tr>
<tr><td rowspan="2">Nitec Precision and Technologies, Inc.</td><td rowspan="2">(Owning) 100%</td><td rowspan="2">Manufacturing of products of the Company</td><td>Purchase of products</td><td>55,872</td><td>Accounts payable-trade</td><td>2,484</td></tr>
<tr><td>Collection of funds</td><td>9,260</td><td>Short-term loans receivable
Long-term loans receivable</td><td>540
5,678</td></tr>
<tr><td rowspan="6">Nissha Printing Communications, Inc.</td><td rowspan="6">(Owning) 100%</td><td rowspan="6">—</td><td>Absorption-type company split</td><td></td><td rowspan="6">—</td><td rowspan="6">—</td></tr>
<tr><td>Succeeding assets</td><td>2,677</td></tr>
<tr><td>Succeeding liabilities</td><td>1,610</td></tr>
<tr><td>Succeeding valuation difference on available-for-sale securities</td><td>128</td></tr>
<tr><td>Succeeding retained earnings</td><td>938</td></tr>
</table>

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 ¥3,436 million is posted with regard to the funding of Nitec Industries, Inc.
   A reversal of allowance for doubtful debts of subsidiaries and affiliates of ¥240 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	¥1,238.62
Basic loss per share	¥33.88
Diluted loss per share	¥33.40

8. Other Notes (Notes to business combinations)

Business combination by acquisition

Business combination with H.I.G. Luxembourg Holdings 28 S.à r.l.

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

Transactions under common control

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