



Consolidated Financial Results
for the Six Months Ended September 30, 2012
[Japanese GAAP]



November 9, 2012

Company name: Nissha Printing Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange, Osaka Securities Exchange
 Code number: 7915
 URL: <http://www.nissha.co.jp/english/index.html>
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 Scheduled date of filing quarterly securities report: November 12, 2012
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2012 (April 1, 2012 to September 30, 2012)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2012	36,486	(17.2)	(5,080)	—	(5,870)	—	(6,320)	—
Six months ended September 30, 2011	44,087	(19.2)	(4,181)	—	(4,808)	—	(19,603)	—

(Note) Comprehensive income: Six months ended September 30, 2012: ¥(6,808) million (–%)
 Six months ended September 30, 2011: ¥(21,438) million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2012	(147.27)	—
Six months ended September 30, 2011	(456.79)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2012	113,031	42,177	37.3
As of March 31, 2012	105,250	48,986	46.5

(Reference) Equity: As of September 30, 2012: ¥42,177 million
 As of March 31, 2012: ¥48,986 million

2. Dividends

	Annual Dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2012	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2013	—	0.00			
Fiscal year ending March 31, 2013 (Forecast)			—	—	—

(Note) Revision of cash dividend forecast: No

Year-end dividends for the fiscal year ending March 31, 2013 (Forecast) remain undecided.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	85,000	6.0	(9,400)	—	(10,200)	—	(11,400)	—	(265.64)

(Note) Revision of consolidated financial results forecast: Yes

Notes:

(1) Changes in significant subsidiaries during the period under review: No

(Changes in specified subsidiaries resulting in changes in scope of consolidation):

New: — (), Exclusion: — ()

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes

For details, please see “2. Matters regarding the Summary Information (Notes) (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements” on page 6 of the appendix.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Any changes other than 1) above: No

3) Changes in accounting estimates: Yes

4) Restatements: No

(Note) Effective from the first quarter ended June 30, 2012, we have revised depreciation methods. This corresponds to “cases where changes in accounting policies are difficult to differentiate from changes in accounting estimates.” For details, please see “2. Matters regarding the Summary Information (Notes) (3) Changes in accounting policies, changes in accounting estimates, and restatements” on page 6 of the appendix.

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

As of September 30, 2012	45,029,493 shares
As of March 31, 2012	45,029,493 shares

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

As of September 30, 2012	2,114,224 shares
As of March 31, 2012	2,113,731 shares

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

Six months ended September 30, 2012	42,915,518 shares
Six months ended September 30, 2011	42,916,038 shares

* Presentation regarding the implementation status of the quarterly review process

This report on quarterly financial results is exempted from quarterly review process under the Financial Instruments and Exchange Act. Review process for quarterly financial statements under the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this report.

* Explanation of the proper use of financial results forecast and other notes

The performance forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain premises that the Company deems to be reasonable. Therefore, the Company has not prepared these descriptions with intent to commit to realize them. Actual results, etc. may differ from the forecasts, however, as a consequence of various factors in the future. For details on the premises of the performance forecasts of the Company and the points to note when using the performance forecasts, please see "(3) Qualitative information on consolidated financial forecasts" on page 5 of the appendix.

We are scheduled to hold a briefing session on our quarterly financial results for institutional investors on Friday, November 9, 2012. Reference materials to be distributed at the briefing session are scheduled to be posted on our website on that day, as well.

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1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Qualitative information on consolidated operating results

In the global economy for the six months ended September 30, 2012, the economic recovery in the US remained moderate, but lackluster, while the economic slowdown in Europe was prolonged by the persistent impacts of fiscal austerity and debt problems. Meanwhile, the economies of China and other emerging countries also continued to lose momentum. The Japanese economy was spurred into a gradual recovery by domestic demand but was still beset with future uncertainties due to deteriorated business confidence in the face of decelerating overseas economies and the strong yen.

In PCs, smartphones, and other consumer electronics, the areas the Company Group regards as its core markets, rapid fluctuations in demand volumes and lower price points on products and services are intensifying. These factors led to unstable productivity and price-cutting pressure, and inflicted a serious impact on our sales and profits. Ultimately, we were unable to achieve a recovery of business results. In addition, results for the new capacitive-type touch panels we promptly put into mass production in our state-of-the-art Himeji factory early in August 2012 fell short of satisfactory. We plan to keep the manufacturing plant running on a full-fledged mass-production basis on and after the third quarter.

As a result of these business developments, net sales for the six months ended September 30, 2012 were ¥36,486 million (a decrease of 17.2% as compared to the same period of the previous year). For income, operating loss was ¥5,080 million (operating loss of ¥4,181 million in the same period of the previous year), ordinary loss was ¥5,870 million (ordinary loss of ¥4,808 million in the same period of the previous year), and quarterly net loss was ¥6,320 million (quarterly net loss of ¥19,603 million in the same period of the previous year).

Following is an overview by business segment.

Industrial Materials

In the Industrial Materials segment, the Company Group mainly offers technologies that enable customers to incorporate decorative designs on the surfaces of plastic products, while at the same time promoting the development of functional film products and putting this business into the expansion mode. IMD, which facilitates simultaneous molding and printing of plastic products with decorative designs, is extensively adopted in notebook PCs, mobile phones, automotive interior components, and home appliances.

During the six months ended September 30, 2012, demand for mainstream consumer notebook PCs gradually recovered, while demand for mobile phones remained sluggish.

As a result, segment sales for the six months ended September 30, 2012 were ¥14,903 million, a decrease of 28.9% as compared to the same period of the previous year.

Devices

In the Devices segment, the Company Group produces devices that pursue precision and functionality, including its mainstay, the FineTouch touch input device. These devices are adopted mainly in smartphones, tablet devices, and mobile game consoles in global markets.

During the six months ended September 30, 2012, demand of devices for mobile game consoles held steady, but sales of conventional capacitive-type touch panels for smartphones, etc. remained sluggish due to persistently steep competition.

As a result, segment sales for the six months ended September 30, 2012 were ¥12,968 million, a decrease of 10.5% as compared to the same period of the previous year.

Information and Communication

In the Information and Communication segment, the Company Group offers its customers a wide range of professional services to assist a host of communication activities relating to advertising and sales, mainly services for sales promotion, web solutions, commercial printing, and publication printing, along with digital archiving services for cultural assets.

During the six months ended September 30, 2012, commercial printing operation, the key product in this segment, was affected by a cutback in corporate advertising budgets due to the domestic economic slump and a decrease in the volume of printed materials due to the diversification of information media. These aspects led the market into a highly competitive climate.

As a result, segment sales for the six months ended September 30, 2012 were ¥8,573 million, an increase of 0.6% as compared to the same period of the previous year.

(2) Qualitative information on consolidated financial position

Total assets at the end of the second quarter ended September 30, 2012 increased by ¥7,780 million from the end of the previous year (the fiscal year ended March 31, 2012) to ¥113,031 million.

Current assets increased by ¥7,655 million from the end of the previous year to ¥55,705 million. This was mainly because notes and accounts receivable-trade increased by ¥4,431 million and cash and deposits increased by ¥3,929 million.

Noncurrent assets increased by ¥125 million from the end of the previous year to ¥57,326 million. This was mainly because a ¥3,203 million increase of property, plant and equipment outweighed a ¥1,500 million decrease of long-term deposits included in the “other” item of investments and other assets and a ¥1,079 million decrease of investment securities mainly brought about by changes in fair value.

Total liabilities at the end of the second quarter ended September 30, 2012 increased by ¥14,589 million from the end of the previous year to ¥70,854 million.

Current liabilities increased by ¥15,014 million from the end of the previous year to ¥61,418 million. This was mainly because notes and accounts payable-trade increased by ¥3,340 million and accounts payable-facilities included in the “other” item increased by ¥3,131 million.

Noncurrent liabilities decreased by ¥424 million from the end of the previous year to ¥9,435 million. This was mainly because deferred tax liabilities included in the “other” item decreased by ¥197 million chiefly because of changes in the fair value of investment securities.

Net assets at the end of the second quarter ended September 30, 2012 decreased by ¥6,808 million from the end of the previous year to ¥42,177 million.

Analysis of Cash Flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the six months ended September 30, 2012 was ¥23,416 million, an increase of ¥3,926 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the six months ended September 30, 2012.

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

Funds provided by operating activities amounted to ¥6,273 million. This was mainly attributable to the booking of depreciation and amortization at ¥4,048 million and the booking of a net increase in notes and accounts payable-trade at ¥3,310 million.

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

Funds used in investing activities amounted to ¥1,813 million. This was mainly because a ¥3,483 million of purchase of property, plant and equipment and intangible assets outweighed a ¥1,500 million of proceeds from withdrawal of time deposits.

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

Funds used in financing activities amounted to ¥313 million. This was mainly attributable to the repayments of lease obligations of ¥311 million.

(3) Qualitative information on consolidated financial forecasts

With regard to the consolidated financial forecasts for the fiscal year ending March 31, 2013 we have reviewed and revised the results announced on May 11, 2012 in consideration of recent business results and business confidence. For details, please see the “Notice of Revision to Business Forecast” announced today (November 9, 2012).

2. Matters regarding the Summary Information (Notes)

(1) Changes in significant subsidiaries during the period under review
Not applicable.

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements
a. Calculation of tax expense

When calculating tax expense, we reasonably estimate the effective tax rate after applying tax-effect accounting for income (loss) before income taxes in the fiscal year, including the second quarter ended September 30, 2012. We then calculate the tax expense by multiplying income (loss) before income taxes by the estimated effective tax rate. We use the statutory effective tax rate, however, if the estimated effective tax rate is unavailable.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(Changes in accounting policies difficult to differentiate from changes in accounting estimates)

In accordance with the revision of the Corporation Tax Act, the Company and its domestic consolidated subsidiaries adopted a new method of depreciation and amortization under the revised Corporation Tax Act for property, plant and equipment acquired on or after April 1, 2012, effective from the first quarter ended June 30, 2012.

This change has no significant impact on profit and loss in the six months ended September 30, 2012.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	19,735	23,664
Notes and accounts receivable-trade	17,034	21,466
Merchandise and finished goods	3,744	3,220
Work in process	3,018	3,690
Raw materials and supplies	1,609	1,945
Other	3,098	1,924
Allowance for doubtful accounts	(190)	(206)
Total current assets	48,050	55,705
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	18,755	18,281
Machinery, equipment and vehicles, net	10,789	14,414
Tools, furniture and fixtures, net	1,496	1,348
Land	6,387	6,327
Lease assets, net	2,965	2,669
Construction in progress	3,130	3,687
Total property, plant and equipment	43,524	46,727
Intangible assets		
Goodwill	58	29
Software	4,348	3,740
Other	187	376
Total intangible assets	4,593	4,146
Investments and other assets		
Investment securities	6,661	5,581
Other	2,855	1,307
Allowance for doubtful accounts	(434)	(436)
Total investments and other assets	9,081	6,452
Total noncurrent assets	57,200	57,326
Total assets	105,250	113,031

(Million yen)

	As of March 31, 2012	As of September 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,556	16,897
Short-term loans payable	25,094	25,091
Income taxes payable	148	176
Provision for bonuses	967	922
Other	6,638	18,331
Total current liabilities	46,404	61,418
Noncurrent liabilities		
Provision for retirement benefits	5,734	5,796
Other	4,125	3,639
Total noncurrent liabilities	9,859	9,435
Total liabilities	56,264	70,854
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	38,029	31,709
Treasury stock	(2,925)	(2,926)
Total shareholders' equity	48,143	41,823
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,807	2,182
Foreign currency translation adjustment	(1,964)	(1,828)
Total accumulated other comprehensive income	842	353
Total net assets	48,986	42,177
Total liabilities and net assets	105,250	113,031

(2) Consolidated statements of operations and comprehensive loss

Consolidated statements of operations

(Million yen)

	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Net sales	44,087	36,486
Cost of sales	42,462	35,758
Gross profit	1,625	728
Selling, general and administrative expenses	5,806	5,808
Operating loss	(4,181)	(5,080)
Non-operating income		
Interest income	31	38
Dividends income	121	61
Other	171	79
Total non-operating income	324	179
Non-operating expenses		
Interest expenses	64	87
Loss on valuation of investment securities	16	233
Foreign exchange losses	856	568
Other	14	81
Total non-operating expenses	952	970
Ordinary loss	(4,808)	(5,870)
Extraordinary income		
Gain on sales of noncurrent assets	9	166
Gain on sales of investment securities	—	9
State subsidy	159	159
Total extraordinary income	169	336
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	802	123
Loss on reduction of noncurrent assets	156	152
Loss on liquidation of subsidiaries and affiliates	209	—
Business structure improvement expenses	9,678	—
Total extraordinary losses	10,846	276
Loss before income taxes and minority interests	(15,486)	(5,810)
Income taxes	4,117	509
Loss before minority interests	(19,603)	(6,320)
Net loss	(19,603)	(6,320)

Consolidated statements of comprehensive loss

(Million yen)

	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Loss before minority interests	(19,603)	(6,320)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,182)	(624)
Foreign currency translation adjustment	347	135
Total other comprehensive income	(1,834)	(488)
Comprehensive income	(21,438)	(6,808)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(21,438)	(6,808)
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of cash flows

(Million yen)

	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(15,486)	(5,810)
Depreciation and amortization	4,487	4,048
Amortization of goodwill	29	29
Increase (decrease) in provision for bonuses	(167)	(45)
Increase (decrease) in provision for directors' bonuses	(44)	—
Increase (decrease) in provision for retirement benefits	46	61
Increase (decrease) in allowance for doubtful accounts	(447)	17
Interest and dividends income	(152)	(100)
Interest expenses	64	87
Foreign exchange losses (gains)	533	313
Loss (gain) on sales and retirement of noncurrent assets	792	(43)
Loss (gain) on sales of investment securities	—	(9)
Loss (gain) on valuation of investment securities	16	233
Loss (gain) on liquidation of subsidiaries and affiliates	209	—
Business structure improvement expenses	9,678	—
Decrease (increase) in notes and accounts receivable-trade	6,664	(4,401)
Decrease (increase) in inventories	3,607	(465)
Increase (decrease) in notes and accounts payable-trade	(7,604)	3,310
Other, net	2,453	9,263
Subtotal	4,681	6,486
Interest and dividends income received	153	100
Interest expenses paid	(64)	(87)
Income taxes paid	(255)	(275)
Income taxes refund	2,632	48
Net cash provided by (used in) operating activities	7,148	6,273

(Million yen)

	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	1,605	1,500
Purchase of property, plant and equipment and intangible assets	(3,123)	(3,483)
Proceeds from sales of property, plant and equipment and intangible assets	301	159
Purchase of investment securities	(6)	(50)
Proceeds from sales of investment securities	1	54
Payments of loans receivable	—	(2)
Collection of loans receivable	11	9
Net cash provided by (used in) investing activities	(1,209)	(1,813)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(303)	—
Proceeds from long-term loans payable	75	—
Repayment of long-term loans payable	(75)	—
Repayments of lease obligations	(324)	(311)
Purchases of treasury stock-net	(0)	(0)
Cash dividends paid	(962)	(1)
Net cash provided by (used in) financing activities	(1,591)	(313)
Effect of exchange rate change on cash and cash equivalents	(396)	(220)
Net increase (decrease) in cash and cash equivalents	3,951	3,926
Cash and cash equivalents at beginning of period	17,107	19,490
Cash and cash equivalents at end of period	21,058	23,416

(4) Notes to going concern assumptions

The six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

Not applicable.

(5) Segment information, etc.

[Segment information]

I. The six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)

1. Information about sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment					Reconciliations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Information & Communication	Other (Note 1)	Total		
Sales							
Sales to external customers	20,957	14,485	8,524	119	44,087	—	44,087
Inter-segment sales or transfers	7	—	—	535	542	(542)	—
Total	20,965	14,485	8,524	654	44,630	(542)	44,087
Segment income (loss)	(110)	(1,441)	(127)	141	(1,538)	(2,643)	(4,181)

(Notes) 1. The “Other” segment consists of real estate leasing and worker dispatch business.

2. Reconciliations (negative ¥2,643 million) of segment income (loss) include unallocated corporate expenses, etc.

Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

3. Segment income (loss) is reconciled with operating loss in the Consolidated statements of operations.

2. Information about impairment loss and goodwill, etc. by reportable segment

(Material impairment loss of noncurrent assets)

We recorded impairment loss incurred through the implementation of measures to strengthen structural reform in the Industrial Materials segment, the Devices segment, and the Information & Communication segment, and included the impairment loss in the “business structure improvement expenses” item of extraordinary loss. We posted impairment loss of ¥4,848 million in the Industrial Materials segment, ¥1,626 million in the Devices segment, and ¥53 million in the Information & Communication segment.

II. The six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

1. Information about sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment					Reconciliations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Information & Communication	Other (Note 1)	Total		
Sales							
Sales to external customers	14,903	12,968	8,573	41	36,486	—	36,486
Inter-segment sales or transfers	—	—	—	447	447	(447)	—
Total	14,903	12,968	8,573	489	36,934	(447)	36,486
Segment income (loss)	330	(2,777)	(93)	122	(2,417)	(2,662)	(5,080)

(Notes) 1. The “Other” segment consists of real estate leasing and worker dispatch business.

2. Reconciliations (negative ¥2,662 million) of segment income (loss) include unallocated corporate expenses, etc.

Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

3. Segment income (loss) is reconciled with operating loss in the Consolidated statements of operations.

2. Information about impairment loss and goodwill, etc. by reportable segment

Not applicable.

(6) Notes to material changes in shareholders’ equity

The six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

Not applicable.