



Consolidated Financial Results
for the Nine Months Ended December 31, 2012
[Japanese GAAP]



February 8, 2013

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: February 13, 2013
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (conference call for institutional investors)

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2012 (April 1, 2012 to December 31, 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	%
Nine months ended December 31, 2012	64,367	1.5	(5,033)	—	(4,272)	—	(4,869)	—
Nine months ended December 31, 2011	63,415	(27.3)	(6,665)	—	(6,861)	—	(22,176)	—

(Note) Comprehensive income: Nine months ended December 31, 2012: ¥(5,447) million (–%)
 Nine months ended December 31, 2011: ¥(24,673) million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2012	(113.46)	—
Nine months ended December 31, 2011	(516.74)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2012	117,864	43,537	36.9
As of March 31, 2012	105,250	48,986	46.5

(Reference) Equity: As of December 31, 2012: ¥43,537 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	86,500	7.9	(8,400)	—	(7,000)	—	(7,800)	—	(181.75)

(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 December 31, 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 December 31, 2012	2,114,296 shares
As of March 31, 2012	2,113,731 shares

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

Nine months ended December 31, 2012	42,915,422 shares
Nine months ended December 31, 2011	42,916,007 shares

* Presentation regarding the implementation status of the quarterly review process

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

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

The performance forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain premises that the Company deems to be reasonable. Therefore, the Company has not prepared these descriptions with intent to commit to realize them. Actual results, etc. may differ from the forecasts, however, as a consequence of various factors in the future. For details on the premises of the performance forecasts of the Company and the points to note when using the performance forecasts, please see "1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Qualitative information on consolidated financial forecasts" on page 5 of the appendix.

We are scheduled to hold a conference call for institutional investors on Friday, February 8, 2013. Reference materials to be used at the conference call 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 nine months ended December 31, 2012, the economic recovery in the US remained moderate, while economic slowdown in Europe was prolonged under the influence of fiscal austerity and debt problems. Meanwhile, the economic growth rate dropped in China and other emerging countries. In Japan, while the yen moved into a downward trend mainly due to expectations on the government measures for economic recovery around the end of the period under review, the Japanese economy stayed on its path of sluggish growth 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 have become very common. These trends inflicted serious impact on our sales and profits. Under these circumstances, the Company Group has strived to recover its performance by carrying out measures to strengthen structural reforms in the second half of the previous year and by further promoting management efficiency based on the Fourth Medium-term Business Plan during the period under review. With regard to the production of the new capacitive-type touch panels in the Device segment, we shifted operations of the manufacturing plant into high gear during the third quarter (October–December), and improvements of production efficiency is progressing rapidly.

As a result, net sales for the nine months ended December 31, 2012 were ¥64,367 million (an increase of 1.5% as compared to the same period of the previous year). For income, operating loss was ¥5,033 million (operating loss of ¥6,665 million in the same period of the previous year), ordinary loss was ¥4,272 million (ordinary loss of ¥6,861 million in the same period of the previous year), and quarterly net loss was ¥4,869 million (quarterly net loss of ¥22,176 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 such as plastic and metallic products, while at the same time promoting the development of functional film products to make the business domain expand. 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 nine months ended December 31, 2012, demand for mainstay consumer notebook PCs slowed down, and demand for mobile phones remained sluggish. On the other hand, demand for automotive interior components progressed steadily.

As a result, segment sales for the nine months ended December 31, 2012 were ¥21,172 million, a decrease of 27.8% 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 nine months ended December 31, 2012, demand of the new capacitive-type touch panels adopted to tablet devices significantly increased, while sales of conventional capacitive-type touch panels for smartphones and others remained sluggish. In addition, demand for touch panels for mobile game consoles progressed steadily.

As a result, segment sales for the nine months ended December 31, 2012 were ¥29,434 million, an increase of 43.5% as compared to the same period of the previous year.

Information and Communication

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

During the nine months ended December 31, 2012, commercial field, 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. Though these movements led the market into a highly competitive climate, we aggressively developed marketing activities and sales campaigns for new orders.

As a result, segment sales for the nine months ended December 31, 2012 were ¥13,680 million, an increase of 2.1% as compared to the same period of the previous year.

(2) Qualitative information on consolidated financial position

Total assets at the end of the third quarter ended December 31, 2012 increased by ¥12,613 million from the end of the previous year (the fiscal year ended March 31, 2012) to ¥117,864 million.

Current assets increased by ¥15,170 million from the end of the previous year to ¥63,221 million. This was mainly because notes and accounts receivable-trade increased by ¥11,630 million and cash and deposits increased by ¥3,530 million.

Noncurrent assets decreased by ¥2,557 million from the end of the previous year to ¥54,643 million. This was mainly because long-term deposits included in the “other” item of investments and other assets decreased by ¥1,500 million and investment securities decreased by ¥1,201 million mainly due to changes in fair value.

Total liabilities at the end of the third quarter ended December 31, 2012 increased by ¥18,061 million from the end of the previous year to ¥74,326 million.

Current liabilities increased by ¥18,688 million from the end of the previous year to ¥65,093 million. This was mainly because notes and accounts payable-trade increased by ¥9,096 million and accounts payable-facilities included in the “other” item increased by ¥1,782 million.

Noncurrent liabilities decreased by ¥627 million from the end of the previous year to ¥9,232 million. This was mainly because lease obligations included in the “other” item decreased by ¥468 million.

Net assets at the end of the third quarter ended December 31, 2012 decreased by ¥5,448 million from the end of the previous year to ¥43,537 million.

Analysis of Cash Flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the nine months ended December 31, 2012 was ¥23,013 million, an increase of ¥3,523 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the nine months ended December 31, 2012.

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

Funds provided by operating activities amounted to ¥7,216 million. This was mainly because a ¥9,079 million of net increase in notes and accounts payable-trade and a ¥6,731 million of depreciation and amortization outweighed a ¥11,618 million of net increase in notes and accounts receivable-trade.

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

Funds used in investing activities amounted to ¥3,955 million. This was mainly because a ¥7,085 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 ¥469 million. This was mainly attributable to the repayments of lease obligations of ¥467 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 November 9, 2012 in consideration of recent business results and business confidence.

For details, please see the “Notice of Revision to Business Forecast” announced on February 8, 2013.

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 third quarter ended December 31, 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.

As a result of this change, operating loss, ordinary loss, and loss before income taxes and minority interests for the nine months ended December 31, 2012 each decreased by ¥271 million as compared to the corresponding amount calculated by the former method.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2012	As of December 31, 2012
Assets		
Current assets		
Cash and deposits	19,735	23,266
Notes and accounts receivable-trade	17,034	28,664
Merchandise and finished goods	3,744	3,208
Work in process	3,018	2,794
Raw materials and supplies	1,609	2,270
Other	3,098	3,267
Allowance for doubtful accounts	(190)	(251)
Total current assets	48,050	63,221
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	18,755	17,374
Machinery, equipment and vehicles, net	10,789	14,561
Tools, furniture and fixtures, net	1,496	1,302
Land	6,387	6,194
Lease assets, net	2,965	2,520
Construction in progress	3,130	2,347
Total property, plant and equipment	43,524	44,301
Intangible assets		
Goodwill	58	14
Software	4,348	3,515
Other	187	444
Total intangible assets	4,593	3,974
Investments and other assets		
Investment securities	6,661	5,459
Other	2,855	1,344
Allowance for doubtful accounts	(434)	(436)
Total investments and other assets	9,081	6,366
Total noncurrent assets	57,200	54,643
Total assets	105,250	117,864

(Million yen)

	As of March 31, 2012	As of December 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,556	22,652
Short-term loans payable	25,094	25,096
Income taxes payable	148	114
Provision for bonuses	967	509
Other	6,638	16,720
Total current liabilities	46,404	65,093
Noncurrent liabilities		
Provision for retirement benefits	5,734	5,847
Other	4,125	3,385
Total noncurrent liabilities	9,859	9,232
Total liabilities	56,264	74,326
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	38,029	33,160
Treasury stock	(2,925)	(2,926)
Total shareholders' equity	48,143	43,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,807	2,124
Foreign currency translation adjustment	(1,964)	(1,860)
Total accumulated other comprehensive income	842	263
Total net assets	48,986	43,537
Total liabilities and net assets	105,250	117,864

(2) Consolidated statements of operations and comprehensive loss

Consolidated statements of operations

(Million yen)

	Nine Months Ended December 31, 2011	Nine Months Ended December 31, 2012
Net sales	63,415	64,367
Cost of sales	61,575	60,437
Gross profit	1,840	3,930
Selling, general and administrative expenses	8,506	8,964
Operating loss	(6,665)	(5,033)
Non-operating income		
Interest income	45	61
Dividends income	141	81
Foreign exchange gains	—	1,100
Other	248	227
Total non-operating income	435	1,470
Non-operating expenses		
Interest expenses	95	125
Loss on valuation of investment securities	19	188
Foreign exchange losses	480	—
Compensation expenses	—	285
Other	34	109
Total non-operating expenses	630	709
Ordinary loss	(6,861)	(4,272)
Extraordinary income		
Gain on sales of noncurrent assets	10	1,481
Gain on sales of investment securities	—	9
State subsidy	159	159
Total extraordinary income	170	1,650
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	804	1,550
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	10,849	1,703
Loss before income taxes and minority interests	(17,539)	(4,324)
Income taxes	4,636	544
Loss before minority interests	(22,176)	(4,869)
Net loss	(22,176)	(4,869)

Consolidated statements of comprehensive loss

(Million yen)

	Nine Months Ended December 31, 2011	Nine Months Ended December 31, 2012
Loss before minority interests	(22,176)	(4,869)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,182)	(683)
Foreign currency translation adjustment	(314)	104
Total other comprehensive income	(2,497)	(578)
Comprehensive income	(24,673)	(5,447)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(24,673)	(5,447)
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of cash flows

(Million yen)

	Nine Months Ended December 31, 2011	Nine Months Ended December 31, 2012
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(17,539)	(4,324)
Depreciation and amortization	6,407	6,731
Amortization of goodwill	43	43
Increase (decrease) in provision for bonuses	(1,007)	(458)
Increase (decrease) in provision for directors' bonuses	(40)	—
Increase (decrease) in provision for retirement benefits	(466)	112
Increase (decrease) in allowance for doubtful accounts	(434)	62
Interest and dividends income	(187)	(142)
Interest expenses	95	125
Foreign exchange losses (gains)	189	(432)
Loss (gain) on sales and retirement of noncurrent assets	793	69
Loss (gain) on sales of investment securities	—	(9)
Loss (gain) on valuation of investment securities	19	188
Loss (gain) on liquidation of subsidiaries and affiliates	209	—
Business structure improvement expenses	9,678	—
Decrease (increase) in notes and accounts receivable-trade	6,316	(11,618)
Decrease (increase) in inventories	5,267	107
Increase (decrease) in notes and accounts payable-trade	(7,459)	9,079
Other, net	3,009	7,976
Subtotal	4,896	7,511
Interest and dividends income received	187	141
Interest expenses paid	(95)	(125)
Income taxes paid	(316)	(377)
Income taxes refund	2,636	66
Net cash provided by (used in) operating activities	7,308	7,216

(Million yen)

	Nine Months Ended December 31, 2011	Nine Months Ended December 31, 2012
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	1,578	1,500
Payments into time deposits	(240)	—
Purchase of property, plant and equipment and intangible assets	(4,591)	(7,085)
Proceeds from sales of property, plant and equipment and intangible assets	305	1,670
Purchase of investment securities	(9)	(123)
Proceeds from sales of investment securities	0	58
Proceeds from redemption of investment securities	1	—
Payments of loans receivable	(41)	(3)
Collection of loans receivable	56	13
Other, net	—	14
Net cash provided by (used in) investing activities	(2,941)	(3,955)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(242)	—
Proceeds from long-term loans payable	75	—
Repayment of long-term loans payable	(125)	—
Repayments of lease obligations	(480)	(467)
Purchases of treasury stock-net	(0)	(0)
Cash dividends paid	(963)	(1)
Net cash provided by (used in) financing activities	(1,736)	(469)
Effect of exchange rate change on cash and cash equivalents	(547)	731
Net increase (decrease) in cash and cash equivalents	2,083	3,523
Cash and cash equivalents at beginning of period	17,107	19,490
Cash and cash equivalents at end of period	19,190	23,013

(4) Notes to going concern assumptions

The nine months ended December 31, 2012 (April 1, 2012 to December 31, 2012)

Not applicable.

(5) Segment information, etc.

[Segment information]

I. The nine months ended December 31, 2011 (April 1, 2011 to December 31, 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	29,334	20,507	13,401	171	63,415	—	63,415
Inter-segment sales or transfers	19	—	—	785	804	(804)	—
Total	29,354	20,507	13,401	956	64,220	(804)	63,415
Segment income (loss)	(111)	(2,701)	(67)	203	(2,677)	(3,988)	(6,665)

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

2. The negative ¥3,988 million of reconciliations in segment income (loss) includes unallocated corporate expenses, etc.

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

3. Segment income (loss) is reconciled with operating 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 nine months ended December 31, 2012 (April 1, 2012 to December 31, 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	21,172	29,434	13,680	80	64,367	—	64,367
Inter-segment sales or transfers	—	—	—	572	572	(572)	—
Total	21,172	29,434	13,680	652	64,940	(572)	64,367
Segment income (loss)	230	(1,213)	73	139	(769)	(4,264)	(5,033)

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

2. The negative ¥4,264 million of reconciliations in segment income (loss) includes unallocated corporate expenses, etc.

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

3. Segment income (loss) is reconciled with operating 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 nine months ended December 31, 2012 (April 1, 2012 to December 31, 2012)

Not applicable.