Consolidated Financial Results
for the Three Months Ended June 30, 2013
[Japanese GAAP]

August 6, 2013

Company name: Nissha Printing Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 7915
URL: http://www.nissha.co.jp/english/index.html
Representative: Junya Suzuki, President and CEO, Representative Director of the Board
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Phone: +81-75-811-8111
Scheduled date of filing quarterly securities report: August 8, 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 Three Months Ended June 30, 2013 (April 1, 2013 to June 30, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2013	17,504	7.2	(3,650)	–	(2,367)	–	(2,704)	–
Three months ended June 30, 2012	16,336	(27.4)	(2,923)	–	(3,304)	–	(3,484)	–

(Note) Comprehensive income: Three months ended June 30, 2013: ¥(1,359) million (–%)
Three months ended June 30, 2012: ¥(3,516) million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2013	(63.02)	–
Three months ended June 30, 2012	(81.20)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2013	112,581	43,134	38.3
As of March 31, 2013	114,964	44,491	38.7

(Reference) Equity: As of June 30, 2013: ¥43,134 million
As of March 31, 2013: ¥44,491 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, 2013	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2014	–				
Fiscal year ending March 31, 2014 (Forecast)		–	–	–	–

(Note) Revision of cash dividend forecast: No

The dividend forecast for the fiscal year ending March 31, 2014 is undecided.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(% 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
First half (cumulative total)	53,000	45.3	(3,500)	–	(3,300)	–	(4,000)	–	(93.21)
Full year	130,000	45.4	4,000	–	4,400	–	3,000	–	69.91

(Note) Revision of consolidated financial results forecast: No

Notes:

(1) Changes in significant subsidiaries during the period under review: Yes
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
New: – ( ), Exclusion: 1 (Nitec Precision, Inc.)
For details, please see “2. Matters regarding the Summary Information (Notes) (1) Changes in significant subsidiaries during the period under review” on page 5 of the appendix.

(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 5 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: No
2) Any changes other than 1) above: No
3) Changes in accounting estimates: No
4) Restatements: No

(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 June 30, 2013	45,029,493 shares
As of March 31, 2013	45,029,493 shares

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

As of June 30, 2013	2,114,655 shares
As of March 31, 2013	2,114,472 shares

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

Three months ended June 30, 2013	42,914,970 shares
Three months ended June 30, 2012	42,915,679 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) Explanation of consolidated operating results forecast and other forecast information” on page 4 of the appendix.

We are scheduled to hold a conference call for institutional investors on Tuesday, August 6, 2013. Reference materials for the conference call are scheduled to be posted on our website on that day, as well.

Contents of Appendix

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

(1) Explanation of operating results

In the global economy for the three months ended June 30, 2013, the economic recovery in the US continued, while the economic slowdown in Europe was further prolonged and the economic growth rate dropped in China. The Japanese economy showed signs of recovery as a whole, mainly buoyed by bold monetary easing and the ongoing trend of the weaker 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. The Company Group strove to control price declines, improve productive efficiency, and reduce costs across the board, but these efforts had only a limited effect on performance recovery. In our mainstay Devices segment, we established production operations for the new capacitive-type touch panels (photolithography process) at our state-of-the-art Himeji Factory. With an aim to better respond to further vigorous demand in the near future, we also plan to reinforce the productive capacity at our Kaga Factory. In the three months ended June 30, 2013, costs incurred associated with the above and other factors put pressure on profits.

As a result, net sales for the three months ended June 30, 2013 were ¥17,504 million (an increase of 7.2% as compared to the same period of the previous year). For income, operating loss was ¥3,650 million (operating loss of ¥2,923 million in the same period of the previous year), ordinary loss was ¥2,367 million (ordinary loss of ¥3,304 million in the same period of the previous year), and quarterly net loss was ¥2,704 million (quarterly net loss of ¥3,484 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, is extensively adopted in notebook PCs, smartphones, automotive interior components, and home appliances.

During the three months ended June 30, 2013, demand for automotive interior components progressed steadily. On the other hand, demand for mainstay consumer notebook PCs remained sluggish.

As a result, segment sales for the three months ended June 30, 2013 were ¥5,998 million, a decrease of 22.8% 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 three months ended June 30, 2013, demand of the new capacitive-type touch panels adopted to tablet devices and demand for touch panels for mobile game consoles were affected by seasonal decline and all, but in general the demands progressed as projected.

As a result, segment sales for the three months ended June 30, 2013 were ¥7,331 million, an increase of 70.4% 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 three months ended June 30, 2013, commercial field, the key product in this segment, was affected by a cutback in corporate advertising budgets and a decrease in the volume of printed materials due to the diversification of information media. These movements led the market into a highly competitive climate.

As a result, segment sales for the three months ended June 30, 2013 were ¥4,134 million, a decrease of 2.6% as compared to the same period of the previous year.

(2) Explanation of financial position

Total assets at the end of the fiscal quarter ended June 30, 2013 decreased by ¥2,382 million from the end of the previous year (the fiscal year ended March 31, 2013) to ¥112,581 million.

Current assets decreased by ¥6,497 million from the end of the previous year to ¥52,783 million. This was mainly because notes and accounts receivable-trade decreased by ¥6,122 million.

Noncurrent assets increased by ¥4,114 million from the end of the previous year to ¥59,798 million. This was mainly because property, plant and equipment increased by ¥2,668 million and investment securities increased by ¥1,710 million.

Total liabilities at the end of the first quarter ended June 30, 2013 decreased by ¥1,025 million from the end of the previous year to ¥69,447 million.

Current liabilities decreased by ¥1,210 million from the end of the previous year to ¥59,934 million. This was mainly because a ¥6,027 million decrease of notes and accounts payable-trade outweighed a ¥4,829 million increase of notes payable-facilities included in the “other” item.

Noncurrent liabilities increased by ¥184 million from the end of the previous year to ¥9,513 million. This was mainly because a ¥248 million increase of deferred tax liabilities included in the "other" item chiefly due to changes in the fair value of investment securities outweighed a ¥116 million decrease of lease obligations included in the “other” item.

Net assets at the end of the first quarter ended June 30, 2013 decreased by ¥1,357 million from the end of the previous year to ¥43,134 million.

Analysis of Cash Flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the three months ended June 30, 2013 was ¥22,880 million, a decrease of ¥811 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the three months ended June 30, 2013.

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

Funds provided by operating activities amounted to ¥1,621 million. This was mainly because a ¥2,462 million of depreciation and amortization, and a ¥1,387 million net increase of accounts payable–other included in the “other” item outweighed ¥2,292 million of loss before income taxes and minority interests.

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

Funds used in investing activities amounted to ¥3,326 million. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥2,505 million.

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

Funds used in financing activities amounted to ¥154 million. This was mainly attributable to the repayments of lease obligations of ¥156 million.

(3) Explanation of consolidated operating results forecast and other forecast information

The consolidated financial forecasts for the six months ending September 30, 2013 and the fiscal year ending March 31, 2014 remain the same as those announced on May 10, 2013.

2. Matters regarding the Summary Information (Notes)

(1) Changes in significant subsidiaries during the period under review

Nitec Precision, Inc., a former consolidated subsidiary up to the end of the previous year, was excluded from the scope of consolidation, effective from the first quarter ended June 30, 2013, because it was extinguished through an absorption-type merger with Nitec Precision and Technologies, Inc., a consolidated subsidiary of the Company and the surviving company of the absorption-type merger.

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

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 first quarter ended June 30, 2013. 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. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2013	As of June 30, 2013
Assets		
Current assets		
Cash and deposits	23,974	23,185
Notes and accounts receivable-trade	21,996	15,873
Merchandise and finished goods	5,041	5,382
Work in process	2,052	2,874
Raw materials and supplies	2,161	1,698
Other	4,269	3,946
Allowance for doubtful accounts	(215)	(177)
Total current assets	59,280	52,783
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,116	16,796
Machinery, equipment and vehicles, net	16,550	15,527
Tools, furniture and fixtures, net	1,236	1,198
Land	6,175	6,116
Lease assets, net	2,372	2,264
Construction in progress	1,830	6,047
Total property, plant and equipment	45,282	47,950
Intangible assets		
Software	3,300	3,032
Other	402	429
Total intangible assets	3,702	3,462
Investments and other assets		
Investment securities	6,103	7,814
Other	1,031	1,007
Allowance for doubtful accounts	(435)	(435)
Total investments and other assets	6,699	8,386
Total noncurrent assets	55,684	59,798
Total assets	114,964	112,581

(Million yen)

	As of March 31, 2013	As of June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,896	17,869
Short-term loans payable	21,099	21,096
Income taxes payable	68	45
Provision for bonuses	977	1,484
Other	15,102	19,438
Total current liabilities	61,144	59,934
Noncurrent liabilities		
Provision for retirement benefits	5,884	5,945
Other	3,444	3,567
Total noncurrent liabilities	9,328	9,513
Total liabilities	70,472	69,447
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	32,591	29,886
Treasury stock	(2,926)	(2,926)
Total shareholders' equity	42,704	39,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,483	3,007
Foreign currency translation adjustment	(696)	127
Total accumulated other comprehensive income	1,786	3,134
Total net assets	44,491	43,134
Total liabilities and net assets	114,964	112,581

(2) Consolidated statements of operations and comprehensive loss

Consolidated statements of operations

(Million yen)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Net sales	16,336	17,504
Cost of sales	16,409	17,525
Gross loss	(73)	(21)
Selling, general and administrative expenses	2,849	3,629
Operating loss	(2,923)	(3,650)
Non-operating income		
Interest income	20	25
Dividends income	58	57
Foreign exchange gains	—	1,099
Other	41	136
Total non-operating income	120	1,320
Non-operating expenses		
Interest expenses	38	31
Loss on valuation of investment securities	198	—
Foreign exchange losses	256	—
Other	7	6
Total non-operating expenses	501	37
Ordinary loss	(3,304)	(2,367)
Extraordinary income		
Gain on sales of noncurrent assets	38	103
Gain on sales of investment securities	9	—
State subsidy	59	59
Total extraordinary income	107	163
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	13	28
Loss on reduction of noncurrent assets	59	59
Total extraordinary losses	73	88
Loss before income taxes and minority interests	(3,269)	(2,292)
Income taxes	215	413
Loss before minority interests	(3,484)	(2,706)
Minority interests in loss	—	(2)
Net loss	(3,484)	(2,704)

Consolidated statements of comprehensive loss

(Million yen)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Loss before minority interests	(3,484)	(2,706)
Other comprehensive income		
Valuation difference on available-for-sale securities	(655)	523
Foreign currency translation adjustment	624	823
Total other comprehensive income	(31)	1,347
Comprehensive income	(3,516)	(1,359)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,516)	(1,357)
Comprehensive income attributable to minority interests	—	(2)

(3) Consolidated statements of cash flows

(Million yen)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(3,269)	(2,292)
Depreciation and amortization	1,879	2,462
Amortization of goodwill	14	—
Increase (decrease) in provision for bonuses	377	503
Increase (decrease) in provision for retirement benefits	51	60
Increase (decrease) in allowance for doubtful accounts	(8)	(40)
Interest and dividends income	(78)	(83)
Interest expenses	38	31
Foreign exchange losses (gains)	111	(513)
Loss (gain) on sales and retirement of noncurrent assets	(24)	(75)
Loss (gain) on sales of investment securities	(9)	—
Loss (gain) on valuation of investment securities	198	—
Decrease (increase) in notes and accounts receivable-trade	297	6,281
Decrease (increase) in inventories	126	(591)
Increase (decrease) in notes and accounts payable-trade	(82)	(6,178)
Other, net	1,286	2,049
Subtotal	906	1,612
Interest and dividends income received	78	83
Interest expenses paid	(38)	(30)
Income taxes paid	(184)	(49)
Income taxes refund	32	6
Net cash provided by (used in) operating activities	794	1,621

(Million yen)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(2,180)	(2,505)
Proceeds from sales of property, plant and equipment and intangible assets	33	121
Purchase of investment securities	(2)	(21)
Proceeds from sales of investment securities	54	14
Purchase of stocks of subsidiaries and affiliates	—	(937)
Payments of loans receivable	—	(2)
Collection of loans receivable	2	3
Other, net	—	1
Net cash provided by (used in) investing activities	(2,092)	(3,326)
Net cash provided by (used in) financing activities		
Repayments of lease obligations	(156)	(156)
Purchases of treasury stock-net	(0)	(0)
Cash dividends paid	—	(0)
Proceeds from stock issuance to minority shareholders	—	2
Net cash provided by (used in) financing activities	(156)	(154)
Effect of exchange rate change on cash and cash equivalents	282	1,047
Net increase (decrease) in cash and cash equivalents	(1,172)	(811)
Cash and cash equivalents at beginning of period	19,490	23,692
Cash and cash equivalents at end of period	18,318	22,880

(4) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable.

(Notes to material changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

I. The three months ended June 30, 2012 (April 1, 2012 to June 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	7,769	4,301	4,243	21	16,336	—	16,336
Inter-segment sales or transfers	—	—	—	245	245	(245)	—
Total	7,769	4,301	4,243	266	16,581	(245)	16,336
Segment income (loss)	(15)	(1,638)	(62)	71	(1,645)	(1,278)	(2,923)

(Notes) 1. The "Other" category consists of real estate leasing and worker dispatch business.

2. The negative ¥1,278 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 recorded in the consolidated statements of operations.

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

Not applicable.

II. The three months ended June 30, 2013 (April 1, 2013 to June 30, 2013)

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	5,998	7,331	4,134	40	17,504	—	17,504
Inter-segment sales or transfers	—	—	—	123	123	(123)	—
Total	5,998	7,331	4,134	164	17,628	(123)	17,504
Segment loss	(467)	(2,076)	(111)	(7)	(2,662)	(988)	(3,650)

(Notes) 1. The "Other" category consists of worker dispatch business.

2. The negative ¥988 million of reconciliations in segment loss includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

3. Segment loss is reconciled with operating loss recorded in the consolidated statements of operations.

2. Changes in reportable segments, etc.

We have reconsidered the scope of expenses to be allocated to each reportable segment. As a result, we adopted a new method whereby a part of the corporate expenses formerly included in reconciliations was allocated to each reportable segment based on a certain allocation standard, effective from the first quarter ended June 30, 2013.

This change was made in conjunction with a new review of performance management methods by the Company Group with a view to measuring profitability more appropriately on a business by segment basis.

As a result of the change from the previous to the new method, segment loss in the Industrial Materials for the three months ended June 30, 2013 increased by ¥272 million, segment loss in the Devices increased by ¥309 million, and segment income in the Information & Communication decreased by ¥154 million.

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

Not applicable.