



Consolidated Financial Results
for the Six Months Ended September 30, 2013
[Japanese GAAP]



November 6, 2013

Company name: Nissha Printing Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7915
 URL: <http://www.nissha.com/english/index.html>
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 Scheduled date of filing quarterly securities report: November 12, 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 (for institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)

(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, 2013	49,282	35.1	(2,813)	—	(1,126)	—	(1,587)	—
Six months ended September 30, 2012	36,486	(17.2)	(5,080)	—	(5,870)	—	(6,320)	—

(Note) Comprehensive income: Six months ended September 30, 2013: ¥249 million (–%)
 Six months ended September 30, 2012: ¥(6,808) million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2013	(37.00)	—
Six months ended September 30, 2012	(147.27)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2013	118,355	44,743	37.8
As of March 31, 2013	114,964	44,491	38.7

(Reference) Equity: As of September 30, 2013: ¥44,743 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	—	0.00			
Fiscal year ending March 31, 2014 (Forecast)			—	—	—

(Note) Revision of cash dividend forecast: No

The year-end 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
Full year	113,000	26.4	1,000	—	2,500	—	1,800	—	41.94

(Note) Revision of consolidated financial results forecast: Yes

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 September 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 September 30, 2013	2,114,885 shares
As of March 31, 2013	2,114,472 shares

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

Six months ended September 30, 2013	42,914,857 shares
Six months ended September 30, 2012	42,915,518 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 briefing session on our quarterly financial results for institutional investors on Wednesday, November 6, 2013. 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) Explanation of operating results

In the global economy for the six months ended September 30, 2013, the economic recovery in the US continued and the European economy showed slight signs of recovery despite staying chiefly on a sluggish trend. Meanwhile, the Asian economy showed a drop in the economic growth rate in China. The Japanese economy remained on a moderate recovery trend, 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. Therefore, the Company Group focused on measures to expand demand and strove to control price declines, improve productive efficiency, and reduce costs across the board. Through these efforts, net sales for the second quarter ended September 30, 2013 significantly increased, as compared to the same period of the previous year, resulting in returning to profitability. Key to improving profitability was expanded demand for the new capacitive-type touch panels (photolithography process) in our mainstay Devices segment. In the six months ended September 30, 2013, however, we have been unable to recover from the sluggish business results in the first quarter ended June 30, 2013.

As a result, net sales for the six months ended September 30, 2013 were ¥49,282 million (an increase of 35.1% as compared to the same period of the previous year). For income, operating loss was ¥2,813 million (operating loss of ¥5,080 million in the same period of the previous year), ordinary loss was ¥1,126 million (ordinary loss of ¥5,870 million in the same period of the previous year), and quarterly net loss was ¥1,587 million (quarterly net loss of ¥6,320 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 proprietary technologies that enable customers to incorporate decorative designs and functions on the surfaces such as plastic, metal, and glass, while consistently promoting technology development attuned to market trends 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 six months ended September 30, 2013, demand for automotive interior components and home appliances progressed steadily. On the other hand, demand for mainstay consumer notebook PCs remained sluggish. As a result, segment sales for the six months ended September 30, 2013 were ¥13,363 million, a decrease of 10.3% 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 tablet devices, smartphones, and mobile game consoles in global markets.

During the six months ended September 30, 2013, demand for the new capacitive-type touch panels adopted to tablet devices increased but failed to attain the expected level, while demand for touch panels for mobile game consoles remained steady.

As a result, segment sales for the six months ended September 30, 2013 were ¥27,475 million, an increase of 111.9% 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, 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 six months ended September 30, 2013 were ¥8,375 million, a decrease of 2.3% as compared to the same period of the previous year.

(2) Explanation of financial position

Total assets at the end of the second quarter ended September 30, 2013 increased by ¥3,391 million from the end of the previous year (the fiscal year ended March 31, 2013) to ¥118,355 million.

Current assets decreased by ¥3,272 million from the end of the previous year to ¥56,008 million. This was mainly because a ¥8,345 million decrease of cash and deposits outweighed a ¥3,349 million increase of notes and accounts receivable-trade.

Noncurrent assets increased by ¥6,663 million from the end of the previous year to ¥62,347 million. This was mainly because property, plant and equipment increased by ¥5,328 million due to capital investments and investment securities increased by ¥1,678 million chiefly due to the purchase of stocks of subsidiaries and affiliates and changes in fair value.

Total liabilities at the end of the second quarter ended September 30, 2013 increased by ¥3,139 million from the end of the previous year to ¥73,612 million.

Current liabilities increased by ¥3,235 million from the end of the previous year to ¥64,379 million. This was mainly because a ¥8,277 million increase of notes payable-facilities included in the “other” item outweighed a ¥2,940 million decrease of notes and accounts payable-trade and a ¥2,523 million decrease of accounts payable-facilities included in the “other” item.

Noncurrent liabilities decreased by ¥95 million from the end of the previous year to ¥9,233 million. This was mainly because lease obligations included in the “other” item decreased by ¥271 million.

Net assets at the end of the second quarter ended September 30, 2013 increased by ¥251 million from the end of the previous year to ¥44,743 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, 2013 was ¥15,318 million, a decrease of ¥8,373 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, 2013.

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

Funds used in operating activities amounted to ¥3,443 million. This was mainly attributable to a decrease in notes and accounts payable-trade by ¥3,185 million and an increase in notes and accounts receivable-trade by ¥3,093 million, in spite of posting ¥5,219 million of depreciation and amortization.

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

Funds used in investing activities amounted to ¥5,453 million. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥5,117 million.

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

Funds used in financing activities amounted to ¥1,312 million. This was mainly attributable to net decrease in short-term loans payable of ¥1,000 million.

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

With regard to the consolidated financial forecasts for the fiscal year ending March 31, 2014, we have reviewed and revised the results announced on May 10, 2013 in consideration of recent business results and business confidence. For details, please see the “Notice of Difference between Business Forecast and Actual Results in the First Half of FY2014 and Revision to Business Forecast for FY2014” announced on November 6, 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 on April 1, 2013 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 second quarter ended September 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 September 30, 2013
Assets		
Current assets		
Cash and deposits	23,974	15,629
Notes and accounts receivable-trade	21,996	25,345
Merchandise and finished goods	5,041	4,238
Work in process	2,052	2,744
Raw materials and supplies	2,161	2,549
Other	4,269	5,730
Allowance for doubtful accounts	(215)	(230)
Total current assets	59,280	56,008
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,116	24,354
Machinery, equipment and vehicles, net	16,550	14,753
Tools, furniture and fixtures, net	1,236	1,404
Land	6,175	6,088
Lease assets, net	2,372	2,115
Construction in progress	1,830	1,894
Total property, plant and equipment	45,282	50,611
Intangible assets		
Software	3,300	2,987
Other	402	369
Total intangible assets	3,702	3,356
Investments and other assets		
Investment securities	6,103	7,782
Other	1,031	1,033
Allowance for doubtful accounts	(435)	(435)
Total investments and other assets	6,699	8,379
Total noncurrent assets	55,684	62,347
Total assets	114,964	118,355

(Million yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,896	20,955
Short-term loans payable	21,099	20,096
Income taxes payable	68	154
Provision for bonuses	977	1,105
Other	15,102	22,067
Total current liabilities	61,144	64,379
Noncurrent liabilities		
Provision for retirement benefits	5,884	5,906
Other	3,444	3,326
Total noncurrent liabilities	9,328	9,233
Total liabilities	70,472	73,612
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	32,591	31,003
Treasury stock	(2,926)	(2,927)
Total shareholders' equity	42,704	41,116
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,483	3,009
Foreign currency translation adjustment	(696)	617
Total accumulated other comprehensive income	1,786	3,626
Total net assets	44,491	44,743
Total liabilities and net assets	114,964	118,355

(2) Consolidated statements of operations and comprehensive income (loss)

Consolidated statements of operations

(Million yen)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Net sales	36,486	49,282
Cost of sales	35,758	44,533
Gross profit	728	4,748
Selling, general and administrative expenses	5,808	7,562
Operating loss	(5,080)	(2,813)
Non-operating income		
Interest income	38	54
Dividends income	61	60
Foreign exchange gains	—	1,482
Other	79	210
Total non-operating income	179	1,808
Non-operating expenses		
Interest expenses	87	64
Loss on valuation of investment securities	233	2
Foreign exchange losses	568	—
Other	81	53
Total non-operating expenses	970	121
Ordinary loss	(5,870)	(1,126)
Extraordinary income		
Gain on sales of noncurrent assets	166	174
Gain on sales of investment securities	9	—
State subsidy	159	159
Total extraordinary income	336	334
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	123	90
Loss on reduction of noncurrent assets	152	149
Total extraordinary losses	276	239
Loss before income taxes and minority interests	(5,810)	(1,031)
Income taxes	509	557
Loss before minority interests	(6,320)	(1,589)
Minority interests in loss	—	(2)
Net loss	(6,320)	(1,587)

Consolidated statements of comprehensive income (loss)

(Million yen)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Loss before minority interests	(6,320)	(1,589)
Other comprehensive income		
Valuation difference on available-for-sale securities	(624)	525
Foreign currency translation adjustment	135	1,335
Share of other comprehensive income of associates accounted for using equity method	—	(21)
Total other comprehensive income	(488)	1,839
Comprehensive income	(6,808)	249
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(6,808)	251
Comprehensive income attributable to minority interests	—	(2)

(3) Consolidated statements of cash flows

(Million yen)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(5,810)	(1,031)
Depreciation and amortization	4,048	5,219
Amortization of goodwill	29	—
Increase (decrease) in provision for bonuses	(45)	122
Increase (decrease) in provision for retirement benefits	61	22
Increase (decrease) in allowance for doubtful accounts	17	10
Interest and dividends income	(100)	(115)
Interest expenses	87	64
Foreign exchange losses (gains)	313	(1,032)
Loss (gain) on sales and retirement of noncurrent assets	(43)	(84)
Loss (gain) on sales of investment securities	(9)	—
Loss (gain) on valuation of investment securities	233	2
Decrease (increase) in notes and accounts receivable-trade	(4,401)	(3,093)
Decrease (increase) in inventories	(465)	(103)
Increase (decrease) in notes and accounts payable-trade	3,310	(3,185)
Other, net	9,263	(169)
Subtotal	6,486	(3,371)
Interest and dividends income received	100	113
Interest expenses paid	(87)	(64)
Income taxes paid	(275)	(212)
Income taxes refund	48	92
Net cash provided by (used in) operating activities	6,273	(3,443)

(Million yen)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	1,500	—
Purchase of property, plant and equipment and intangible assets	(3,483)	(5,117)
Proceeds from sales of property, plant and equipment and intangible assets	159	658
Purchase of investment securities	(50)	(76)
Proceeds from sales of investment securities	54	14
Purchase of stocks of subsidiaries and affiliates	—	(937)
Payments of loans receivable	(2)	(3)
Collection of loans receivable	9	6
Other, net	—	1
Net cash provided by (used in) investing activities	(1,813)	(5,453)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	(1,000)
Repayments of lease obligations	(311)	(313)
Purchases of treasury stock-net	(0)	(0)
Cash dividends paid	(1)	(0)
Proceeds from stock issuance to minority shareholders	—	2
Net cash provided by (used in) financing activities	(313)	(1,312)
Effect of exchange rate change on cash and cash equivalents	(220)	1,835
Net increase (decrease) in cash and cash equivalents	3,926	(8,373)
Cash and cash equivalents at beginning of period	19,490	23,692
Cash and cash equivalents at end of period	23,416	15,318

(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 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" category consists of real estate leasing and worker dispatch business.

2. The negative ¥2,662 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 six months ended September 30, 2013 (April 1, 2013 to September 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	13,363	27,475	8,375	67	49,282	—	49,282
Inter-segment sales or transfers	—	—	—	299	299	(299)	—
Total	13,363	27,475	8,375	366	49,581	(299)	49,282
Segment loss	(278)	(215)	(334)	(25)	(853)	(1,960)	(2,813)

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

2. The negative ¥1,960 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 income in the Industrial Materials for the six months ended September 30, 2013 decreased by ¥578 million, segment income in the Devices decreased by ¥657 million, and segment loss in the Information & Communication increased by ¥328 million.

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

Not applicable.