



Consolidated Financial Results
for the Three Months Ended June 30, 2015
[Japanese GAAP]

August 6, 2015

Company name: Nissha Printing Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7915
 URL: <http://www.nissha.com/english>
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 Scheduled date of filing quarterly securities report: August 7, 2015
 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, 2015 (April 1, 2015 to June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2015	21,280	(3.9)	(265)	—	253	—	63	—
Three months ended June 30, 2014	22,150	26.5	(751)	—	(856)	—	(965)	—

(Note) Comprehensive income: Three months ended June 30, 2015: ¥721 million (–%)
 Three months ended June 30, 2014: ¥(1,318) million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2015	1.49	—
Three months ended June 30, 2014	(22.49)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2015	110,227	66,391	60.2
As of March 31, 2015	115,430	66,313	57.4

(Reference) Equity: As of June 30, 2015: ¥66,391 million
 As of March 31, 2015: ¥66,313 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, 2015	—	5.00	—	15.00	20.00
Fiscal year ending March 31, 2016	—				
Fiscal year ending March 31, 2016 (Forecast)		15.00	—	15.00	30.00

(Note) Revision of cash dividend forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half (cumulative total)	55,000	(0.2)	2,000	(29.0)	2,000	(50.8)	1,500	(53.3)	34.95
Full year	120,000	1.0	8,500	(2.9)	8,500	(32.0)	7,300	(35.1)	170.11

(Note) Revision of consolidated financial results forecast: No

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

(1) Explanation of operating results

Reflecting on the global economy in the three months ended June 30, 2015, the United States saw ongoing recovery driven by consumer spending, while Europe showed signs of recovery in spite of ongoing concerns over the impact of the Greece debt issue. In Asia, the pace of economic expansion tapered off further in China. As for Japan, favorable trends were maintained in exports thanks to the steadily weak yen, and corporate profits remained on an improving trend as a whole. Capital expenditure and consumer spending showed signs of improvement and the economy overall continued on a modest path to recovery.

Rapid fluctuations in demand and reductions in the price of products and services are becoming the norm in consumer electronics such as smartphones and tablet devices, a core field of the Nissha Group, affecting both our sales and profits. In anticipation of weaker demand for the capacitive-type touch panels in the Devices segment due mainly to seasonal factors for the three months ended June 30, 2015, we strove to improve productivity and pursue extensive cost reduction toward minimizing a decline in profit while in the Industrial Materials segment, we work to increase profit by expanding the sales of products for automotive and home appliances, which are expected to grow steadily.

As a result, the net sales for the three months ended June 30, 2015 were ¥21,280 million (a decrease of 3.9% as compared to the same period of the previous year). For income, operating loss was ¥265 million (operating loss of ¥751 million in the same period of the previous year), ordinary income was ¥253 million (ordinary loss of ¥856 million in the same period of the previous year), and net income attributable to owners of parent was ¥63 million (net loss attributable to owners of parent of ¥965 million in the same period of the previous year).

Following is an overview by business segment.

Industrial Materials

In the Industrial Materials segment, the Nissha Group mainly offers proprietary technologies that enable customers to incorporate decorative designs on the surfaces such as plastic and glass, while constantly 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 automotive interior components, home appliances, and smartphones.

During the three months ended June 30, 2015, demand progressed steadily for automotive interior components and home appliances designated as a priority market.

As a result, segment sales for the three months ended June 30, 2015 were ¥8,544 million, an increase of 49.4% as compared to the same period of the previous year.

Devices

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

During the three months ended June 30, 2015, demand for the capacitive-type touch panels adopted to tablet

devices remained sluggish due mainly to seasonal factors.

As a result, segment sales for the three months ended June 30, 2015 were ¥9,088 million, a decrease of 27.0% as compared to the same period of the previous year.

Information and Communication

In the Information and Communication segment, the Nissha Group offers its customers a wide range of professional products and services such as sales promotion, web solutions, commercial printing, publication printing, and digital archiving, thereby assisting a host of marketing strategies and communication strategies relating to advertising and sales promotion.

During the three months ended June 30, 2015, commercial field, the key product field in this segment, was affected by 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, 2015 were ¥3,335 million, a decrease of 15.6% as compared to the same period of the previous year.

(2) Explanation of financial position

Total assets at the end of the first quarter ended June 30, 2015 decreased by ¥5,203 million from the end of the previous year (the fiscal year ended March 31, 2015) to ¥110,227 million.

Current assets decreased by ¥5,663 million from the end of the previous year to ¥54,319 million. This was mainly because a ¥7,055 million decrease of cash and deposits outweighed a ¥1,229 million increase of merchandise and finished goods.

Non-current assets increased by ¥460 million from the end of the previous year to ¥55,907 million. This was mainly because a ¥1,802 million increase of investment securities mainly due to the purchase of available-for-sale securities and changes in the fair value outweighed a ¥1,167 million decrease of property, plant and equipment.

Total liabilities at the end of the first quarter ended June 30, 2015 decreased by ¥5,281 million from the end of the previous year to ¥43,835 million.

Current liabilities decreased by ¥5,706 million from the end of the previous year to ¥34,600 million. This was mainly because notes and accounts payable-trade decreased by ¥4,712 million and accrued consumption taxes included in the “other” item decreased by ¥1,386 million.

Non-current liabilities increased by ¥425 million from the end of the previous year to ¥9,235 million. This was mainly because long-term deferred tax liabilities included in the “other” item increased by ¥379 million chiefly because of changes in the fair value of investment securities.

Net assets at the end of the first quarter ended June 30, 2015 increased by ¥78 million from the end of the previous year to ¥66,391 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, 2015 was ¥22,447 million, a decrease of ¥7,037 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, 2015.

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

Funds used in operating activities amounted to ¥4,740 million. This was mainly because a ¥4,510 million decrease in notes and accounts payable-trade and a ¥1,988 million increase in inventories outweighed ¥1,833 million in depreciation.

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

Funds used in investing activities amounted to ¥1,824 million. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥964 million and the purchase of investment securities of ¥656 million.

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

Funds used in financing activities amounted to ¥646 million. This was mainly attributable to cash dividends paid of ¥621 million.

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

The consolidated financial forecasts for the six months ending September 30, 2015 and the fiscal year ending March 31, 2016 remain the same as those announced on May 12, 2015.

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

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, 2015. 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)

Effective from the three months ended June 30, 2015, the Company has adopted the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013). Accordingly, the Company has changed the presentation of net income, etc., as well as the presentation of minority interests to non-controlling interests. To reflect these changes in presentation, the quarterly consolidated financial statements for the three months ended June 30, 2014 and consolidated financial statements for the fiscal year ended March 31, 2015 have been reclassified.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	29,794	22,739
Notes and accounts receivable-trade	18,633	17,655
Merchandise and finished goods	3,592	4,821
Work in process	2,645	3,293
Raw materials and supplies	1,990	2,089
Other	3,745	4,136
Allowance for doubtful accounts	(418)	(417)
Total current assets	59,982	54,319
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,090	20,592
Machinery, equipment and vehicles, net	10,467	9,674
Tools, furniture and fixtures, net	1,346	1,276
Land	5,923	5,923
Leased assets, net	262	239
Construction in progress	263	479
Total property, plant and equipment	39,353	38,186
Intangible assets		
Software	1,740	1,549
Goodwill	2,263	2,268
Other	814	820
Total intangible assets	4,819	4,638
Investments and other assets		
Investment securities	10,425	12,228
Other	1,281	1,287
Allowance for doubtful accounts	(432)	(432)
Total investments and other assets	11,274	13,083
Total non-current assets	55,447	55,907
Total assets	115,430	110,227

(Million yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,764	15,052
Short-term loans payable	10,114	10,126
Income taxes payable	899	130
Provision for bonuses	1,426	2,163
Provision for directors' bonuses	43	54
Other	8,059	7,072
Total current liabilities	40,306	34,600
Non-current liabilities		
Net defined benefit liability	5,861	5,911
Other	2,948	3,323
Total non-current liabilities	8,810	9,235
Total liabilities	49,117	43,835
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	48,198	47,618
Treasury shares	(2,930)	(2,930)
Total shareholders' equity	58,308	57,728
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,382	6,235
Foreign currency translation adjustment	2,865	2,672
Remeasurements of defined benefit plans	(242)	(244)
Total accumulated other comprehensive income	8,004	8,662
Total net assets	66,313	66,391
Total liabilities and net assets	115,430	110,227

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

Consolidated statements of operations

(Million yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Net sales	22,150	21,280
Cost of sales	19,205	17,308
Gross profit	2,944	3,972
Selling, general and administrative expenses	3,696	4,237
Operating loss	(751)	(265)
Non-operating income		
Interest income	24	22
Dividend income	61	86
Foreign exchange gains	—	476
Other	33	30
Total non-operating income	119	616
Non-operating expenses		
Interest expenses	25	15
Share of loss of entities accounted for using equity method	173	53
Foreign exchange losses	19	—
Other	6	27
Total non-operating expenses	224	97
Ordinary income (loss)	(856)	253
Extraordinary income		
Gain on sales of non-current assets	3	2
Total extraordinary income	3	2
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	20
Impairment loss	—	150
Total extraordinary losses	1	170
Income (loss) before income taxes	(854)	86
Income taxes	112	22
Net income (loss)	(966)	63
Net loss attributable to non-controlling interests	(1)	—
Net income (loss) attributable to owners of parent	(965)	63

Consolidated statements of comprehensive income (loss)

(Million yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Net income (loss)	(966)	63
Other comprehensive income		
Valuation difference on available-for-sale securities	59	852
Foreign currency translation adjustment	(368)	(189)
Remeasurements of defined benefit plans, net of tax	(7)	(2)
Share of other comprehensive income of entities accounted for using equity method	(36)	(3)
Total other comprehensive income	(352)	657
Comprehensive income	(1,318)	721
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,317)	721
Comprehensive income attributable to non-controlling interests	(1)	—

(3) Consolidated statements of cash flows

(Million yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Cash flows from operating activities		
Income (loss) before income taxes	(854)	86
Depreciation	2,375	1,833
Impairment loss	—	150
Amortization of goodwill	1	89
Increase (decrease) in provision for bonuses	525	737
Increase (decrease) in provision for directors' bonuses	—	10
Increase (decrease) in net defined benefit liability	49	48
Increase (decrease) in allowance for doubtful accounts	9	1
Interest and dividend income	(86)	(109)
Interest expenses	25	15
Foreign exchange losses (gains)	(89)	(297)
Share of (profit) loss of entities accounted for using equity method	173	53
Loss (gain) on sales and retirement of non-current assets	(2)	17
Decrease (increase) in notes and accounts receivable-trade	(1,977)	964
Decrease (increase) in inventories	(1,225)	(1,988)
Increase (decrease) in notes and accounts payable-trade	(4,677)	(4,510)
Other, net	2,363	(980)
Subtotal	(3,388)	(3,878)
Interest and dividend income received	85	111
Interest expenses paid	(25)	(15)
Income taxes paid	(222)	(958)
Income taxes refund	14	—
Net cash provided by (used in) operating activities	(3,536)	(4,740)

(Million yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,079)	(964)
Proceeds from sales of property, plant and equipment and intangible assets	0	—
Payments from sales of property, plant and equipment	—	(175)
Purchase of investment securities	(41)	(656)
Purchase of shares of subsidiaries and associates	(25)	—
Purchase of investments in other securities of subsidiaries and affiliates	(20)	—
Payments for transfer of business	(344)	—
Payments of loans receivable	(1)	(0)
Collection of loans receivable	2	2
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(22)	(38)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	744	—
Other, net	7	8
Net cash provided by (used in) investing activities	(780)	(1,824)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(0)	—
Repayments of long-term loans payable	(2)	—
Repayments of lease obligations	(161)	(25)
Purchases of treasury shares-net	(0)	(0)
Cash dividends paid	(204)	(621)
Net cash provided by (used in) financing activities	(368)	(646)
Effect of exchange rate change on cash and cash equivalents	(161)	174
Net increase (decrease) in cash and cash equivalents	(4,847)	(7,037)
Cash and cash equivalents at beginning of period	20,272	29,484
Cash and cash equivalents at end of period	15,425	22,447

(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, 2014 (April 1, 2014 to June 30, 2014)

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

(Million yen)

	Reportable segment					Reconciliations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Information and Communication	Other (Note 1)	Total		
Sales							
Sales to external customers	5,721	12,448	3,950	29	22,150	—	22,150
Inter-segment sales or transfers	0	153	—	138	292	(292)	—
Total	5,721	12,602	3,950	167	22,442	(292)	22,150
Segment income (loss)	(548)	879	(192)	(13)	123	(875)	(751)

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

2. The negative ¥875 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 assets by reportable segment

Mainly as a result of acquisition of all shares of FIS Inc. in the first quarter ended June 30, 2014 and inclusion of it in the scope of consolidation, segment assets included in the "Other" segment increased by ¥2,595 million from the end of the previous year.

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

(Material changes in the amount of goodwill)

We made FIS Inc. a wholly owned subsidiary through a simple share exchange effective on June 30, 2014 and reported it in the "Other" segment.

The increase in the amount of goodwill attributable to the event was ¥1,717 million for the three months ended June 30, 2014.

II. The three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)

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

(Million yen)

	Reportable segment					Reconciliations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Information and Communication	Other (Note 1)	Total		
Sales							
Sales to external customers	8,544	9,088	3,335	312	21,280	—	21,280
Inter-segment sales or transfers	2	447	—	225	674	(674)	—
Total	8,547	9,535	3,335	537	21,955	(674)	21,280
Segment income (loss)	405	416	(220)	(216)	384	(649)	(265)

(Notes) 1. The “Other” category consists of the gas sensor production and sales business.

2. The negative ¥649 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

(Material impairment loss of non-current assets)

We recorded impairment loss of ¥150 million for non-current assets in the “Industrial Materials” segment.