Consolidated Financial Results
for the Six Months Ended September 30, 2015
[Japanese GAAP]

November 6, 2015

Company name: Nissha Printing Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 7915
URL: http://www.nissha.com/english
Representative: Junya Suzuki, President and CEO, Chairman of the Board
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Phone: +81-75-811-8111
Scheduled date of filing quarterly securities report: November 12, 2015
Scheduled date of commencing dividend payments: December 4, 2015
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, 2015 (April 1, 2015 to September 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	%
Six months ended September 30, 2015	51,600	(6.4)	2,948	4.6	2,942	(27.6)	2,268	(29.4)
Six months ended September 30, 2014	55,122	11.9	2,818	−	4,062	−	3,212	−

(Note) Comprehensive income: Six months ended September 30, 2015: ¥2,633 million ((12.1)%)
Six months ended September 30, 2014: ¥2,995 million (1,098.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2015	52.87	−
Six months ended September 30, 2014	74.86	−

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2015	139,089	68,302	49.1
As of March 31, 2015	115,430	66,313	57.4

(Reference) Equity: As of September 30, 2015: ¥68,302 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	–	15.00			
Fiscal year ending March 31, 2016 (Forecast)			–	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
Full year	119,000	0.2	9,000	2.9	8,900	(28.8)	7,500	(33.3)	174.77

(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: 1 (AR Metallizing N.V.), Exclusion: – ( )
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: Yes
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 shares):

As of September 30, 2015	45,029,493 shares
As of March 31, 2015	45,029,493 shares

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

As of September 30, 2015	2,116,655 shares
As of March 31, 2015	2,116,538 shares

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

Six months ended September 30, 2015	42,912,910 shares
Six months ended September 30, 2014	42,913,732 shares

<u>* Presentation regarding the implementation status of the quarterly review process</u>
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.

<u>* Explanation of the proper use of financial results forecast and other notes</u>
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 Friday, November 6, 2015. 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

Reflecting on the global economy in the six months ended September 30, 2015, the United States saw ongoing recovery driven by consumer spending, while Europe showed gradual recovery. In Asia, the economies of emerging countries such as China gradually slowed down. As for Japan, although exports and production were weak in some areas, corporate profits are on an improving trend as a whole and the economy overall continued on a modest path to recovery.

Under these circumstances, we worked to increase profit mainly through our efforts in the mainstay Devices segment, where we strove to build a lean production structure that can adapt to demand fluctuation and improve productivity, and in the Industrial Materials segment, where we strove to expand the sales of products for automotive components and home appliances, both of which are expected to grow steadily.

As a result, the net sales for the six months ended September 30, 2015 were ¥51,600 million (a decrease of 6.4% as compared to the same period of the previous year). For income, operating income was ¥2,948 million (an increase of 4.6% as compared to the same period of the previous year), ordinary income was ¥2,942 million (a decrease of 27.6% as compared to the same period of the previous year), and net income attributable to owners of parent was ¥2,268 million (a decrease of 29.4% as compared to the same period of the previous year).

The Nissha Group commenced a reorganization of its business portfolio in accordance with the strategies set out in the Fifth Medium-term Business Plan starting from April 1, 2015. We acquired AR Metallizing group, a top global manufacturer of metallized paper for labels and packaging, and made it our subsidiary on August 6, 2015. This acquisition enabled the Nissha Group to incorporate metallized paper into its product portfolio in domains related to printing and capture new global markets for beverages, food, and consumer products.

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 appealing and decorative designs on the surfaces of various materials. IMD, which facilitates simultaneous molding and printing of plastic products, is extensively adopted in automotive interior components, home appliances, and smartphones in global markets.

During the six months ended September 30, 2015, demand progressed steadily for automotive interior components and home appliances designated as a priority market. For income, segment income failed to attain the original estimate primarily due to the posting of expenses related to the acquisition of AR Metallizing group.

As a result, segment sales for the six months ended September 30, 2015 were ¥17,236 million, an increase of 36.4% as compared to the same period of the previous year. Segment income (operating income) was ¥27 million (segment loss (operating loss) of ¥673 million in 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, mobile game consoles, and automotive components in global markets.

During the six months ended September 30, 2015, demand for the capacitive-type touch panels adopted for tablet devices remained lower than expected, but income exceeded the original estimate mainly due to the establishment of a production structure that can adapt to demand fluctuation and the productivity improvement.

As a result, segment sales for the six months ended September 30, 2015 were ¥26,217 million, a decrease of 23.0% as compared to the same period of the previous year. Segment income (operating income) was ¥5,200 million, a decrease of 10.3% 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. From July 1, 2015 onward, the businesses of this segment are succeeded to and continued by Nissha Printing Communications, Inc., a wholly owned subsidiary of Nissha Printing Co., Ltd.

During the six months ended September 30, 2015, the 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 six months ended September 30, 2015 were ¥7,485 million, a decrease of 7.2% as compared to the same period of the previous year. Segment loss (operating loss) was ¥284 million (segment loss (operating loss) of ¥428 million in the same period of the previous year).

(2) Explanation of financial position

Total assets at the end of the second quarter ended September 30, 2015 increased by ¥23,658 million from the end of the previous year (the fiscal year ended March 31, 2015) to ¥139,089 million.

Current assets increased by ¥6,184 million from the end of the previous year to ¥66,167 million. This was mainly because a ¥6,479 million increase of notes and accounts receivable-trade, a ¥3,773 million increase of merchandise and finished goods and a ¥2,062 million increase of work in process outweighed a ¥7,872 million decrease of cash and deposits.

Non-current assets increased by ¥17,474 million from the end of the previous year to ¥72,921 million. This was mainly because goodwill increased by ¥13,298 million primarily due to new consolidation, property, plant and equipment increased by ¥3,584 million, and investment securities increased by ¥832 million mainly due to the purchase of available-for-sale securities and changes in the fair value.

Total liabilities at the end of the second quarter ended September 30, 2015 increased by ¥21,669 million from the end of the previous year to ¥70,786 million.

Current liabilities increased by ¥15,287 million from the end of the previous year to ¥55,594 million. This was mainly because short-term loans payable increased by ¥12,921 million and notes and accounts payable-trade increased by ¥2,738 million.

Non-current liabilities increased by ¥6,382 million from the end of the previous year to ¥15,192 million. This was mainly because long-term loans payable increased by ¥3,873 million, lease obligations included in the “other” item increased by ¥1,509 million, and long-term deferred tax liabilities included in the “other” item increased by ¥813 million chiefly because of changes in the fair value of available-for-sale securities.
Net assets at the end of the second quarter ended September 30, 2015 increased by ¥1,989 million from the end of the previous year to ¥68,302 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, 2015 was ¥21,630 million, a decrease of ¥7,854 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, 2015.

(Net Cash Provided by (Used in) Operating Activities)
Funds used in operating activities amounted to ¥1,762 million. This was mainly because a ¥3,891 million increase in inventories and a ¥3,489 million increase in notes and accounts receivable-trade outweighed a ¥3,705 million of depreciation and a ¥2,779 million of income before income taxes.

(Net Cash Provided by (Used in) Investing Activities)
Funds used in investing activities amounted to ¥17,348 million. This was mainly attributable to the purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥14,357 million and the purchase of property, plant and equipment and intangible assets of ¥2,178 million.

(Net Cash Provided by (Used in) Financing Activities)
Funds provided by financing activities amounted to ¥11,292 million. This was mainly attributable to net increase in short-term loans payable of ¥11,987 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, 2016, we have reviewed and revised the results announced on May 12, 2015 in consideration of the consolidated operating results for the six months ended September 30, 2015, recent business results and business confidence.
For details, please see the “Notice of the Difference between Business Forecast and Actual Results in the First Half of FY2016 and Revision to Business Forecast for FY2016” announced on November 6, 2015.

2. Matters regarding the Summary Information (Notes)

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

In the second quarter ended September 30, 2015 we acquired all shares of H.I.G. Luxembourg Holdings 28 S.à r.l. effective on August 6, 2015, whereupon H.I.G. Luxembourg Holdings 28 S.à r.l., AR Metallizing N.V. (a business company under the control of H.I.G. Luxembourg Holdings 28 S.à r.l.), and the group companies of AR Metallizing N.V. became consolidated subsidiaries of the Company. Because AR Metallizing N.V.'s capital stock is equivalent to ten percent or more of the Company's capital stock, AR Metallizing N.V. became a specified subsidiary of the Company.

H.I.G. Luxembourg Holdings 28 S.à r.l. changed its corporate name to Nissha Luxembourg Holdings S.à r.l. effective on September 15, 2015.

(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, 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; hereinafter the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Accounting Standard for Consolidated Financial Statements"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter, the "Accounting Standard for Business Divestitures"). Following the methods changed according to these standards, the Company records differences arising from changes in its equity interest in subsidiaries that remain under its control as capital surplus and charges acquisition-related costs for business combinations to expenses in the fiscal years when such costs are incurred. With regard to any business combination made on or after April 1, 2015, any adjustment of an allocated amount of acquisition costs arising from a determination of provisional treatment is reflected in the quarterly consolidated financial statements for the quarter of the fiscal year when the business combination occurs. Furthermore, 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 second quarter ended September 30, 2014 and consolidated financial statements for the fiscal year ended March 31, 2015 have been reclassified.

In the consolidated statement of cash flows for the six months ended September 30, 2015, cash flows relating to the purchase or sales of investments in subsidiaries not resulting in change in scope of consolidation are shown in the "net cash provided by (used in) financing activities" section, while cash flows relating to expenses associated with the purchase of investments in subsidiaries resulting in change in scope of consolidation and expenses associated with the purchase or sales of investments in subsidiaries not resulting in change in the scope of consolidation are shown in the “net cash provided by (used in) operating activities” section.

When applying the accounting standards, the Company follows the transitional treatment set forth in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The accounting standards are applied to the period from April 1, 2015 onward.

As a result, operating income, ordinary income and income before income taxes for the six months ended September 30, 2015 decreased by ¥363 million, respectively.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	29,794	21,922
Notes and accounts receivable-trade	18,633	25,112
Merchandise and finished goods	3,592	7,366
Work in process	2,645	4,707
Raw materials and supplies	1,990	2,568
Other	3,745	4,704
Allowance for doubtful accounts	(418)	(214)
Total current assets	59,982	66,167
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,090	20,120
Machinery, equipment and vehicles, net	10,467	13,057
Tools, furniture and fixtures, net	1,346	1,406
Land	5,923	5,926
Leased assets, net	262	1,776
Construction in progress	263	650
Total property, plant and equipment	39,353	42,937
Intangible assets		
Software	1,740	1,420
Goodwill	2,263	15,562
Other	814	873
Total intangible assets	4,819	17,856
Investments and other assets		
Investment securities	10,425	11,258
Other	1,281	1,589
Allowance for doubtful accounts	(432)	(719)
Total investments and other assets	11,274	12,127
Total non-current assets	55,447	72,921
Total assets	115,430	139,089

(Million yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,764	22,502
Short-term loans payable	10,114	23,035
Income taxes payable	899	507
Provision for bonuses	1,426	1,832
Provision for directors’ bonuses	43	21
Other	8,059	7,694
Total current liabilities	40,306	55,594
Non-current liabilities		
Long-term loans payable	—	3,873
Net defined benefit liability	5,861	6,021
Other	2,948	5,297
Total non-current liabilities	8,810	15,192
Total liabilities	49,117	70,786
Net assets		
Shareholders’ equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,355
Retained earnings	48,198	49,823
Treasury shares	(2,930)	(2,930)
Total shareholders’ equity	58,308	59,933
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,382	5,731
Foreign currency translation adjustment	2,865	2,884
Remeasurements of defined benefit plans	(242)	(246)
Total accumulated other comprehensive income	8,004	8,368
Total net assets	66,313	68,302
Total liabilities and net assets	115,430	139,089

(2) Consolidated statements of operations and comprehensive income

Consolidated statements of operations

(Million yen)

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Net sales	55,122	51,600
Cost of sales	44,627	39,497
Gross profit	10,495	12,103
Selling, general and administrative expenses	7,677	9,154
Operating income	2,818	2,948
Non-operating income		
Interest income	49	40
Dividend income	66	94
Foreign exchange gains	1,471	15
Other	78	74
Total non-operating income	1,666	224
Non-operating expenses		
Interest expenses	58	46
Share of loss of entities accounted for using equity method	340	105
Other	23	79
Total non-operating expenses	422	230
Ordinary income	4,062	2,942
Extraordinary income		
Gain on sales of non-current assets	43	85
State subsidy	275	177
Total extraordinary income	319	263
Extraordinary losses		
Loss on sales and retirement of non-current assets	60	56
Loss on reduction of non-current assets	86	—
Loss on valuation of investment securities	—	220
Impairment loss	581	150
Total extraordinary losses	727	426
Income before income taxes	3,653	2,779
Income taxes	442	510
Net income	3,211	2,268
Net loss attributable to non-controlling interests	(1)	—
Net income attributable to owners of parent	3,212	2,268

Consolidated statements of comprehensive income

(Million yen)

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Net income	3,211	2,268
Other comprehensive income		
Valuation difference on available-for-sale securities	176	349
Foreign currency translation adjustment	(361)	16
Remeasurements of defined benefit plans, net of tax	(15)	(4)
Share of other comprehensive income of entities accounted for using equity method	(15)	2
Total other comprehensive income	(216)	364
Comprehensive income	2,995	2,633
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,996	2,633
Comprehensive income attributable to non-controlling interests	(1)	—

(3) Consolidated statements of cash flows

(Million yen)

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Cash flows from operating activities		
Income before income taxes	3,653	2,779
Depreciation	4,790	3,705
Impairment loss	581	150
Amortization of goodwill	58	183
Increase (decrease) in provision for bonuses	196	320
Increase (decrease) in provision for directors’ bonuses	21	(21)
Increase (decrease) in net defined benefit liability	72	54
Increase (decrease) in allowance for doubtful accounts	(99)	5
Interest and dividend income	(116)	(134)
Interest expenses	58	46
Foreign exchange losses (gains)	(375)	39
Share of (profit) loss of entities accounted for using equity method	340	105
Loss (gain) on valuation of investment securities	—	220
Loss (gain) on sales and retirement of non-current assets	16	(29)
Decrease (increase) in notes and accounts receivable-trade	(11,288)	(3,489)
Decrease (increase) in inventories	(2,008)	(3,891)
Increase (decrease) in notes and accounts payable-trade	2,455	1,064
Other, net	1,444	(1,928)
Subtotal	(198)	(820)
Interest and dividend income received	115	131
Interest expenses paid	(58)	(46)
Income taxes paid	(312)	(1,031)
Income taxes refund	27	4
Net cash provided by (used in) operating activities	(426)	(1,762)

(Million yen)

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Cash flows from investing activities		
Payments into time deposits	(6)	—
Purchase of property, plant and equipment and intangible assets	(1,547)	(2,178)
Proceeds from sales of property, plant and equipment and intangible assets	215	—
Payments from sales of property, plant and equipment and intangible assets	—	(158)
Purchase of investment securities	(63)	(657)
Proceeds from sales of investment securities	3	—
Purchase of shares of subsidiaries and associates	(25)	—
Purchase of investments in other securities of subsidiaries and affiliates	(20)	(32)
Payments for transfer of business	(344)	—
Payments of loans receivable	(246)	(3)
Collection of loans receivable	155	6
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(856)	(14,357)
Other, net	39	33
Net cash provided by (used in) investing activities	(2,697)	(17,348)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,999)	11,987
Repayments of long-term loans payable	(285)	(1)
Redemption of bonds	(15)	—
Repayments of lease obligations	(324)	(51)
Purchases of treasury shares-net	(0)	(0)
Cash dividends paid	(213)	(642)
Net cash provided by (used in) financing activities	(2,839)	11,292
Effect of exchange rate change on cash and cash equivalents	240	(35)
Net increase (decrease) in cash and cash equivalents	(5,722)	(7,854)
Cash and cash equivalents at beginning of period	20,272	29,484
Cash and cash equivalents at end of period	14,550	21,630

(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, 2014 (April 1, 2014 to September 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	12,638	34,044	8,065	374	55,122	—	55,122
Inter-segment sales or transfers	0	222	—	303	526	(526)	—
Total	12,639	34,266	8,065	678	55,649	(526)	55,122
Segment income (loss)	(673)	5,799	(428)	(110)	4,586	(1,768)	2,818

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

2. The negative ¥1,768 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 income 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 ¥2,502 million from the end of the previous year.

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

(Material impairment loss of non-current assets)

We recorded impairment loss of ¥581 million for non-current assets in the “Industrial Materials” 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 ¥1,663 million for the six months ended September 30, 2014.

II. The six months ended September 30, 2015 (April 1, 2015 to September 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	17,236	26,217	7,485	660	51,600	—	51,600
Inter-segment sales or transfers	4	1,053	—	576	1,635	(1,635)	—
Total	17,241	27,270	7,485	1,237	53,235	(1,635)	51,600
Segment income (loss)	27	5,200	(284)	(445)	4,497	(1,548)	2,948

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

2. The negative ¥1,548 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 income recorded in the consolidated statements of operations.

2. Information about assets by reportable segment

Mainly as a result of the acquisition of all shares of H.I.G. Luxembourg Holdings 28 S.à r.l. (corporate name changed to Nissha Luxembourg Holdings S.à r.l. effective on September 15, 2015) in the second quarter ended September 30, 2015 and inclusion of the company, AR Metallizing N.V. (a business company under the control of H.I.G. Luxembourg Holdings 28 S.à r.l.), the group companies of AR Metallizing N.V. in the scope of consolidation, segment assets included in the “Industrial Materials” segment increased by ¥25,359 million from the end of the previous year.

The amount of the segment assets was provisionally calculated because the allocation of acquisition costs was not yet completed.

3. Changes in reportable segments, etc.

As stated in “Changes in accounting policies,” the Company records differences arising from changes in its equity interest in subsidiaries that remain under its control as capital surplus and charges acquisition-related costs for business combinations to expenses in the fiscal years when such costs are incurred, effective from the three months ended June 30, 2015. With regard to any business combination made on or after April 1, 2015, any adjustment of allocated acquisition costs arising from a determination of provisional treatment is reflected in the quarterly consolidated financial statements for the quarter of the fiscal year when the business combination occurs.

As a result of the change from the previous to the new method, segment income included in the “Industrial Materials” segment for the six months ended September 30, 2015 decreased by ¥363 million.

4. 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.

(Material changes in the amount of goodwill)

In the “Industrial Materials” segment, we acquired all shares of H.I.G. Luxembourg Holdings 28 S.à r.l. (corporate name changed to Nissha Luxembourg Holdings S.à r.l. effective on September 15, 2015) effective on August 6, 2015. The increase in the amount of goodwill attributable to the event was ¥13,374 million for the six months ended September 30, 2015.

The amount of goodwill was provisionally calculated because the allocation of acquisition costs was not yet completed.