Consolidated Financial Results
for the Three Months Ended June 30, 2016
[Japanese GAAP]

August 5, 2016

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: August 8, 2016
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, 2016 (April 1, 2016 to June 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2016	24,419	15.0	(1,018)	–	(2,959)	–	(3,672)	–
Three months ended June 30, 2015	21,240	(4.1)	(270)	–	249	–	61	–

(Note) Comprehensive income: Three months ended June 30, 2016: ¥(5,186) million (–%)
Three months ended June 30, 2015: ¥721 million (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2016	(85.58)	–
Three months ended June 30, 2015	1.42	–

(Note) Since a new accounting method is retroactively applied in accordance with changes in accounting policies, the consolidated operating results for the three months ended June 30, 2015 are stated to reflect the retroactive application.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2016	141,338	64,446	45.5
As of March 31, 2016	156,107	70,096	44.9

(Reference) Equity: As of June 30, 2016: ¥64,307 million
As of March 31, 2016: ¥70,096 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, 2016	－	15.00	－	15.00	30.00
Fiscal year ending March 31, 2017	－				
Fiscal year ending March 31, 2017 (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, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half (cumulative total)	56,000	8.8	500	(82.9)	400	(86.3)	100	(95.6)	2.33
Full year	129,000	7.7	7,000	(33.6)	6,800	(26.4)	5,500	(20.3)	128.17

(Note) Revision of consolidated financial results forecast: No
Changes from the previous corresponding period are calculated using figures that reflect the retroactive application in accordance with the changes in accounting policies.

Notes:

(1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
New: – ( ), Exclusion: – ( )

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes
For details, please see "2. Matters regarding the Summary Information (Notes) (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements" on page 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: Yes
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 June 30, 2016	45,029,493 shares
As of March 31, 2016	45,029,493 shares

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

As of June 30, 2016	2,117,054 shares
As of March 31, 2016	2,117,034 shares

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

Three months ended June 30, 2016	42,912,449 shares
Three months ended June 30, 2015	42,912,940 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 conference call for institutional investors on Friday, August 5, 2016. Reference materials to be used at 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

Effective from the first quarter ended June 30, 2016, we have changed a method of translating revenue and expenses of overseas consolidated subsidiaries and others into yen. Since a new accounting method is retroactively applied in accordance with changes in accounting policies, the current consolidated results are compared with the previous corresponding ones calculated based on figures that reflect the retroactive application.

(1) Explanation of operating results

Reflecting on the global economy in the three months ended June 30, 2016, the United States saw ongoing recovery thanks primarily to increased consumer spending. In Europe, the economy gradually recovered but the UK's decision to depart from the EU has fueled growing uncertainty for the future. In Asia, the economies of emerging countries such as China gradually slowed down despite partial signs of recovery. As for Japan, the economy held steady on a moderate recovery trend, but lacked strength due to rapid appreciation of the yen from the beginning of the year of 2016, leaving future corporate profits remain uncertain.

Under these circumstances, the size of business in the Industrial Materials segment in the Nissha Group expanded mainly thanks to the contributions of our metallized paper field, while the Devices segment fell below the original estimate primarily due to the sharp appreciation of the yen and sluggish demand for products.

As a result, the net sales for the three months ended June 30, 2016 were ¥24,419 million (an increase of 15.0% as compared to the same period of the previous year). For income, operating loss was ¥1,018 million (operating loss of ¥270 million in the same period of the previous year), ordinary loss was ¥2,959 million (ordinary income of ¥249 million in the same period of the previous year), and loss attributable to owners of parent was ¥3,672 million (profit attributable to owners of parent of ¥61 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 to beautifully color 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. Also, our metallized paper, which unites the properties of superior metallic luster and printing friendliness, has the largest market share in the industry as a packaging material for beverages and foods on a global basis.

During the three months ended June 30, 2016, demand progressed steadily for our mainstay automotive interior components and products in the metallized paper field.

As a result, segment sales for the three months ended June 30, 2016 were ¥12,669 million, an increase of 48.9% as compared to the same period of the previous year. Segment income (operating income) was ¥446 million, an increase of 11.3% 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, mobile game consoles, and automotive components in global markets.
During the three months ended June 30, 2016, demand for our mainstay capacitive-type touch panels adopted for tablet devices remained sluggish due mainly to seasonal factors.
As a result, segment sales for the three months ended June 30, 2016 were ¥8,233 million, a decrease of 9.4% as compared to the same period of the previous year. Segment loss (operating loss) was ¥571 million (segment income (operating income) of ¥414 million in 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 publication printing, commercial printing, sales promotion, web solutions, 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, 2016, the commercial printing 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, 2016 were ¥3,105 million, a decrease of 6.9% as compared to the same period of the previous year. Segment loss (operating loss) was ¥126 million (segment loss (operating loss) of ¥220 million in the same period of the previous year).

(2) Explanation of financial position

1) Assets, liabilities and net assets
Total assets at the end of the first quarter ended June 30, 2016 decreased by ¥14,769 million from the end of the previous year (the fiscal year ended March 31, 2016) to ¥141,338 million.
Current assets decreased by ¥11,562 million from the end of the previous year to ¥72,396 million. This was mainly attributable to ¥5,415 million decrease of notes and accounts receivable-trade, ¥2,230 million decrease of cash and deposits, ¥2,002 million decrease of securities, and ¥1,147 million decrease of merchandise and finished goods.
Non-current assets decreased by ¥3,207 million from the end of the previous year to ¥68,941 million. This was mainly because property, plant, and equipment decreased by ¥1,810 million, goodwill decreased by ¥537 million and investment securities decreased by ¥467 million mainly due to changes in the fair value of available-for-sale securities.
Total liabilities at the end of the first quarter ended June 30, 2016 decreased by ¥9,119 million from the end of the previous year to ¥76,892 million.
Current liabilities decreased by ¥8,667 million from the end of the previous year to ¥40,002 million. This was mainly because notes and accounts payable-trade decreased by ¥7,042 million and income taxes payable decreased by ¥1,047 million.

Non-current liabilities decreased by ¥452 million from the end of the previous year to ¥36,889 million. This was mainly because long-term deferred tax liabilities included in the "other" item decreased by ¥304 million mainly due to changes in the fair value of available-for-sale securities.
Net assets at the end of the first quarter ended June 30, 2016 decreased by ¥5,650 million from the end of the previous year to ¥64,446 million.

2) 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, 2016 was ¥37,711 million, a decrease of ¥3,977 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, 2016.

(Net Cash Provided by (Used in) Operating Activities)
Funds used in operating activities amounted to ¥572 million, a decrease of 87.9% as compared to the same period of the previous year. This was mainly because ¥6,595 million decrease in notes and accounts payable-trade outweighed a ¥5,104 million decrease in notes and accounts receivable-trade.

(Net Cash Provided by (Used in) Investing Activities)
Funds used in investing activities amounted to ¥1,238 million, a decrease of 32.1% as compared to the same period of the previous year. This was mainly attributable to the purchase of property, plant and equipment and intangible assets of ¥1,336 million.

(Net Cash Provided by (Used in) Financing Activities)
Funds used in financing activities amounted to ¥526 million, a decrease of 18.6% as compared to the same period of the previous year. This was mainly attributable to cash dividends paid of ¥629 million.

(3) Explanation of consolidated operating results forecast and other forecast information
The consolidated financial forecasts for the six months ending September 30, 2016 and the fiscal year ending March 31, 2017 remain the same as those announced on May 12, 2016.

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 profit (loss) before income taxes in the fiscal year, including the first quarter ended June 30, 2016. We then calculate the tax expense by multiplying profit (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)

(Changes in the method of translating revenue and expenses of overseas consolidated subsidiaries and others into yen)

The revenue and expenses of the Company's overseas consolidated subsidiaries and others were previously translated into yen at the spot exchange rates on the respective settlement dates of the consolidated subsidiaries. Effective from the first quarter ended June 30, 2016, however, the Company has adopted a new method by which the revenue and expenses of overseas consolidated subsidiaries and others are translated into yen at the average exchange rate during the period. We adopted this change of method in order to more appropriately reflect the operating results of our overseas consolidated subsidiaries and others in the consolidated financial statements, in the expectation that the overseas net sales of the overseas consolidated subsidiaries and others will further grow in materiality in the future.

Given the 10-year retention period specified by the Company for documents and materials related to account settlement, it would be practically impossible to retroactively apply the change in general. Accordingly, the Company has retroactively applied a new method of translating the revenue and expenses of the overseas consolidated subsidiaries and others into yen at the average exchange rate during the period, effective from April 1, 2006.

As these changes in the accounting policies are retroactively applied, the consolidated financial statements for the three months ended June 30, 2015 and consolidated financial statements for the fiscal year ended March 31, 2016 are stated to reflect the retroactive application.

As a result, net sales for the three months ended June 30, 2015 decreased by ¥39 million and as for profit and loss for the three months ended June 30, 2015, the effect is insignificant, as compared to the figures prior to the retroactive application. In addition, since the cumulative effects of the retroactive application have been reflected in the beginning balance of net assets for the fiscal year ended March 31, 2016, the beginning balance of retained earnings for the fiscal year ended March 31, 2016 increased by ¥231 million and foreign currency translation adjustment decreased by the same amount.

(4) Additional information

Effective from the first quarter ended June 30, 2016, the Company has adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	40,085	37,854
Notes and accounts receivable-trade	21,665	16,249
Securities	2,033	30
Merchandise and finished goods	8,027	6,879
Work in process	3,806	3,879
Raw materials and supplies	2,721	2,940
Other	5,836	4,770
Allowance for doubtful accounts	(216)	(208)
Total current assets	83,959	72,396
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,287	19,579
Machinery, equipment and vehicles, net	13,032	12,194
Tools, furniture and fixtures, net	1,537	1,521
Land	5,936	5,936
Leased assets, net	1,627	1,528
Construction in progress	762	613
Total property, plant and equipment	43,184	41,374
Intangible assets		
Software	1,256	1,084
Goodwill	10,824	10,286
Technical assets	2,563	2,441
Customer related assets	3,427	3,246
Other	255	346
Total intangible assets	18,327	17,405
Investments and other assets		
Investment securities	9,848	9,380
Other	1,266	1,248
Allowance for doubtful accounts	(478)	(467)
Total investments and other assets	10,636	10,161
Total non-current assets	72,148	68,941
Total assets	156,107	141,338

(Million yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,758	17,716
Short-term loans payable	12,485	12,399
Current portion of long-term loans payable	563	543
Income taxes payable	1,313	266
Provision for bonuses	1,730	2,348
Provision for directors’ bonuses	60	75
Other	7,757	6,653
Total current liabilities	48,669	40,002
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	3,487	3,377
Net defined benefit liability	6,378	6,447
Other	7,476	7,064
Total non-current liabilities	37,342	36,889
Total liabilities	86,011	76,892
Net assets		
Shareholders’ equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,382
Retained earnings	54,038	49,722
Treasury shares	(2,931)	(2,931)
Total shareholders’ equity	64,148	59,858
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,977	4,608
Foreign currency translation adjustment	1,540	389
Remeasurements of defined benefit plans	(570)	(548)
Total accumulated other comprehensive income	5,947	4,449
Non-controlling interests	—	138
Total net assets	70,096	64,446
Total liabilities and net assets	156,107	141,338

(2) Consolidated statements of operations and comprehensive income

Consolidated statements of operations

(Million yen)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
Net sales	21,240	24,419
Cost of sales	17,281	20,608
Gross profit	3,959	3,810
Selling, general and administrative expenses	4,230	4,828
Operating loss	(270)	(1,018)
Non-operating income		
Interest income	22	14
Dividend income	86	72
Foreign exchange gains	476	—
Other	30	24
Total non-operating income	616	111
Non-operating expenses		
Interest expenses	15	79
Share of loss of entities accounted for using equity method	53	29
Foreign exchange losses	—	1,942
Other	27	2
Total non-operating expenses	96	2,053
Ordinary income (loss)	249	(2,959)
Extraordinary income		
Gain on sales of non-current assets	2	30
State subsidy	—	39
Total extraordinary income	2	69
Extraordinary losses		
Loss on sales and retirement of non-current assets	19	43
Loss on valuation of investment securities	—	160
Impairment loss	150	246
Total extraordinary losses	169	450
Profit (loss) before income taxes	82	(3,340)
Income taxes	21	343
Profit (loss)	61	(3,683)
Loss attributable to non-controlling interests	—	(11)
Profit (loss) attributable to owners of parent	61	(3,672)

Consolidated statements of comprehensive income

(Million yen)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
Profit (loss)	61	(3,683)
Other comprehensive income		
Valuation difference on available-for-sale securities	852	(358)
Foreign currency translation adjustment	(185)	(1,138)
Remeasurements of defined benefit plans, net of tax	(2)	7
Share of other comprehensive income of entities accounted for using equity method	(4)	(12)
Total other comprehensive income	660	(1,502)
Comprehensive income	721	(5,186)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	721	(5,171)
Comprehensive income attributable to non-controlling interests	—	(15)

(3) Consolidated statements of cash flows

(Million yen)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
Cash flows from operating activities		
Profit (loss) before income taxes	82	(3,340)
Depreciation	1,832	1,921
Impairment loss	150	246
Amortization of goodwill	89	204
Increase (decrease) in provision for bonuses	737	624
Increase (decrease) in provision for directors' bonuses	10	15
Increase (decrease) in net defined benefit liability	48	80
Increase (decrease) in allowance for doubtful accounts	1	0
Interest and dividend income	(109)	(87)
Interest expenses	15	79
Foreign exchange losses (gains)	(297)	1,345
Share of (profit) loss of entities accounted for using equity method	53	29
Loss (gain) on valuation of investment securities	—	160
Loss (gain) on sales and retirement of non-current assets	16	13
Decrease (increase) in notes and accounts receivable-trade	950	5,104
Decrease (increase) in inventories	(1,983)	666
Increase (decrease) in notes and accounts payable-trade	(4,513)	(6,595)
Other, net	(962)	200
Subtotal	(3,877)	667
Interest and dividend income received	111	96
Interest expenses paid	(15)	(72)
Income taxes paid	(957)	(1,315)
Income taxes refund	—	52
Net cash provided by (used in) operating activities	(4,739)	(572)

(Million yen)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	249
Purchase of property, plant and equipment and intangible assets	(962)	(1,336)
Proceeds from sales of property, plant and equipment and intangible assets	—	57
Payments from sales of property, plant and equipment	(175)	—
Purchase of investment securities	(656)	(250)
Payments of loans receivable	(0)	(0)
Collection of loans receivable	2	2
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(38)	—
Other, net	8	39
Net cash provided by (used in) investing activities	(1,822)	(1,238)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(4)
Repayments of long-term loans payable	—	(5)
Payments for issuance of bonds	—	(23)
Repayments of lease obligations	(25)	(43)
Purchases of treasury shares-net	(0)	(0)
Cash dividends paid	(621)	(629)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	180
Net cash provided by (used in) financing activities	(646)	(526)
Effect of exchange rate change on cash and cash equivalents	170	(1,640)
Net increase (decrease) in cash and cash equivalents	(7,037)	(3,977)
Cash and cash equivalents at beginning of period	29,484	41,688
Cash and cash equivalents at end of period	22,447	37,711

(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, 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	8,508	9,084	3,335	312	21,240	−	21,240
Inter-segment sales or transfers	2	447	−	225	674	(674)	−
Total	8,510	9,531	3,335	537	21,915	(674)	21,240
Segment income (loss)	401	414	(220)	(216)	379	(649)	(270)

(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.

II. The three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)

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	12,669	8,233	3,105	410	24,419	—	24,419
Inter-segment sales or transfers	0	596	23	248	869	(869)	—
Total	12,670	8,829	3,128	659	25,288	(869)	24,419
Segment income (loss)	446	(571)	(126)	(113)	(365)	(653)	(1,018)

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

2. The negative ¥653 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. Changes in reportable segments, etc.

(Changes in the method of translating revenue and expenses of overseas subsidiaries and others into yen)

The revenue and expenses of the Company's overseas consolidated subsidiaries and others were previously translated into yen at the spot exchange rates on the respective settlement dates of the consolidated subsidiaries. As stated in "Changes in accounting policies", the Company has adopted a new method by which the revenue and expenses of overseas consolidated subsidiaries and others are translated into yen at the average exchange rate during the period, effective from the first quarter ended June 30, 2016.

As these changes in the accounting policies are retroactively applied, the segment information for the three months ended June 30, 2015 are stated to reflect the retroactive application.

As a result, net sales from the Industrial Materials segment for the three months ended June 30, 2015 decreased by ¥36 million and net sales from the Devices segment decreased by ¥3 million and as for segment income and loss for the three months ended June 30, 2015, the effect is insignificant, as compared to the figures prior to retroactive application.

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

(Material impairment loss of non-current assets)

We recorded impairment loss of ¥181 million in the "Industrial Materials" segment and ¥64 million in the "Devices" segment for non-current assets.