Consolidated Financial Results
for the Six Months Ended September 30, 2016
[Japanese GAAP]

November 7, 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: November 11, 2016
Scheduled date of commencing dividend payments: December 2, 2016
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, 2016 (April 1, 2016 to September 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	%
Six months ended September 30, 2016	51,648	0.3	(1,037)	－	(3,433)	－	(4,172)	－
Six months ended September 30, 2015	51,484	(6.7)	2,931	3.8	2,927	(28.1)	2,256	(30.0)

(Note) Comprehensive income: Six months ended September 30, 2016: ¥(5,672) million (–%)
Six months ended September 30, 2015: ¥2,633 million ((12.1)%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	(96.92)	－
Six months ended September 30, 2015	52.59	－

(Note) Since a new accounting method is retroactively applied in accordance with changes in accounting policies, the consolidated operating results for the six months ended September 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 September 30, 2016	148,463	65,059	43.7
As of March 31, 2016	156,107	70,096	44.9

(Reference) Equity: As of September 30, 2016: ¥64,922 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	－	15.00			
Fiscal year ending March 31, 2017 (Forecast)			－	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
Full year	120,000	0.2	2,000	(81.0)	500	(94.6)	0	(100.0)	0.00

(Note) Revision of consolidated financial results forecast: Yes
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: Yes
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
New: – ( ), Exclusion: 1 (Nissha Luxembourg Holdings SARL)
(Note) 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
(Note) 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 September 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 September 30, 2016	1,619,301 shares
As of March 31, 2016	2,117,034 shares

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

Six months ended September 30, 2016	43,054,668 shares
Six months ended September 30, 2015	42,912,910 shares

(Note) The Company has introduced a "Board Benefit Trust (BBT)" from the second quarter ended September 30, 2016. The Company's own shares in the trust recorded as treasury shares under shareholders' equity are included in the treasury shares to be deducted when calculating the average number of shares during the period for the purpose of determining basic earnings or loss per share.

* 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 Monday, November 7, 2016. Reference materials to be distributed at the briefing session 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 six months ended September 30, 2016, the United States saw ongoing recovery thanks primarily to increased consumer spending. In Europe, the economy gradually recovered but Brexit and other factors have 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 an ongoing moderate recovery trend, but lacked strength due to rapid foreign exchange fluctuations from the beginning of the year of 2016, leaving future corporate profits uncertain.

Under these circumstances, the Nissha Group failed to attain the original financial results forecasts primarily due to the ongoing appreciation of the yen beyond the original estimate and sluggish demand for products.

As a result, the net sales for the six months ended September 30, 2016 were ¥51,648 million (an increase of 0.3% as compared to the same period of the previous year). For income, operating loss was ¥1,037 million (operating income of ¥2,931 million in the same period of the previous year), ordinary loss was ¥3,433 million (ordinary income of ¥2,927 million in the same period of the previous year), and loss attributable to owners of parent was ¥4,172 million (profit attributable to owners of parent of ¥2,256 million in the same period of the previous year).

The Nissha Group is pursuing growth by reorganizing its business portfolio in the Fifth Medium-term Business Plan over the three-year period starting from April 1, 2015 and being in a rush to establish a business base that enables a continuous and stable revenue stream, in such a way as to overcome its over-reliance on the ever-fluctuating consumer electronics field and increase its overseas production ratio to develop its tolerance to foreign exchange fluctuations. Following the acquisition of AR Metallizing group last year, we acquired Graphic Controls group, a medical devices and consumables manufacturer headquartered in the United States, on September 2, 2016, and Schuster and Back Stickers group, German molding and decorative film manufacturers selected to become new additions in the automotive field of our Industrial Materials segment, on October 31, 2016 and all these companies were made into subsidiaries. Through these activities, the Nissha Group implemented the M&A strategy of the Fifth Medium-term Business Plan as planned.

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 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 six months ended September 30, 2016, demand progressed steadily for our mainstay automotive interior components and products in the metallized paper field in general, while demand for home appliances and mobile phones failed to attain the original estimate.
As a result, segment sales for the six months ended September 30, 2016 were ¥24,484 million, an increase of 42.9% as compared to the same period of the previous year. Segment income (operating income) was ¥554 million, an increase of 4,366.0% 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 six months ended September 30, 2016, demand for our mainstay capacitive-type touch sensors adopted for tablet devices remained sluggish.
As a result, segment sales for the six months ended September 30, 2016 were ¥19,698 million, a decrease of 24.8% as compared to the same period of the previous year. Segment loss (operating loss) was ¥7 million (segment income (operating income) of ¥5,197 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 six months ended September 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 six months ended September 30, 2016 were ¥6,627 million, a decrease of 11.5% as compared to the same period of the previous year. Segment loss (operating loss) was ¥142 million (segment loss (operating loss) of ¥284 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 second quarter ended September 30, 2016 decreased by ¥7,644 million from the end of the previous year (the fiscal year ended March 31, 2016) to ¥148,463 million.
Current assets decreased by ¥5,245 million from the end of the previous year to ¥78,714 million. This was mainly attributable to a ¥4,098 million decrease of cash and deposits and a ¥2,524 million decrease of merchandise and finished goods.
Non-current assets decreased by ¥2,399 million from the end of the previous year to ¥69,749 million. This was mainly because a ¥3,076 million decrease of property, plant, and equipment and a ¥1,706 million decrease of

goodwill outweighed a ¥3,498 million increase of investment securities mainly due to changes in the fair value of available-for-sale securities.

Total liabilities at the end of the second quarter ended September 30, 2016 decreased by ¥2,608 million from the end of the previous year to ¥83,403 million.

Current liabilities decreased by ¥2,536 million from the end of the previous year to ¥46,132 million. This was mainly because a ¥7,697 million decrease of notes and accounts payable-trade and a ¥1,007 million decrease of income taxes payable outweighed a ¥7,648 million increase of short-term loans payable.

Non-current liabilities decreased by ¥71 million from the end of the previous year to ¥37,270 million. This was mainly because a ¥1,100 million decrease of bonds payable resulting from the exercise of stock acquisition rights outweighed a ¥764 million increase of long-term loans payable.

Net assets at the end of the second quarter ended September 30, 2016 decreased by ¥5,036 million from the end of the previous year to ¥65,059 million.

2) 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, 2016 was ¥35,762 million, a decrease of ¥5,926 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, 2016.

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

Funds used in operating activities amounted to ¥9,510 million, an increase of 442.7% as compared to the same period of the previous year. This was mainly because a ¥6,739 million decrease in notes and accounts payable-trade and ¥3,810 million of loss before income taxes outweighed ¥3,832 million of depreciation.

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

Funds used in investing activities amounted to ¥3,025 million, a decrease of 82.6% 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 ¥2,781 million.

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

Funds provided by financing activities amounted to ¥8,686 million, a decrease of 23.1% as compared to the same period of the previous year. This was mainly attributable to net increase in short-term loans payable of ¥7,775 million.

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

The consolidated financial forecasts for the fiscal year ending March 31, 2017 announced on May 12, 2016 have been reviewed and revised in consideration of the consolidated operating results for the six months ended September 30, 2016, the current movement of foreign exchange rates, the latest trends in product demand, and other factors.

For details, please see the "Notice of the Difference between Business Forecast and Actual Results in the First Half of FY2017 and Revision to Business Forecast for FY2017" announced on November 7, 2016.

2. Matters regarding the Summary Information (Notes)

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

Nissha Luxembourg Holdings SARL, a consolidated subsidiary at the end of the previous consolidated fiscal year, completed its liquidation effective September 16, 2016. It is therefore excluded from the scope of consolidation from the second quarter ended September 30, 2016 onward.

(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 second quarter ended September 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 six months ended September 30, 2015 and the fiscal year ended March 31, 2016 are stated to reflect the retroactive application.

As a result, net sales for the six months ended September 30, 2015 decreased by ¥115 million and as for profit and loss for the six months ended September 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 September 30, 2016
Assets		
Current assets		
Cash and deposits	40,085	35,986
Notes and accounts receivable-trade	21,665	21,916
Securities	2,033	30
Merchandise and finished goods	8,027	5,502
Work in process	3,806	3,677
Raw materials and supplies	2,721	2,862
Other	5,836	8,926
Allowance for doubtful accounts	(216)	(189)
Total current assets	83,959	78,714
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,287	19,086
Machinery, equipment and vehicles, net	13,032	11,483
Tools, furniture and fixtures, net	1,537	1,595
Land	5,936	5,951
Leased assets, net	1,627	1,375
Construction in progress	762	616
Total property, plant and equipment	43,184	40,108
Intangible assets		
Software	1,256	938
Goodwill	10,824	9,117
Technical assets	2,563	2,150
Customer related assets	3,427	2,864
Other	255	476
Total intangible assets	18,327	15,547
Investments and other assets		
Investment securities	9,848	13,346
Other	1,266	1,191
Allowance for doubtful accounts	(478)	(445)
Total investments and other assets	10,636	14,093
Total non-current assets	72,148	69,749
Total assets	156,107	148,463

(Million yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,758	17,061
Short-term loans payable	12,485	20,134
Current portion of long-term loans payable	563	613
Income taxes payable	1,313	305
Provision for bonuses	1,730	1,412
Provision for directors' bonuses	60	30
Other	7,757	6,575
Total current liabilities	48,669	46,132
Non-current liabilities		
Bonds payable	20,000	18,900
Long-term loans payable	3,487	4,251
Provision for management board incentive plan trust	—	78
Net defined benefit liability	6,378	6,345
Other	7,476	7,695
Total non-current liabilities	37,342	37,270
Total liabilities	86,011	83,403
Net assets		
Shareholders' equity		
Capital stock	5,684	5,684
Capital surplus	7,355	7,885
Retained earnings	54,038	49,222
Treasury shares	(2,931)	(2,334)
Total shareholders' equity	64,148	60,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,977	7,213
Foreign currency translation adjustment	1,540	(2,208)
Remeasurements of defined benefit plans	(570)	(541)
Total accumulated other comprehensive income	5,947	4,464
Non-controlling interests	—	137
Total net assets	70,096	65,059
Total liabilities and net assets	156,107	148,463

(2) Consolidated statements of operations and comprehensive income

Consolidated statements of operations

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Net sales	51,484	51,648
Cost of sales	39,429	43,424
Gross profit	12,055	8,223
Selling, general and administrative expenses	9,123	9,261
Operating income (loss)	2,931	(1,037)
Non-operating income		
Interest income	40	46
Dividend income	94	80
Foreign exchange gains	16	—
Other	74	99
Total non-operating income	225	226
Non-operating expenses		
Interest expenses	46	174
Share of loss of entities accounted for using equity method	104	34
Foreign exchange losses	—	2,386
Other	78	27
Total non-operating expenses	229	2,622
Ordinary income (loss)	2,927	(3,433)
Extraordinary income		
Gain on sales of non-current assets	84	30
State subsidy	177	136
Total extraordinary income	262	167
Extraordinary losses		
Loss on sales and retirement of non-current assets	56	133
Loss on valuation of investment securities	220	160
Impairment loss	150	249
Total extraordinary losses	426	544
Profit (loss) before income taxes	2,763	(3,810)
Income taxes	506	374
Profit (loss)	2,256	(4,185)
Loss attributable to non-controlling interests	—	(12)
Profit (loss) attributable to owners of parent	2,256	(4,172)

Consolidated statements of comprehensive income

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Profit (loss)	2,256	(4,185)
Other comprehensive income		
Valuation difference on available-for-sale securities	349	2,246
Foreign currency translation adjustment	30	(3,769)
Remeasurements of defined benefit plans, net of tax	(4)	15
Share of other comprehensive income of entities accounted for using equity method	0	21
Total other comprehensive income	376	(1,486)
Comprehensive income	2,633	(5,672)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,633	(5,656)
Comprehensive income attributable to non-controlling interests	—	(15)

(3) Consolidated statements of cash flows

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Cash flows from operating activities		
Profit (loss) before income taxes	2,763	(3,810)
Depreciation	3,701	3,832
Impairment loss	150	249
Amortization of goodwill	182	399
Increase (decrease) in provision for bonuses	320	(293)
Increase (decrease) in provision for directors' bonuses	(21)	(30)
Increase (decrease) in provision for management board incentive plan trust	—	78
Increase (decrease) in net defined benefit liability	54	(4)
Increase (decrease) in allowance for doubtful accounts	5	(0)
Interest and dividend income	(134)	(126)
Interest expenses	46	174
Foreign exchange losses (gains)	39	1,076
Share of (profit) loss of entities accounted for using equity method	104	34
Loss (gain) on valuation of investment securities	220	160
Loss (gain) on sales and retirement of non-current assets	(28)	103
Decrease (increase) in notes and accounts receivable-trade	(3,498)	(1,294)
Decrease (increase) in inventories	(3,882)	1,823
Increase (decrease) in notes and accounts payable-trade	1,061	(6,739)
Other, net	(1,893)	(3,942)
Subtotal	(809)	(8,311)
Interest and dividend income received	131	132
Interest expenses paid	(46)	(184)
Income taxes paid	(1,032)	(1,409)
Income taxes refund	4	263
Net cash provided by (used in) operating activities	(1,752)	(9,510)

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	247
Payments into time deposits	—	(102)
Purchase of property, plant and equipment and intangible assets	(2,171)	(2,781)
Proceeds from sales of property, plant and equipment and intangible assets	—	65
Payments from sales of property, plant and equipment and intangible assets	(163)	—
Purchase of investment securities	(657)	(469)
Purchase of investments in other securities of subsidiaries and affiliates	(32)	—
Payments of loans receivable	(3)	(2)
Collection of loans receivable	6	5
Purchase of investments in subsidiaries and others resulting in change in scope of consolidation	(14,357)	—
Other, net	33	10
Net cash provided by (used in) investing activities	(17,347)	(3,025)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,987	7,775
Proceeds from long-term loans payable	—	1,539
Repayments of long-term loans payable	(1)	(44)
Payments for issuance of bonds	—	(23)
Commission fee paid	—	(9)
Repayments of lease obligations	(51)	(88)
Purchases of treasury shares-net	(0)	(0)
Cash dividends paid	(642)	(642)
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	11,292	8,686
Effect of exchange rate change on cash and cash equivalents	(47)	(2,076)
Net increase (decrease) in cash and cash equivalents	(7,854)	(5,926)
Cash and cash equivalents at beginning of period	29,484	41,688
Cash and cash equivalents at end of period	21,630	35,762

(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, 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	17,129	26,208	7,485	660	51,484	—	51,484
Inter-segment sales or transfers	4	1,053	—	576	1,635	(1,635)	—
Total	17,133	27,262	7,485	1,237	53,119	(1,635)	51,484
Segment income (loss)	12	5,197	(284)	(445)	4,480	(1,548)	2,931

(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 loss 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. as of September 15, 2015) in the second quarter ended September 30, 2015 and inclusion of said 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 is a provisional calculation because the allocation of acquisition costs has not been completed yet.

3. 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. as of September 15, 2015) effective 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 is a provisional calculation because the allocation of acquisition costs has not been completed yet.

II. The six months ended September 30, 2016 (April 1, 2016 to September 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	24,484	19,698	6,627	837	51,648	—	51,648
Inter-segment sales or transfers	1	1,228	28	440	1,699	(1,699)	—
Total	24,486	20,927	6,656	1,278	53,348	(1,699)	51,648
Segment income (loss)	554	(7)	(142)	(222)	181	(1,218)	(1,037)

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

2. The negative ¥1,218 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 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. 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 six months ended September 30, 2015 are stated to reflect the retroactive application.

As a result, net sales from the Industrial Materials segment for the six months ended September 30, 2015 decreased by ¥107 million and net sales from the Devices segment decreased by ¥8 million and as for segment income and loss for the six months ended September 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 ¥184 million in the “Industrial Materials” segment and ¥64 million in the “Devices” segment for non-current assets.

(Significant subsequent events)

(Partial revision of the retirement benefit plan)

The Company and certain consolidated subsidiaries partially revised their retirement benefit plans effective October 1, 2016 in accordance with an agreement concluded on March 31, 2016 between labor and management.

In accordance with this revision, the Company and certain consolidated subsidiaries introduced a point system for a lump-sum retirement plan and a defined benefit corporate pension plan based on the employee's earnings history and tenure of service, and transferred part of a lump-sum retirement plan to a defined contribution pension plan.

For the accounting relating to this transfer, etc., we have adopted the “Guidance on Accounting for Transfers between Retirement Benefit Plans” (ASBJ Guidance No. 1, issued on January 31, 2002) and the “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ Practical Issues Task Force (PITF) No. 2, revised on February 7, 2007). The effects of these changes are currently being evaluated.