



**Consolidated Financial Results**  
**for the Fiscal Year Ended December 31, 2017**  
**[Japanese GAAP]**

February 14, 2018

Company name: Nissha Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7915  
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 Scheduled date of Ordinary General Meeting of Shareholders: March 23, 2018  
 Scheduled date of commencing dividend payments: March 5, 2018  
 Scheduled date of filing annual securities report: March 23, 2018  
 Availability of supplementary briefing material on financial results: Available  
 Schedule of financial results briefing session: Scheduled (for institutional investors)

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

**1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2017 (April 1, 2017 to December 31, 2017)**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2017	159,518	—	6,278	—	7,578	—	6,734	—
Fiscal year ended March 31, 2017	115,802	(3.3)	(3,904)	—	(4,914)	—	(7,408)	—

(Note) Comprehensive income: Fiscal year ended December 31, 2017: ¥13,320 million (—%)  
 Fiscal year ended March 31, 2017: ¥(2,689) million (—%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2017	139.72	129.37	8.0	3.7	3.9
Fiscal year ended March 31, 2017	(169.10)	—	(10.3)	(2.9)	(3.4)

(Reference) Equity in earnings (losses) of affiliated companies:

Fiscal year ended December 31, 2017: ¥(38) million

Fiscal year ended March 31, 2017: ¥(25) million

(Note) Effective from the fiscal year ended December 31, 2017, the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group. In line with this change, the fiscal year ended December 31, 2017, which was a nine-month period from April 1, 2017 to December 31, 2017, served as the transitional period for the change in the fiscal year end date. Therefore, figures indicating changes from the previous corresponding period are not provided. Profits and losses of the Company and domestic consolidated subsidiaries from April 1, 2016 to March 31, 2017 and profits and losses of overseas consolidated subsidiaries from January 1, 2016 to December 31, 2016 were previously consolidated in the fiscal year ended March 31, 2017. However, as a result of the above change, profits and losses of the Company and all consolidated subsidiaries for the fiscal year from April 1, 2017 to December 31, 2017 were consolidated in the fiscal year ended December 31, 2017. Meanwhile, profits and losses of overseas consolidated subsidiaries and others for the period from January 1, 2017 to March 31, 2017 were adjusted in retained earnings.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2017	225,160	94,054	41.7	1,852.67
As of March 31, 2017	182,670	74,606	40.7	1,594.70

(Reference) Equity: As of December 31, 2017: ¥93,815 million

As of March 31, 2017: ¥74,380 million

## (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2017	28,784	(11,685)	(11,216)	29,291
Fiscal year ended March 31, 2017	(2,570)	(23,290)	6,826	22,090

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2017	—	15.00	—	15.00	30.00	1,352	—	1.9
Fiscal year ended December 31, 2017	—	15.00	—	15.00	30.00	1,494	21.5	1.7
Fiscal year ending December 31, 2018 (Forecast)	—	15.00	—	15.00	30.00		13.8	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2018 (January 1, 2018 to December 31, 2018)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	81,000	—	(1,300)	—	(1,500)	—	(2,400)	—	(47.40)
Full year	227,000	—	15,000	—	14,500	—	11,000	—	217.23

Effective from the fiscal year ended December 31, 2017, the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group. In line with this change, the fiscal year ended December 31, 2017, which was a nine-month period from April 1, 2017 to December 31, 2017, served as the transitional period for the change in the fiscal year end date. Therefore, no figures indicating changes from the previous corresponding period are provided in the above table.



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## **1. Overview of Consolidated Operating Results, etc.**

Effective from the fiscal year ended December 31, 2017, the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group. In line with this change, the term under review is a nine-month period from April 1, 2017 to December 31, 2017. Therefore, the consolidated financial results for the fiscal year ended December 31, 2017 below are compared with those for the previous corresponding term (April 1, 2016 to December 31, 2016). Prior to this change, profits and losses of the Company and domestic consolidated subsidiaries from April 1, 2016 to December 31, 2016 and profits and losses of overseas consolidated subsidiaries from January 1, 2016 to September 30, 2016 were previously consolidated into the consolidated statements of operations for the nine months ended December 31, 2016 respectively. However, as a result of the above change, profits and losses of the Company and all consolidated subsidiaries for the period from April 1, 2017 to December 31, 2017 were consolidated into the consolidated statements of income for the fiscal year ended December 31, 2017.

Profits and losses of the overseas consolidated subsidiaries and others for the period from January 1, 2017 to March 31, 2017 are adjusted in retained earnings and the related cash flows are adjusted in cash and cash equivalents at beginning of period.

### **(1) Overview of consolidated operating results for the term**

Reflecting on the global economy in the fiscal year ended December 31, 2017, the United States saw ongoing steady economic recovery thanks primarily to increased consumer spending and improved employment conditions. In Europe, there remained uncertainty for the future attributable to Brexit and other factors, but the economy gradually recovered. In Asia, the economies of emerging countries such as China showed signs of recovery. As for Japan, the economy held steady on an ongoing moderate recovery trend, but due consideration must be continuously given to uncertainty over overseas economies, foreign exchange fluctuations and other factors.

The Nissha Group has been pursuing growth by reorganizing and optimizing its business portfolio in the Fifth Medium-term Business Plan starting from April 1, 2015. The Nissha Group is expanding business opportunities in the consumer electronics (IT) field and is accelerating business developments in fields where stable growth on a global scale is expected, such as automotive components and medical devices and consumables. The term under review was the final year of the Fifth Medium-term Business Plan. During the term, demand for products remained solidly in our main stay Device business segment, and Nissha Group also made concrete progress in reorganizing and optimizing its business portfolio, such as improvement of business profitability in the Industrial Materials business segment, and substantial contribution of the Life Innovation business segment to the business results. In this way, the Group's businesses continue to evolve and expand significantly beyond a traditional printing field. Accordingly, the Company changed its corporate name from Nissha Printing Co., Ltd. to Nissha Co., Ltd. effective on October 6, 2017.

While the consolidated financial results for the term are for a nine-month period in accordance with the changes in the fiscal year end date, the net sales reached a record high of ¥159,518 million, (an increase of 94.9% as compared to the same period of the previous year). For income, operating profit was ¥6,278 million (operating loss of ¥1,630 million in the same period of the previous year), ordinary profit was ¥7,578 million (ordinary loss of ¥2,272 million in the same period of the previous year), and profit attributable to owners of parent was ¥6,734 million (loss attributable to owners of parent of ¥3,355 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 create added value on the surfaces of various materials. IMD and IML, which facilitate simultaneous in-mold decoration and design of plastic products, are 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 high-function packaging materials for beverages and foods on a global basis.

During the fiscal year ended December 31, 2017, demand for products was mostly solid primarily for our mainstay automotive components, and metallized paper. Also, the profitability of the business improved mainly due to reduction on quality cost.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥37,283 million, an increase of 4.0% as compared to the same period of the previous year. Segment profit (operating profit) was ¥1,281 million, an increase of 124.3% 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. Our main products, film-based Touch Sensors are adopted mainly in smartphones, tablets, gaming consoles, industrial equipment and automotive components in global markets. In addition, the Nissha Group offers gas sensors that can detect gas conditions, along with other products.

During the fiscal year ended December 31, 2017, demand for products adopted for smartphones, tablets and gaming consoles progressed steadily, while advance expenses increased mainly due to the establishment of a production structure to meet vigorous demand.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥97,206 million, an increase of 186.3% as compared to the same period of the previous year. Segment profit (operating profit) was ¥7,016 million, an increase of 1,011.4% as compared to the same period of the previous year.

## Life Innovation

The Life Innovation segment is a business segment in which Graphic Controls Group, a medical devices and consumables products manufacturer, acts as a core company to offer high-quality and value-added products in medical devices and consumables and other related fields to contribute to healthy and affluent life. Main products of this segment are disposable electrodes and surgical instruments for medical institutions. Graphic Controls Group currently manufactures and sells its own brand products to medical institutions and also provides contract manufacturing services for major medical device manufacturers in the North and Central America and Europe.

During the fiscal year ended December 31, 2017, demand progressed steadily for our mainstay products for contract manufacturing services.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥14,081 million. Segment profit (operating profit) was ¥244 million.

There is no comparable data and analysis for this segment against the same period of the previous year because this is a new reportable segment established as a result of the inclusion of Graphic Controls Group in the scope of consolidation effective from the third quarter ended December 31, 2016.

\* Life Innovation changed its segment name to Medical Technologies effective from January 1, 2018.

## 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 and sales promotion, thereby assisting a host of marketing strategies and communication strategies relating to advertising and sales promotion.

During the fiscal year ended December 31, 2017, 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 business into a highly competitive climate.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥10,673 million, an increase of 0.9% as compared to the same period of the previous year. Segment loss (operating loss) was ¥445 million (segment loss (operating loss) of ¥107 million in the same period of the previous year).

## **(2) Overview of consolidated financial position for the term**

Total assets at the end of the fiscal year ended December 31, 2017 increased by ¥42,490 million from the end of the previous year (the fiscal year ended March 31, 2017) to ¥225,160 million.

Current assets increased by ¥35,526 million from the end of the previous year to ¥113,705 million. This was mainly attributable to a ¥7,586 million increase of cash and deposits, a ¥19,855 million increase of notes and accounts receivable-trade, and a ¥4,266 million increase of merchandise and finished goods.

Non-current assets increased by ¥6,963 million from the end of the previous year to ¥111,455 million. This was mainly attributable to a ¥6,152 million increase of investment securities primarily due to changes in the fair value of available-for-sale securities.

Total liabilities at the end of the fiscal year ended December 31, 2017 increased by ¥23,041 million from the end of the previous year to ¥131,105 million.

Current liabilities increased by ¥31,478 million from the end of the previous year to ¥97,190 million. This was mainly because a ¥29,187 million increase of notes and accounts payable-trade outweighed a 9,625 million decrease of short-term loans payable.

Non-current liabilities decreased by ¥8,437 million from the end of the previous year to ¥33,915 million. This was mainly due to a ¥8,820 million decrease of bonds payable resulting from the exercise of stock acquisition rights.

Net assets at the end of the fiscal year ended December 31, 2017 increased by ¥19,448 million from the end of the previous year to ¥94,054 million. This was mainly because capital stock and capital surplus increased by ¥4,405 million and ¥4,408 million respectively, primarily due to the conversion of convertible bonds with stock acquisition rights, and a ¥5,319 million increase of retained earnings mainly resulting from the posting of profit attributable to owners of parent.

## **(3) Overview of consolidated cash flows for the term**

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the fiscal year ended December 31, 2017 was ¥29,291 million, an increase of ¥7,200 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the fiscal year ended December 31, 2017.

This term is the nine-month period from April 1, 2017 to December 31, 2017, since the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group, effective from the fiscal year ended December 31, 2017. Therefore, year-on-year comparisons are not included.

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

Funds provided by operating activities amounted to ¥28,784 million. This was mainly because ¥7,323 million of profit before income taxes and a ¥36,711 million increase in notes and accounts payable-trade outweighed a ¥18,547 million increase in notes and accounts receivable-trade.



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

Funds used in investing activities amounted to ¥11,685 million. This was mainly attributable to the purchase of investments in subsidiaries and others resulting in change in scope of consolidation of ¥853 million and the purchase of property, plant and equipment of ¥9,377 million.

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

Funds used in financing activities amounted to ¥11,216 million. This was mainly attributable to net increase in short-term loans payable of ¥9,971 million and cash dividend paid of ¥1,437 million.

#### (4) Future Forecast

During the next term, the global economy is expected to remain on a moderate recovery trend, but we must keep our eyes on the future economic prospect in Asian emerging countries such as China, uncertainties associated with policy trends in each country, impact from fluctuation in financial and capital markets, and other factors.

The next term is to be the first year of the Sixth Medium-term Business Plan, which spans a three-year period starting from January 2018. To the end of the term under review, the Nissha Group received large-scale orders through product development and capital investment for the consumer electronics (IT) markets which is the mainstay market of the Group. Also, the Group expanded its business bases in automotive markets and advanced into the new businesses in the fields of medical devices and high-function packaging materials through active M&A strategies, thereby committing to business portfolio reorganization and optimization. The Group now has more than 50 business bases in Japan and overseas, and more than half of its employees work at overseas bases. In the Sixth Medium-term Business Plan, the Group aims to “Completion of Balanced management,” by further reorganization and optimization of its business portfolio, achieving the global growth strategy through the best use of the business foundation, setting forth the vision to reach record highs in all of net sales, EBITDA and operating profit.

For the consolidated financial results for the fiscal year ending December 31, 2018, we expect net sales of ¥2,270 million, operating profit of ¥150 million, ordinary profit of ¥145 million, and profit attributable to owners of parent of ¥110 million. These figures are based on an exchange rate of 1US\$ = ¥110 for the fiscal year ending December 31, 2018. In addition, the Group will change the depreciation method used domestically from the declining-balance method to the straight-line method effective from the next term. In line with the business situation including global business expansion and increasing number of overseas consolidated subsidiaries, the Group decided to newly employ EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) as a major profitability indicator on the launch of the Sixth Medium-term Business Plan. We expect EBITDA of ¥248 million for the fiscal year ending December 31, 2018.

#### Consolidated nets sales forecast by segment (January 1, 2018 to December 31, 2018)

Segment	Amount (Million yen)	Ratio (%)	YoY (%)
Industrial Materials	51,500	22.7	+4.2
Devices	140,600	61.9	+26.6
Medical Technologies	20,000	8.8	+9.9
Information and Communication	14,500	6.4	+0.4
Other	400	0.2	+15.5
Total	227,000	100.0	+17.3

(Note) 1. The “YoY (%)” column shows the changes between the financial results forecasts for the fiscal year ending December 31, 2018, and the financial results for the fiscal year ended December 31, 2017 (April 1, 2017 to December 31, 2017) plus the figures obtained by subtracting financial results for the nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016) from those for the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017).

2. Life Innovation changed its segment name to Medical Technologies effective from January 1, 2018.

## **2. Basic Approach to the Selection of Accounting Standards**

The Nissha Group has been preparing for the adoption of IFRS during the Sixth Medium-term Business Plan for the purpose of enhancing international comparability of financial information in the capital market.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated balance sheets

(Million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	22,204	29,790
Notes and accounts receivable-trade	28,284	48,140
Securities	33	33
Merchandise and finished goods	6,207	10,474
Work in process	5,115	8,055
Raw materials and supplies	4,605	7,095
Deferred tax assets	1,620	1,828
Consumption taxes receivable	2,594	4,099
Other	7,744	4,481
Allowance for doubtful accounts	(230)	(292)
Total current assets	78,179	113,705
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,954	53,764
Accumulated depreciation	(26,254)	(28,268)
Buildings and structures, net	26,699	25,495
Machinery, equipment and vehicles	50,783	52,307
Accumulated depreciation	(38,468)	(41,576)
Machinery, equipment and vehicles, net	12,314	10,731
Tools, furniture and fixtures	9,547	10,317
Accumulated depreciation	(7,076)	(7,815)
Tools, furniture and fixtures, net	2,470	2,501
Land	6,076	6,099
Leased assets	2,568	2,817
Accumulated depreciation	(753)	(1,023)
Leased assets, net	1,815	1,793
Construction in progress	1,475	5,934
Total property, plant and equipment	50,852	52,555
Intangible assets		
Trademark right	3,857	3,569
Software	814	944
Goodwill	23,854	23,645
Technical assets	2,226	2,269
Customer related assets	6,763	6,306
Other	988	891
Total intangible assets	38,505	37,627
Investments and other assets		
Investment securities	14,147	20,299
Deferred tax assets	430	407
Other	1,018	1,049
Allowance for doubtful accounts	(462)	(485)
Total investments and other assets	15,133	21,271
Total non-current assets	104,491	111,455
Total assets	182,670	225,160

(Million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	23,675	52,862
Electronically recorded obligations - operating	1,197	8,909
Short-term loans payable	20,294	10,669
Current portion of long-term loans payable	1,448	1,356
Lease obligations	268	268
Accrued expenses	5,263	6,918
Income taxes payable	484	1,441
Provision for bonuses	1,578	1,930
Provision for directors' bonuses	60	60
Provision for management board benefit trust	101	138
Other	11,337	12,634
Total current liabilities	65,711	97,190
Non-current liabilities		
Bonds payable	11,760	2,940
Long-term loans payable	13,078	13,514
Lease obligations	1,760	1,666
Deferred tax liabilities	10,019	10,509
Net defined benefit liability	4,356	4,373
Other	1,377	912
Total non-current liabilities	42,352	33,915
Total liabilities	108,064	131,105
Net assets		
Shareholders' equity		
Capital stock	7,664	12,069
Capital surplus	11,052	15,460
Retained earnings	45,334	50,653
Treasury shares	(341)	(327)
Total shareholders' equity	63,709	77,856
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,779	11,875
Foreign currency translation adjustment	2,560	3,687
Remeasurements of defined benefit plans	331	395
Total accumulated other comprehensive income	10,671	15,957
Non-controlling interests	225	239
Total net assets	74,606	94,054
Total liabilities and net assets	182,670	225,160

## (2) Consolidated statements of income and comprehensive income

### Consolidated statements of income

(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Net sales	115,802	159,518
Cost of sales	98,885	133,292
Gross profit	16,916	26,226
Selling, general and administrative expenses	20,820	19,948
Operating profit (loss)	(3,904)	6,278
Non-operating income		
Interest income	83	47
Dividend income	116	255
Foreign exchange gains	—	1,585
Gain on investments in partnership	52	10
Other	207	148
Total non-operating income	459	2,047
Non-operating expenses		
Interest expenses	470	576
Share of loss of entities accounted for using equity method	25	38
Foreign exchange losses	656	—
Other	318	131
Total non-operating expenses	1,470	747
Ordinary profit (loss)	(4,914)	7,578
Extraordinary income		
Gain on sales of non-current assets	118	26
Gain on sales of investment securities	—	215
Gain on revision of retirement benefit plan	30	—
State subsidy	140	44
Total extraordinary income	289	286
Extraordinary losses		
Loss on sales and retirement of non-current assets	437	80
Loss on valuation of investment securities	588	—
Impairment loss	249	191
Loss on subsidy repayment	229	—
Loss on closing of plants	—	145
Loss on the change of company name	—	124
Total extraordinary losses	1,505	542
Profit (loss) before income taxes	(6,130)	7,323
Income taxes-current	1,160	2,049
Income taxes-deferred	138	(1,455)
Total income taxes	1,299	594
Profit (loss)	(7,430)	6,728
Loss attributable to non-controlling interests	(21)	(5)
Profit (loss) attributable to owners of parent	(7,408)	6,734

Consolidated statements of comprehensive income

(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Profit (loss)	(7,430)	6,728
Other comprehensive income		
Valuation difference on available-for-sale securities	2,814	4,098
Foreign currency translation adjustment	1,002	2,426
Remeasurements of defined benefit plans, net of tax	915	60
Share of other comprehensive income of entities accounted for using equity method	8	5
Total other comprehensive income	4,740	6,591
Comprehensive income	(2,689)	13,320
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,685)	13,319
Comprehensive income attributable to non-controlling interests	(3)	0

**(3) Consolidated statements of cash flows**

(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	(6,130)	7,323
Depreciation	8,351	7,105
Impairment loss	249	191
Amortization of goodwill	1,003	1,126
Gain on revision of retirement benefit plan	(30)	—
Loss on closing of plants	—	145
Loss on the change of company name	—	124
Increase (decrease) in provision for bonuses	(185)	293
Increase (decrease) in provision for directors' bonuses	0	(0)
Increase (decrease) in provision for management board benefit trust	101	36
Increase (decrease) in net defined benefit liability	(1,684)	56
Increase (decrease) in allowance for doubtful accounts	(11)	24
Interest and dividend income	(199)	(302)
Interest expenses	470	576
Foreign exchange losses (gains)	225	(1,107)
Share of (profit) loss of entities accounted for using equity method	25	38
Loss (gain) on sales of investment securities	—	(215)
Loss (gain) on valuation of investment securities	588	—
Loss (gain) on sales and retirement of non-current assets	319	54
Decrease (increase) in notes and accounts receivable-trade	(4,727)	(18,547)
Decrease (increase) in inventories	3,014	(8,774)
Increase (decrease) in notes and accounts payable-trade	(1,293)	36,711
Other, net	(164)	4,639
Subtotal	(76)	29,500
Interest and dividend income received	204	296
Interest expenses paid	(477)	(581)
Income taxes paid	(2,441)	(1,237)
Income taxes refund	219	806
Net cash provided by (used in) operating activities	(2,570)	28,784



(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	370	—
Payments into time deposits	(106)	(370)
Purchase of property, plant and equipment	(7,119)	(9,377)
Proceeds from sales of property, plant and equipment	301	95
Purchase of intangible assets	(431)	(588)
Purchase of investment securities	(824)	(88)
Proceeds from sales of investment securities	—	226
Purchase of shares of subsidiaries and associates	(22)	—
Purchase of investments in capital of subsidiaries and affiliates	—	(200)
Purchase of investments in other securities of subsidiaries and affiliates	(110)	(41)
Purchase of investments in subsidiaries and others resulting in change in scope of consolidation	(15,366)	(853)
Payments for transfer of business	—	(332)
Other, net	17	(154)
Net cash provided by (used in) investing activities	(23,290)	(11,685)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,933	(9,971)
Proceeds from long-term loans payable	1,485	1,595
Repayments of long-term loans payable	(1,220)	(1,179)
Payments for issuance of bonds	(23)	—
Commission fee paid	(42)	(19)
Repayments of lease obligations	(191)	(202)
Purchase of treasury stock-net	(1)	(0)
Cash dividends paid	(1,293)	(1,437)
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	6,826	(11,216)
Effect of exchange rate change on cash and cash equivalents	(563)	1,606
Net increase (decrease) in cash and cash equivalents	(19,598)	7,489
Cash and cash equivalents at beginning of period	41,688	22,090
Decrease in cash and cash equivalents from change of accounting period	—	(289)
Cash and cash equivalents at end of period	22,090	29,291

#### **(4) Notes to consolidated financial statements**

(Segment information)

##### 1. Description of reportable segments

The Nissha Group's reportable segments are those for which separate financial information is available and regular evaluation by the board of directors is being performed in order to decide the allocation of management resources and to review business results.

The Nissha Group sets up divisions by product or service. Each division draws up a plan for comprehensive strategies in Japan and overseas for the products and services it handles, and thereupon develops its business activities.

Accordingly, the Nissha Group consists of segments by product and service based on divisions, and the reportable segments are the Industrial Materials segment, Devices segment, Life Innovation segment, and Information and Communication segment.

The Industrial Materials segment manufactures and sells decorative films, molds, molded plastic products, and metallized papers. The Devices segment manufactures and sells film-based Touch Sensors, gas sensors and others. The Life Innovation segment manufactures and sells disposable electrodes and surgical instruments for medical institution and also provides contract manufacturing services for major medical device manufacturers. The Information and Communication segment plans, manufactures, and sells products and services for commercial printing and publication printing.

##### 2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting methods for the reportable segments are generally those set forth in the "Basis for the preparation of the consolidated financial statements" disclosed in the latest annual securities report (June 16, 2017). Inter-segment sales or transfers are based on current market prices.

### 3. Information about sales, profit (loss), assets, and other items by reportable segment

The fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Million yen)

	Reportable segment					Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Life Innovation	Information and Communi- cation	Sub-total				
Sales									
Sales to external customers	47,971	47,835	5,391	14,354	115,551	250	115,802	—	115,802
Inter-segment sales or transfers	1	2,426	—	53	2,481	1,096	3,578	(3,578)	—
Total	47,973	50,262	5,391	14,407	118,033	1,346	119,380	(3,578)	115,802
Segment profit (loss)	620	(157)	(1,311)	(93)	(941)	(35)	(977)	(2,926)	(3,904)
Segment assets	55,020	38,605	29,385	4,792	127,804	783	128,587	54,082	182,670
Other									
Depreciation	2,959	3,826	294	211	7,291	16	7,308	1,043	8,351
Amortization of goodwill	625	160	217	—	1,003	0	1,003	—	1,003
Increase in property, plant and equipment and intangible assets	1,579	8,588	86	151	10,405	60	10,465	1,801	12,267

(Notes) 1. The “Other” category consists of a business segment not included in the reportable segments and includes the landscaping business, etc.

2. Reconciliations are as follows:

(1) The negative ¥2,926 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

(2) The positive ¥54,082 million of reconciliations in segment assets consists of the positive ¥54,334 million in total of cash and deposits, investment securities, corporate (R&D and administrative) non-current assets, etc., not allocated to reportable segments and the negative ¥251 million of inter-segment elimination of receivables and payables.

(3) The positive ¥1,043 million of reconciliations in depreciation relates to corporate (R&D and administrative) non-current assets.

(4) The positive ¥1,801 million of reconciliations in increase in property, plant and equipment and intangible assets is the amount of corporate (R&D and administrative) capital investment.

3. Segment profit (loss) is reconciled with operating loss recorded in the consolidated statements of income.

The fiscal year ended December 31, 2017 (April 1, 2017 to December 31, 2017)

(Million yen)

	Reportable segment					Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Life Innovation	Information and Communi- cation	Sub-total				
Sales									
Sales to external customers	37,283	97,206	14,081	10,673	159,245	273	159,518	—	159,518
Inter-segment sales or transfers	570	1,059	—	67	1,697	1,464	3,161	(3,161)	—
Total	37,854	98,266	14,081	10,741	160,943	1,737	162,680	(3,161)	159,518
Segment profit (loss)	1,281	7,016	244	(445)	8,097	85	8,183	(1,904)	6,278
Segment assets	54,578	67,131	29,050	4,933	155,693	768	156,462	68,698	225,160
Other									
Depreciation	2,390	3,270	774	124	6,559	13	6,573	532	7,105
Amortization of goodwill	517	84	522	—	1,124	1	1,126	—	1,126
Increase in property, plant and equipment and intangible assets	1,759	3,857	179	64	5,860	16	5,876	3,187	9,063

(Notes) 1. The “Other” category consists of a business segment not included in the reportable segments and includes the landscaping business, etc.

2. Reconciliations are as follows:

- (1) The negative ¥1,904 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.
- (2) The positive ¥68,698 million of reconciliations in segment assets consists of the positive ¥68,982 million in total of cash and deposits, investment securities, corporate (R&D and administrative) non-current assets, etc., not allocated to reportable segments and the negative ¥284 million of inter-segment elimination of receivables and payables.
- (3) The positive ¥532 million of reconciliations in depreciation relates to corporate (R&D and administrative) non-current assets.
- (4) The positive ¥3,187 million of reconciliations in increase in property, plant and equipment and intangible assets is the amount of corporate (R&D and administrative) capital investment.

3. Segment profit (loss) is reconciled with operating loss recorded in the consolidated statements of income.