Information Disclosed on the Internet upon Issuing Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 95th Business Term

Notes to Consolidated Financial Statements

Notes to Non-consolidated Financial Statements

From April 1, 2013 to March 31, 2014

Nissha Printing Co., Ltd.

Nissha Printing Co., Ltd. provides "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" to Shareholders by posting them on its website (http://www.nissha.com/english/) pursuant to the provisions of laws, regulations and Article 16 of its Articles of Incorporation.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

(1) Scope of consolidation

1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 21

Names of major consolidated subsidiaries

Nitec Industries, Inc., Nitec Precision and Technologies, Inc., Nissha USA, Inc., Nissha Korea Inc., Nissha (Kunshan) Precision IMD Mold Co. Ltd., Eimo Technologies, Inc.

Nitec Precision, Inc., a consolidated subsidiary at the end of the previous consolidated fiscal year, became extinct through an absorption-type merger with Nitec Precision and Technologies, Inc., a consolidated subsidiary of the Company (the surviving company in the absorption-type merger), as of April 1, 2013. Nitec Precision, Inc. is therefore excluded from the scope of consolidation from the current consolidated fiscal year.

(2) Application of equity method

1) Number of affiliated companies accounted for by the equity method and names of major companies, etc.

Number of affiliated companies accounted for by the equity method: 2

Names of major companies, etc.

NS Tech Co., Ltd., TPK Film Solutions Limited

As the Company has acquired shares of NS Tech Co., Ltd. and TPK Film Solutions Limited during the current consolidated fiscal year, the two companies are newly included in the scope of application of the equity method.

2) Matters to be specifically noted for the procedures of application of the equity method

Among the companies accounted for by the equity method, the respective financial statements for the latest fiscal year have been used for those companies whose respective balance sheet date differ from the consolidated balance sheet date.

(3) Fiscal year, etc. of consolidated subsidiaries

The balance sheet date of Nissha USA, Inc. and 11 other consolidated subsidiaries is December 31.

When preparing consolidated financial statements, we used the financial statements of the aforementioned consolidated subsidiaries as of their balance sheet date, and made the necessary consolidation adjustments for material transactions concluded between the consolidated balance sheet date and the balance sheet date of these subsidiaries.

(4) Significant accounting policies

1) Standards and methods of valuation of assets

i. Securities

Available-for-sale securities

-Available-for-sale securities with market values: Stated at fair value based on market prices as of the balance sheet date.

(Differences in valuation are included directly in net assets and the cost of securities sold is determined based on the moving-average method.)

-Available-for-sale securities without market values: Stated at cost determined by the moving-average method.

ii. Derivatives Stated at fair value.

iii. Inventories

-Finished products (excluding Decorative Film products of Industrial Materials) and work in process: ………… Stated at cost determined by the specific identification method.

(The balance sheet amount is written down based on the decrease of profit.)

- Finished products (Decorative Film products of Industrial Materials): ………… Stated at cost determined by the moving-average method. (The balance sheet amount is written down based on the decrease of profit.)
- Raw materials and supplies: ………… Stated at cost determined mainly by the periodic average method. (The balance sheet amount is written down based on the decrease of profit.)

2) Depreciation methods of non-current assets

i. Property, plant and equipment (excluding lease assets): ……………… Declining-balance method (However, the straight-line method is principally applied to foreign subsidiaries, etc.)

Useful lives are principally as follows:
Buildings and structures: 7 to 50 years
Machinery, equipment and vehicles: 3 to 12 years

ii. Intangible assets (excluding lease assets)

- Software: ………… Software for internal use is amortized by the straight-line method based on a usable life of generally five years.
- Other intangible assets: ………… Amortized by the straight-line method.

iii. Lease assets

- Lease assets concerning finance leases except those that deem to transfer ownership of the leased property to the lessee: ………… Depreciated by the straight-line method over the lease terms as useful lives with no residual value.

3) Standards for accounting for significant reserves

i. Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful accounts.

ii. Provision for bonuses

To provide for the payment of bonuses to employees, the amount deemed necessary for employees' bonuses in the consolidated fiscal year under review is posted based on the estimated amount of payment.

iii. Provision for directors' bonuses

To provide for the payment of bonuses to Directors and Corporate Auditors, the amount deemed necessary for bonuses for Directors and Corporate Auditors in the consolidated fiscal year under review is posted based on the estimated amount of payment.

4) Other items of basis of presenting consolidated financial statements

i. Accounting standard for net defined benefit liability

To provide for the payment of retirement benefits to employees, the Company posts an amount equal to retirement benefit liability less the value of plan assets as net defined benefit liability, based on their projected amounts at the end of the consolidated fiscal year under review.

Prior service cost is recognized as expenses and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.

Actuarial gain/loss is recognized as expenses starting from the following consolidated fiscal year and is amortized in an amount calculated by the straight-line method over a fixed number of years within the average remaining service period of current employees (10 years).

ii. Standard for translating major foreign-currency-denominated assets or liabilities into Japanese yen

Foreign-currency-denominated monetary claims and debts are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and exchange differences are scored as profits/losses. Assets, liabilities, earnings, and expenses of foreign subsidiaries are translated into Japanese yen at the spot exchange rates in effect at the balance sheet date of the relevant subsidiaries, and exchange differences are included in foreign currency translation adjustments under net assets.

iii. Accounting for consumption taxes

Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

iv. Method and period of goodwill

Goodwill is amortized equally within a period that is decided on the basis of an estimate for the period during which its effect will be revealed (principally within five years).

(5) Change in accounting policy

1) Method of accounting for retirement benefits

i. Details of change in the accounting policy

We have adopted a new method in which an amount equal to retirement benefit liability less the value of plan assets is posted as net defined benefit liability. Unrecognized actuarial gain/loss and unrecognized prior service cost are included in net defined benefit liability. (Note, however, that the provisions listed in main text of paragraph 35 of the relevant Accounting Standard and main text of paragraph 67 of the relevant Guidance are excluded.)

ii. Reason for change in accounting policy (Name of accounting standard, etc.)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, revised on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on May 17, 2012)

iii. Impact on major items of consolidated financial statements

Accumulative other comprehensive income (remeasurements of defined benefit plans) at the end of the consolidated fiscal year under review increased by ¥11 million.

iv. Reason for non-retroactive application of changes in the accounting policy, the method for the application of the changes, and the starting date of the application

In accordance with the transitional measures set forth in paragraph 37 of the relevant Accounting Standard, we have adopted changes associated with the application of paragraph 34 effective from the end of the current consolidated fiscal year and have added/deducted the effects of the change to/from accumulative other comprehensive income (remeasurements of defined benefit plans).

(6) Unapplied accounting standards, etc.

Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 revised on May 17, 2012)

Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 revised on May 17, 2012)

1) Summary

The revisions in the above accounting standard and its implementation guidance mainly focused on (a) how unrecognized actuarial gains and losses and unrecognized prior service costs should be accounted for, (b) how retirement benefit liability and current service costs should be determined and (c) enhancement of disclosures from the viewpoint of improvements to financial reporting and international convergence.

2) Planned date of application

The revisions to the calculation method for retirement benefit liability and current service costs are planned to be applied from the beginning of fiscal 2015, the consolidated fiscal year ending March 31, 2015.

3) Impact of the application of the above accounting standards

The impact of the application of the above accounting standard and its guidance is being estimated when the consolidated financial statements are prepared.

(7) Change in accounting estimate

Effective from the end of the current consolidated fiscal year, Nitec Precision and Technologies, Inc., a consolidated subsidiary of the Company, has changed its method for calculating its retirement benefit liability from the simple method to the principle method. This change was adopted because the absorption-type merger with Nitec Precision, Inc. increased the number of employees engaged by Nitec Precision and Technologies, Inc. (the surviving company) and created an environment where the retirement benefit liability can be reasonably calculated by actuarial computation.

Accordingly, a ¥219 million difference between the retirement benefit liability calculated by the simple method and the retirement benefit liability calculated by the principle method is posted as extraordinary loss as retirement benefit expenses. As a result, income before income taxes decreased by ¥219 million as compared to the previous method.

2. Notes to the Consolidated Balance Sheets

(1) Accumulated depreciation concerning assets

Accumulated depreciation on property, plant and equipment:	¥54,126 million

(2) Guarantee liabilities

Discount on notes receivable-trade:	¥250 million

3. Notes to the Consolidated Statements of Changes in Net Assets

(1) Type and total number of shares issued at the end of the consolidated fiscal year under review

Common stock:	45,029 thousand shares

(2) Items concerning dividends

1) Dividends paid

Not applicable.

2) Of dividends whose base dates belong to the consolidated fiscal year under review, dividends that take effect in the following consolidated fiscal year

Resolution	Type of stock	Dividend resource	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)	Base date	Effective date
Ordinary General Meeting of Shareholders to be held on June 20, 2014	Common stock	Retained earnings	214	5.00	March 31, 2014	June 23, 2014

(*) The total amount of dividends to be distributed and the dividend per share are stated as a proposal in the Reference Materials for the General Meeting of Shareholders.

4. Notes Concerning Financial Instruments

(1) Items concerning the status of financial instruments

1) Financial instrument guidelines

The Group focuses on highly safe financial assets in its fund management, and procures funds mainly through borrowings from banks. It carries out optimum fund procurements at each time while giving full consideration to the management environment. The Group uses derivative transactions to hedge foreign exchange risk, and does not enter into derivative transactions for speculative purposes.

2) Details and risks of financial instruments

Notes and accounts receivable are exposed to credit risk of customers. As operating receivables denominated in foreign currencies, which arise from global business development, are exposed to the risk of fluctuating foreign exchange risk, for some of them, the Group uses forward exchange contracts to hedge against such risk.

Investment securities are exposed to the risk of fluctuating market prices.

Notes payable, accounts payable, and accrued expenses are all due within one year. Although some of these are denominated in foreign currencies and are exposed to foreign exchange risk, they are kept constantly within the scope of the outstanding balance of accounts receivable respectively denominated in the same foreign currencies.

Short-term borrowings are exposed to the risk of fluctuating interest rates because they are borrowed at variable interest rates.

3) Financial instrument risk control structure

The credit status of major customers is assessed periodically through the management of due dates and outstanding balance by customer in accordance with Credit Management Regulations.

The Company uses forward exchange contracts to hedge foreign exchange risk associated with operating receivables/payables denominated in foreign currencies.

The operation and management of derivative transactions are conducted by the finance division in accordance with Exchange Contract Management Regulations. The status of transactions is reported quarterly to Chief Financial Officer.

The finance division periodically assesses the fair value of investment securities and the financial status, etc., of their issuers.

The finance division manages liquidity risk concerning fund procurement by preparing and/or updating fund management plans in a timely manner.

(2) Items concerning fair value, etc., of financial instruments

Book value, fair value, and net unrealized gains/losses as of March 31, 2014 (consolidated balance sheet date of the current term) are as follows. Those whose fair value is difficult to assess are not included in the following table. (Refer to Note 2.)

(Millions of Yen)

	Book value	Fair value	Net unrealized gains/losses
(1) Cash and deposits	20,272	20,272	-
(2) Notes and accounts receivable-trade	16,252	16,252	-
(3) Consumption taxes receivable	3,090	3,090	-
(4) Investment securities	7,047	7,047	-
Total assets	46,663	46,663	-
(1) Notes and accounts payable-trade	20,776	20,776	-
(2) Short-term borrowings	17,095	17,095	-
(3) Accrued expenses	2,837	2,837	-
(4) Accrued income taxes	288	288	-
(5) Lease liabilities	2,039	2,013	(26)
Total liabilities	43,037	43,010	(26)

(Note 1) Items concerning method of calculating fair values of financial instruments and securities

Assets

(1) Cash and deposits

(2) Notes and accounts receivable-trade

(3) Consumption taxes receivable

Because these are settled within a short period, fair value is almost the same as book value. Therefore, fair value is based on the relevant book value.

(4) Investment securities

Fair values of investment securities are based on the market prices.

Notes concerning securities by purpose of holding are as follows:

1) Available-for-sale securities (March 31, 2014)

(Millions of Yen)

Classification	Amount on consolidated balance sheets	Acquisition cost	Net unrealized gains/losses
Securities with amount on consolidated balance sheets exceeding acquisition cost			
Stock	6,701	1,559	5,142
Other	21	14	7
Subtotal	6,722	1,573	5,149
Securities with amount on consolidated balance sheets not exceeding acquisition cost			
Stock	314	409	(94)
Other	10	11	(1)
Subtotal	325	421	(95)
Total	7,047	1,994	5,053

Liabilities

(1) Notes and accounts payable-trade

(2) Short-term borrowings

(3) Accrued expenses

(4) Accrued income taxes

Because these are settled within a short period, fair value is almost the same as book value. Therefore, fair value is based on the relevant book value.

(5) Lease liabilities

Fair value is estimated at present value, which is calculated by discounting principal and interest at a rate assumed to be applied to a new similar lease transaction.

(Note 2) Financial instruments whose fair value is deemed to be very difficult to assess

(Millions of Yen)

Classification	Book value
Unlisted stock	1,078
Other	363
Total	1,442

The aforementioned financial instruments are not included among “(4) Investment securities” because they have no market prices and it is deemed to be very difficult to assess their fair values. Impairment losses were recognized for the aforementioned unlisted stocks in the consolidated fiscal year under review and a loss on valuation of investment securities of ¥8 million was posted.

(Note 3) Projected redemption amounts for monetary claims with maturities after the consolidated settlement date

(Millions of Yen)

	Within one year
Cash and deposits	20,272
Notes and accounts receivable	16,252
Consumption taxes receivable	3,090
Total	39,615

(*) Investment securities are not presented because there are no investment securities with maturities.

(Note 4) Projected repayment amounts of lease liabilities after the consolidated settlement date

(Millions of Yen)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease liabilities	642	636	630	87	26	16
Total	642	636	630	87	26	16

5. Notes to Per Share Information

Net assets per share ¥1,204.17

Net income per share ¥92.46

6. Other Notes (Notes to loss on reduction of non-current assets)

Loss on reduction of non-current assets is the amount directly reduced from the acquisition value of assets obtained through the acceptance of state subsidy.

Land	¥59 million
Buildings	¥89 million
Total	¥149 million

Notes to Non-consolidated Financial Statements

1. Notes to Items Concerning Significant Accounting Policies

(1) Standards and methods of valuation of assets

1) Securities

i. Stocks of subsidiaries — Stated at cost determined by the moving-average method.

ii. Available-for-sale securities

Available-for-sale securities with market values: Stated at fair value based on market prices as of the balance sheet date.
(Differences in valuation are included directly in net assets and the cost of securities sold is determined based on the moving-average method.)

Available-for-sale securities without market values: Stated at cost determined by the moving-average method.

2) Derivatives — Stated at fair value.

3) Inventories

-Finished products (excluding Decorative Film products of Industrial Materials) and work in process: ………… Stated at cost determined by the specific identification method.
(The balance sheet amount is written down based on the decrease of profit.)

-Finished products (Decorative Film products of Industrial Materials) ………… Stated at cost determined by the moving-average method.
(The balance sheet amount is written down based on the decrease of profit.)

-Raw materials and supplies: ………… Stated at cost determined mainly by the periodic average method.
(The balance sheet amount is written down based on the decrease of profit.)

(2) Depreciation methods of non-current assets

1) Property, plant and equipment (excluding lease assets): ………
Declining-balance method
Useful lives are principally as follows:
Buildings and structures: 7 to 50 years
Machinery, equipment and vehicles: 3 to 12 years

2) Intangible assets (excluding lease assets)

- Software: ………… Software for internal use is amortized by the straight-line method based on a usable life of generally five years.
- Other intangible assets: ………… Amortized by the straight-line method.

3) Lease assets

- Lease assets concerning finance leases except those that deem to transfer ownership of the leased property to the lessee: ………… Depreciated for by the straight-line method over the lease terms as useful lives with no residual value.

4) Long-term prepaid expenses:……Amortized by straight-line method

(3) Standards of accounting for significant reserves

1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful receivables.

2) Provision for bonuses

To provide for the payment of bonuses to employees, the amount deemed necessary for employees' bonuses in the fiscal year under review is posted based on the estimated amount of payment.

3) Provision for directors' bonuses

To provide for the payment of bonuses to Directors and Corporate Auditors, the amount deemed necessary for bonuses for Directors and Corporate Auditors in the fiscal year under review is posted based on the estimated amount of payment.

4) Liability for retirement benefits

To provide for the payment of retirement benefits to employees, the Company posts an amount that is deemed to have accrued at the end of the fiscal year under review, based on projected benefit liability and plan assets at the end of the fiscal year under review.

Prior service cost is recognized as expenses starting from the fiscal year in which such cost was incurred and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.

Actuarial gain/loss is recognized as expenses starting from the following fiscal year and is amortized over a fixed number of years within the average remaining service period of current employees (10 years) using the straight-line method.

(4) Other items of basis of presenting non-consolidated financial statements

1) Accounting for retirement benefits

The accounting method adopted for unrecognized actuarial gain/loss and the unamortized amount of unrecognized prior service cost in the non-consolidated financial statements differs from the accounting method for the same items in the consolidated financial statements.

2) Accounting for consumption tax

Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

2. Notes to the Non-consolidated Balance Sheets

(1) Accumulated depreciation concerning assets

Accumulated depreciation on property, plant and equipment: ¥21,129 million

(2) Guarantee liabilities

1) Guarantee liabilities ¥1,092 million

The Company guarantees factoring debts of subsidiaries and affiliates.

2) Discount on notes receivable-trade: ¥250 million

(3) Monetary claims receivable from and monetary debts payable to subsidiaries and affiliates

Short-term monetary claims	¥16,024 million
Long-term monetary claims	¥20,748 million
Short-term monetary debts	¥3,373 million

(4) Monetary debts payable to directors and corporate auditors ¥73 million

Long-term monetary debts payable to directors and corporate auditors are liabilities concerning amounts equivalent to payments of retirement allowances to each of them, corresponding to the period up until the day the Company terminated its unfunded retirement allowance plan for directors and corporate auditors. They are included in “Other” under Long-term liabilities.

3. Notes to the Non-consolidated Statements of Income

(1) Transactions with subsidiaries and affiliates

Operating transactions	
Net sales	¥5,191 million
Purchases	¥71,977 million
Non-operating transactions	¥2,205 million

4. Notes to the Non-consolidated Statements of Changes in Net Assets

(1) Class and number of shares of treasury stock at the end of the fiscal year under review

Common stock 2,115 thousand shares

5. Notes to Tax Effect Accounting

Significant cause-specific components of deferred tax assets and deferred tax liabilities

1) Current		
Deferred tax assets	Inventories	¥158 million
	Allowance for doubtful accounts	¥44 million
	Provision for bonuses	¥145 million
	Other	¥122 million
	Subtotal deferred tax assets	¥471 million
	Less valuation allowance	(¥471 million)
Total deferred tax assets		-
2) Non-current		
Deferred tax assets	Depreciation	¥537 million
	Impairment loss	¥986 million
	Software	¥95 million
	Investment securities	¥230 million
	Stocks of subsidiaries	¥44 million
	Allowance for doubtful accounts	¥1,142 million
	Liability for retirement benefits	¥2,068 million
	Tax loss carryforward	¥5,414 million
	Other	¥54 million
	Subtotal deferred tax assets	¥10,575 million
	Less valuation allowance	(¥10,575 million)
	Total deferred tax assets	-
Deferred tax liabilities	Unrealized gain on available-for-sale securities	(¥1,744 million)
Net deferred tax assets (liabilities)		(¥1,744 million)

6. Notes to Related Party Transactions

Type	Company name	Ownership (owned) percentage	Relationship	Description of transaction	Transaction amount (Millions of Yen)	Items	Balance at the end of the fiscal year (Millions of Yen)
Subsidiaries	Nitec Industries, Inc.	(Owning) 100%	Manufacturing of products of the Company	Onerous supply of materials	-	Accounts receivable-other	2,297
				Purchase of products	11,633	Accounts payable-trade	728
				Rent of non-current assets	598	-	-
				Collection of funds	309	Short-term loans receivable	710
						Long-term loans receivable	5,443
	Nitec Precision and Technologies, Inc.	(Owning) 100%	Manufacturing of products of the Company Concurrent directors and corporate auditor	Purchase of products	53,709	Accounts payable-trade	1,735
				Lending of funds	7,313	Short-term loans receivable	11,153
						Long-term loans receivable	15,181

Transaction condition and policy for deciding transaction condition

(Notes):
1. Offset elimination processing is conducted for onerous transactions of materials in the Non-consolidated Statements of Income.
2. The purchase of products, etc., is decided in consideration of market prices.
3. The lending of funds is decided in consideration of market prices. The provision of collateral is not allowed.
4. An allowance for doubtful accounts of ¥2,823 million is posted with regard to the funding of Nitec Industries, Inc. A provision of allowance for doubtful debts of subsidiaries and affiliates of ¥1,137 million was posted for the fiscal year under review.
5. Consumption taxes are not included in the transaction amount. They are included in the balance at the end of the fiscal year.

7. Notes to Per Share Information

Net assets per share	¥1,082.53
Net income per share	¥82.54

8. Other Notes (Notes to loss on reduction of non-current assets)

Loss on reduction of non-current assets is the amount directly reduced from the acquisition value of assets obtained through the acceptance of a state subsidy.

Land	¥59 million
Total	¥59 million