

Industrial Materials

To remain the first choice of our customers, we will promote reforms in this business segment from a customer perspective. We will strive to leap forward once more by expanding our product portfolio, with new technologies and products, and becoming a leading growth driver.

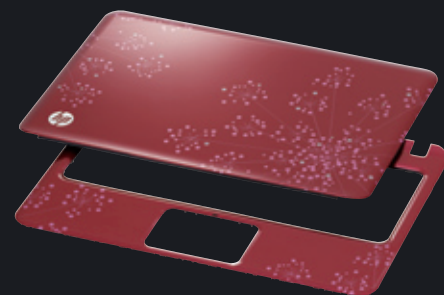
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Industrial Materials offers technologies that enable customers to incorporate decorative designs on the surface of plastic products. A particular emphasis is on Nissha IMD, which facilitates simultaneous molding and printing of plastic products with decorative designs so that when the mold is opened the decorated item is removed as a finished product. Our surface design technologies are recognized for the high quality and pattern complexity that they bring to a long list of products, including notebook PCs, mobile phones, home appliances, automotive interior components and even cosmetics cases and other plastic packaging. In 1967, Nissha marked a domestic first with the development of a wood-grain transfer foil that precipitated an innovative change in the appearance of such household appliances as televisions and air conditioners. Since then, the Company has continued to contribute to the realization of trend-setting products. Nissha IMD, which debuted in 1983, has since acquired a global reputation, along with subsequent solutions based on our involvement in all processes of production, from the design of the foils and mold to their production, and further to the support of our customers, the molding companies. As a result, Nissha has secured a major share of the market for IMD technology and has expanded the range of products to which this technology can be applied. This segment got a tremendous boost from the adoption of Nissha IMD for notebook PCs in 2007.



Unfortunately, sluggish market and economic conditions over the past few years have had a huge impact. Renewed pressure from customers to cut prices compounded a deteriorating utilization ratio in terms of factory capacity caused by the chaotic ups and downs in consumer demand for the products being offered by our customers. These factors adversely affected the business results of Industrial Materials. With the world economy still mired in uncertainties, we cannot discount the potential for the low-price trend to become more entrenched nor can we ignore the presence of rival companies. To return to profit under such challenging circumstances, we will thoroughly review old ideologies and methods and embark on a journey into new business domains.

We aim to differentiate ourselves from the competition with distinctive technologies and high-level design concepts, diversify and expand our product portfolio, which currently is overly focused on Nissha IMD, and expand each product lineup. First, we will accelerate development of decoration technology for metal, glass and carbon surfaces. We will also promote development of functional film products and put this business back into expansion mode. Products such as smartphones which are expected to see strong orders, will require the qualities of depth and seamlessness provided by our technologies, as well as performance features, such as hard-coating with higher durability and improved shielding to reduce radio wave interference. We will have flexible responses to these requirements. Meanwhile, to boost productivity and cut costs, we will focus on process innovation in printing. We will also pour our efforts into the further development of printing methods and materials and the improvement of existing technologies. Through this emphasis, we will strengthen our foundation for the next Medium-term Business Plan.

In fiscal 2012, Industrial Materials' priority is to be a business segment providing value to customers. To continue to elevate its value in the eyes of the market, this business segment must once again embrace manufacturing from a customer perspective and remain the first choice of customers. This is not merely a goal but an obligation.

