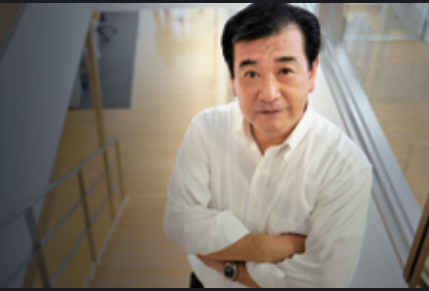


Devices

To return to profitability after experiencing a loss in fiscal 2011, we must aim for innovative internal processes. Then, we must accelerate the implementation of strategies to bolster the development of profit-building, value-added businesses in markets characterized by intensifying competition.

Hisayuki Itoh

Senior Vice President
General Manager of Devices



Nissha launched resistive-type touch panels in 1990—a success fueled by advances in printing technology. Fast forward to 2007—the Company embarked on production of capacitive-type touch panels, used widely today in mobile devices and digital equipment. Over the next few years, the scale of production simply grew exponentially, to nearly ten times, and now for small touch panels, such as those used in mobile phones, we boast the world's highest level of production capacity. Our touch input devices come in a rich variety—from basic, resistive-type FineTouch “Classic” touch panels to FineTouch “TouchWindow,” which adds Nissha-printed surface decoration to “Classic” touch panels, and further to capacitive-type FineTouch “Capacitive,” which facilitates the fusion of glass parts and plastic molded parts made with proprietary decorative film. Although our forte is in small touch panels, we also offer sizes for tablet and slate PCs, and are working to deliver a full lineup with enhanced value-added qualities for a variety of products with touch panels.



In recent years, the touch input device market has grown at a remarkable pace and is likely to expand still further. Nissha, however, faced challenges in fiscal 2011, and Devices landed in the red. Not only were business results squeezed by downward pressure on prices and heightened competition, they were also adversely impacted by wild swings in demand from our major customers and subsequent erosion of capacity efficiency. External factors were compounded by the internal issue of inadequate approaches applied to production management and supply chain management that derailed the effectiveness of our responses to fluctuating demand.

In fiscal 2012, the goal will be to get Devices out of the red and back into the black. To achieve this goal, we must move faster on process innovation to cut costs and promote differentiation through design of cost-competitive products and processes and materials development, as well as access to new technologies. A prime example of this is the development of a touch sensor film incorporating metal nanowires, announced in March 2011, and the start of preparations for mass production of three-dimensional touch sensor films utilizing the inherent characteristics of the metal nanowires. In addition, efforts are being directed toward the development of additional film sensors that draw on the excellent features—thin, light and break-proof—of the material we use as well as its three-dimensional shaping flexibility and suitability for module-based processing.

We maintain direct contact with assembly manufacturers, which underpins our strength as a provider of design and function solutions integrating the expertise and resources of Industrial Materials and Devices. Because this business field is likely to encounter heightened competition, we will expand strategic product portfolios to create value-added businesses that are profit-earning, using our strengths.

