

## Financial Section

33	Financial Review
34	Management's Discussion and Analysis
41	Consolidated Balance Sheets
43	Consolidated Statements of Operations
44	Consolidated Statement of Comprehensive Loss
45	Consolidated Statements of Changes in Equity
46	Consolidated Statements of Cash Flows
47	Notes to Consolidated Financial Statements
63	Independent Auditors' Report

Notes:

1. Figures have been calculated on a consolidated basis for the years ended March 31.
2. Parentheses denote negative figures.
3. Not all data have been audited.
4. Data might be revised according to alterations to accounting standards.

# Financial Review

Nissha Printing Co., Ltd. and Consolidated Subsidiaries

For the Years Ended March 31, 2006 to 2011	Millions of Yen					% Change	
	2011	2010	2009	2008	2007	2006	2011 vs 2010
<b>FOR THE YEAR:</b>							
Net Sales	114,055	126,966	127,767	101,650	88,735	82,446	-10.2%
Sales in Japan	37,159	39,994	47,691	46,775	45,831	44,832	-7.1%
Sales Outside Japan	76,896	86,972	80,076	54,874	42,904	37,614	-11.6%
Operating Income (Loss)	(4,946)	11,257	16,303	16,771	15,290	15,143	-
% of Net Sales	-4.3%	8.9%	12.8%	16.5%	17.2%	18.4%	-13.2pt
Net Income (Loss)	(2,464)	6,935	8,690	10,275	9,503	8,980	-
Net Cash Provided by (Used in) Operating Activities	(723)	18,601	17,043	11,648	7,590	11,629	-
Net Cash Provided by (Used in) Investing Activities	(6,673)	(12,842)	(20,099)	207	(8,884)	(14,506)	-
Net Cash Provided by (Used in) Financing Activities	(379)	(3,471)	4,697	(1,618)	(807)	(703)	-
Capital Expenditures for Property, Plant and Equipment	11,020	15,071	24,165	12,817	14,991	6,378	-26.9%
Depreciation	10,338	9,133	7,892	4,813	3,197	2,596	+13.2%
<b>AT YEAR-END:</b>							
Shareholders' Equity	80,396	88,700	82,267	82,245	73,758	61,855	-9.4%
Total Assets	142,942	153,077	148,787	142,358	126,763	107,895	-6.6%
Long-Term Debt	3,143	332	7,427	7,361	10,209	10,180	+846.7%
Cash and Cash Equivalents	17,107	25,473	22,762	22,938	13,490	15,363	-32.8%
<b>RATIOS:</b>							
Return on Sales	-2.2%	5.5%	6.8%	10.1%	10.7%	10.9%	-7.7pt
EBITDA Ratio	4.7%	16.1%	18.9%	21.2%	20.8%	21.5%	-11.4pt
Current Ratio	134.3%	135.3%	152.8%	184.9%	197.9%	217.2%	-1.0pt
Fixed Ratio	94.7%	91.4%	90.8%	84.6%	84.5%	79.3%	+3.3pt
Return on Equity	-2.9%	8.1%	10.6%	13.2%	14.0%	15.8%	-11.0pt
Shareholders' Equity	56.2%	57.9%	55.3%	57.8%	58.2%	57.3%	-1.7pt

For the Years Ended March 31, 2006 to 2011	Yen					% Change	
	2011	2010	2009	2008	2007	2006	2011 vs 2010
<b>PER SHARE:</b>							
Basic Net Income (Loss)	(57.25)	160.38	200.97	237.60	219.74	205.41	-
Annual Cash Dividends	45.00	45.00	45.00	45.00	40.00	34.00	0.0%
Shareholders' Equity	1,873.34	2,051.09	1,902.12	1,901.87	1,705.46	1,428.00	-8.7%
<b>STOCK INFORMATION (MARCH 31):</b>							
Stock Price	1,795	3,650	3,130	4,890	3,120	4,430	-50.8%
Market Capitalization (Millions of Yen)	80,828	164,358	140,942	220,194	140,492	199,481	-50.8%
Number of Shares Issued (Shares)	45,029,493	45,029,493	45,029,493	45,029,493	45,029,493	45,029,493	0.0%

## SALES BY BUSINESS SEGMENT

For the Years Ended March 31, 2006 to 2011	Millions of Yen					% Change	
	2011	2010	2009	2008	2007	2006	2011 vs 2010
Industrial Materials	44,038	57,171	67,259	57,724	53,004	48,543	-23.0%
Devices*	50,439	48,858	35,788	18,271	11,339	8,764	+3.2%
Information and Communication and Others**	19,578	20,937	24,720	25,654	24,392	25,139	-6.5%
<b>Total</b>	<b>114,055</b>	<b>126,966</b>	<b>127,767</b>	<b>101,650</b>	<b>88,735</b>	<b>82,446</b>	<b>-10.2%</b>

\* Input Devices has been renamed Devices as of April, 2011.

\*\* Others consists of real estate leasing and temp staff services.

# Management's Discussion and Analysis

## Nissha's Businesses

Nissha Printing Co., Ltd., and its consolidated subsidiaries, collectively, the Nissha Group, undertake business activities in three segments—Industrial Materials, Devices and Information and Communication—with printing technology at the core of each. Industrial Materials offers transfer foils and other functional films but the emphasis is on mainstay Nissha IMD technology, which facilitates simultaneous molding and printing of three-dimensional plastic products with decorative designs. Devices comprises touch-input devices, a lineup distinguished by Nissha FineTouch, as well as other functional devices. Information and Communication, which has its roots in the Company's original business, has developed beyond publishing and commercial printing to encompass a full range of one-stop solutions, from sales promotion and communication design to digital archiving, that support the communication strategies of the Group's customers.

To respond with greater accuracy and flexibility to changes in the business environment, on April 1, 2011, the Company split the division responsible for Industrial Materials and Input Devices into two separate structures, one dedicated to Industrial Materials and the other to Devices. Consequently, the business segment previously known as Input Devices was renamed Devices.

## Trends in the Consumer Electronics Market

Negative events at the start of fiscal 2011, most notably financial troubles in Europe, cast a shadow of uncertainty over the global economy. Although the direction was unclear, the situation was expected to shift toward gradual recovery as stimulus packages implemented by governments worldwide began to deliver their intended results. In Japan, signs of improvement emerged, but the economic situation remained unsettled due to the rapid and sustained appreciation of the yen. The operating environment for the Group remained difficult.

The notebook PC and mobile phone markets, which represent mainstay demand segments for the Group, along with the rest of the consumer electronics industry, were characterized by sluggish consumer spending and abrupt changes in consumer preferences. This caused erratic swings in order volumes from customers to become a routine occurrence rather than an unexpected event. Sustained pressure from customers for lower prices on products and services only added to the challenges faced by the Group in fiscal 2011.

## Operating Results for the Fiscal Year Ended March 31, 2011

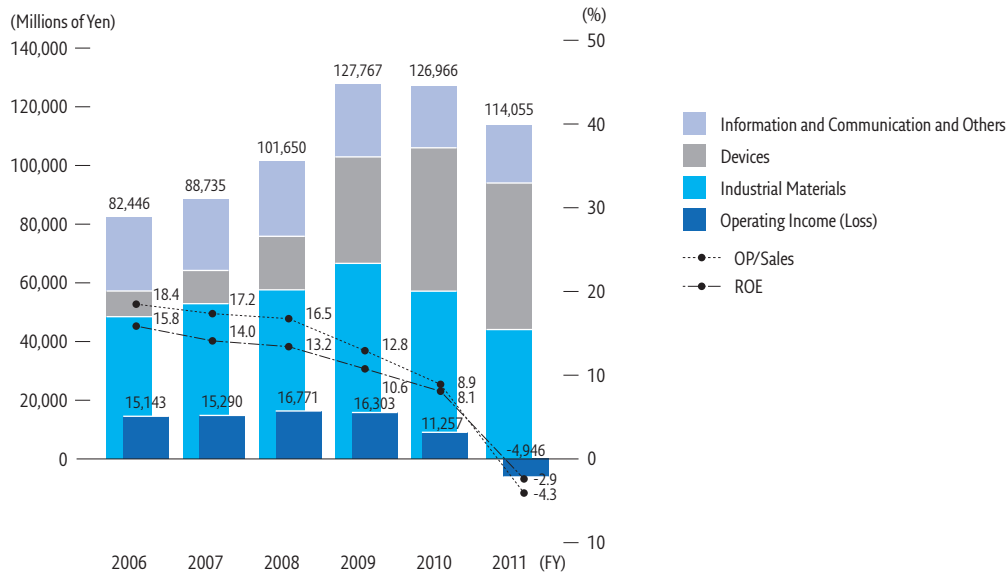
### Net Sales and Gross Profit

On a consolidated basis, net sales fell 10.2% from fiscal 2010, to ¥114,055 million. The decrease reflects lackluster demand—especially in developed countries—for consumer notebook PCs, a mainstay market for Industrial Materials, and a drop in demand for mobile phones, another key market. Cost of sales inched up 3.2%, to ¥104,864 million, causing the cost of sales ratio to worsen, rising 11.9 percentage points to 91.9% from 80.0%. As a result, gross profit tumbled to ¥9,191 million.

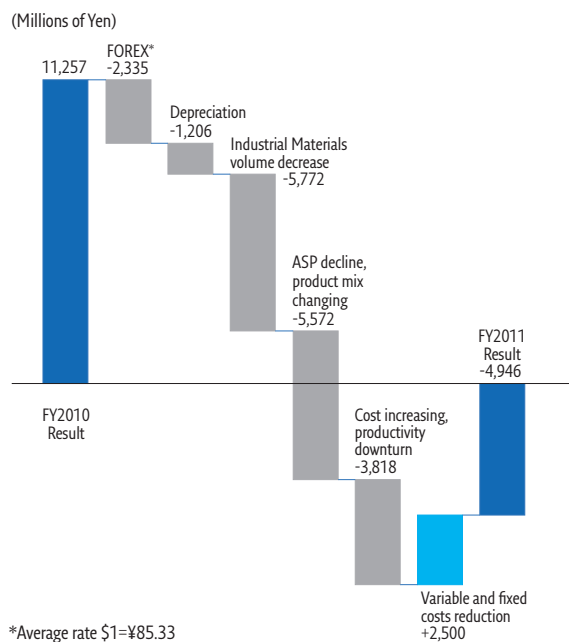
### Selling, General and Administrative Expenses and Operating Income

Selling, general and administrative expenses edged up 0.2%, to ¥14,137 million. Operating profit—¥11,257 million in fiscal 2010—was replaced by an operating loss, at ¥4,946 million, largely because of ¥2,335 million lost through exchange rate fluctuations, ¥5,772 million on a drop in the volume of Industrial Materials sold, ¥5,572 million from the impact of lower sales prices and changes in the product mix, and ¥3,817 million from higher costs and a deteriorating factory capacity utilization rate.

### Net Sales and Operating Income



### Analysis of Operating Margin



### Net Income (Loss)

The net foreign exchange was a loss of ¥708 million in fiscal 2011 compared with a gain of ¥228 million in fiscal 2010, which reduced other income, and this in turn contributed to a net loss of ¥2,464 million, compared with net income of ¥6,935 million in fiscal 2010.

### Net Sales by Business Segment

#### Industrial Materials

In fiscal 2011, lackluster consumer interest in notebook PCs—especially in developed countries—eroded orders in this mainstay application category for Industrial Materials. Demand for products and services used to manufacture mobile phones was also down. As a result, segment sales retreated 23.0%, to ¥44,038 million.

### Devices

Demand for capacitive-type touch panels for high-performance products expanded dramatically in fiscal 2011, with an emphasis on smartphone applications. In contrast, demand for conventional resistive-type touch panels faltered. Consequently, segment sales—at ¥50,439 million—were 3.2% higher than a year ago.

### Information and Communication and Others

Order competition was fierce in fiscal 2011, mainly because a downturn in domestic business conditions forced companies to tighten their advertising budgets, which made it tougher to secure orders in the mainstay commercial printing business, and also because the growing popularity of online viewing caused interest in printed materials to dwindle. This led to a 6.5% decrease in segment sales, to ¥19,578 million.

### Assets, Liabilities and Equity

As of March 31, 2011, total assets stood at ¥142,942 million, or ¥10,135 million less than a year earlier. Current assets accounted for ¥66,827 million, a decrease of ¥5,181 million. The decrease reflects an ¥8,366 million drop in cash and cash equivalents, which negated a ¥1,514 million increase in inventories, mainly merchandise and finished goods. Noncurrent assets (property, plant and equipment and investments and other assets) fell ¥4,954 million, to ¥76,115 million, largely due to a ¥5,824 million decline in marketable and investment securities following the sale of stockholdings and marking to market.

Total liabilities as of March 31, 2011, stood at ¥62,546 million, down ¥1,831 million from a year earlier. Current liabilities accounted for ¥49,776 million, a decrease of ¥3,440 million. The change in current liabilities follows a ¥9,731 million increase in short-term borrowings and a ¥7,000 million decrease in the current portion of corporate bonds, which resulted from the redemption of bonds, as well as ¥2,555 million for notes and accounts payable—facilities, and a ¥1,836 million decrease in notes and accounts payable—trade.

Total long-term liabilities reached ¥12,770 million, up ¥1,609 million, mainly because a ¥1,079 million decrease in deferred tax liabilities was overshadowed by a ¥3,024 increase in leasing liabilities through facilities investment.

Total equity amounted to ¥80,396 million as of March 31, 2011, down ¥8,304 million from a year earlier.

As of March 31, 2011, the Company maintained its long-term debt rating of A from Japan's Rating and Investment Information, Inc. (R&I).

\*As of August 25, 2011, R&I gave Nissha a new rating of A-.

### Capital Expenditures and Depreciation

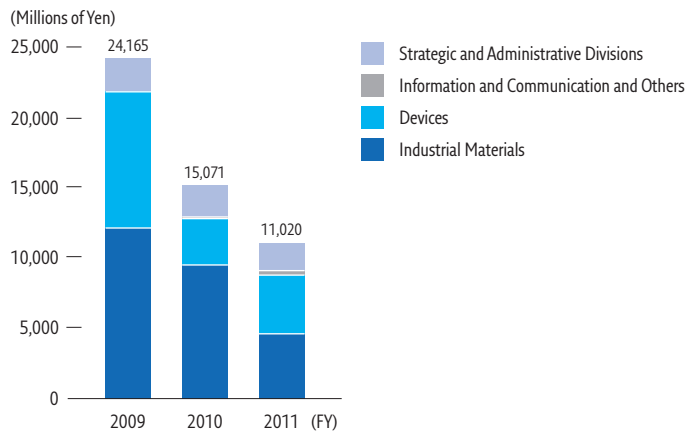
Maintaining a structure that can provide customers with a stable supply of high-quality, value-added products is of paramount importance to the Group.

Capital expenditures in fiscal 2011 were ¥11,020 million, compared with ¥15,071 million in fiscal 2010. Funds were allocated to capacity expansion at the Tsu Factory, in Mie Prefecture, which makes transfer foils, and the Kaga Factory, in Ishikawa Prefecture, which makes touch input devices. Funds were also applied to begin installation of production equipment at the Himeji Factory, in Hyogo Prefecture, which makes touch input devices, and to reinforce capacity at production sites both at home and abroad. Corporate investments—that is, spending in strategic and administrative divisions—was directed toward an integrated business platform system, essentially Enterprise Resource Planning, to make management practices more efficient and to optimize business processes.

A breakdown of fiscal 2011 capital expenditures by business segment shows ¥4,652 million for Industrial Materials, ¥4,100 million for Devices, ¥342 million for Information and Communication, and ¥1,926 million for strategic and administrative divisions (reconciliations).

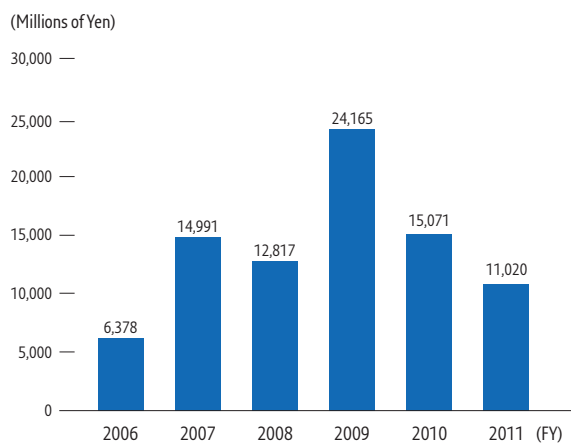
Depreciation reached ¥10,338 million, up from ¥9,133 million recorded in the previous fiscal year.

### Capital Expenditures by Business Segment

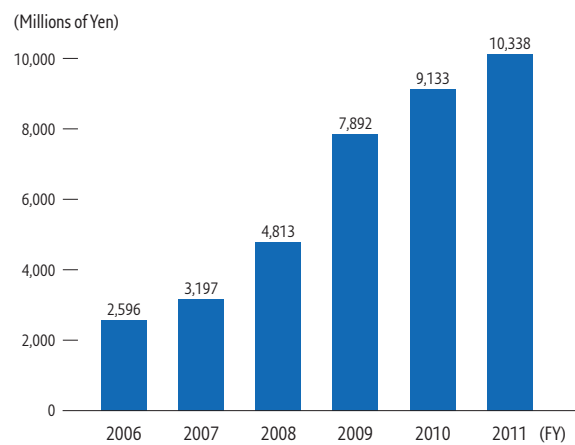


For the Years Ended March 31	Millions of Yen		
	2011	2010	2009
Industrial Materials	4,652	9,454	12,080
Devices	4,100	3,278	9,585
Information and Communication and Others	342	119	117
Strategic and Administrative Divisions	1,926	2,221	2,383

### Capital Expenditures



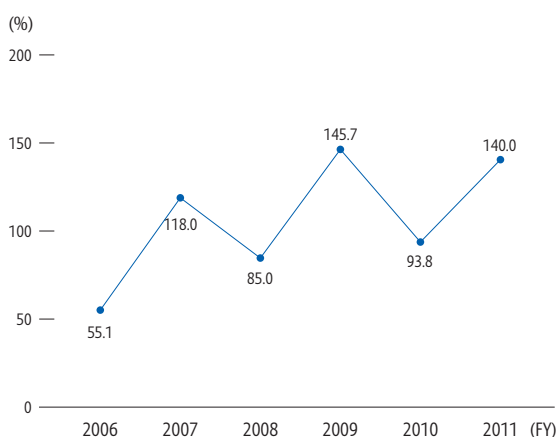
### Depreciation



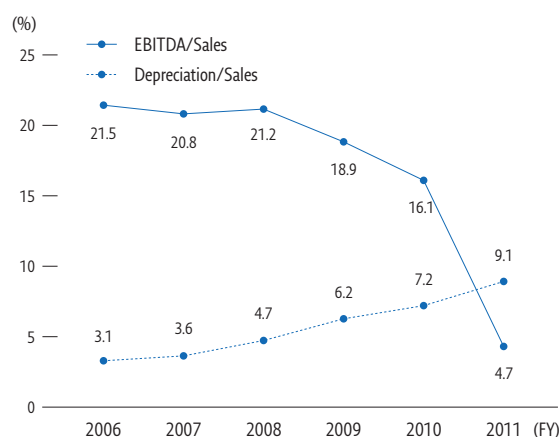
### Cash Flows

In fiscal 2011, consolidated cash and cash equivalents decreased ¥8,366 million from the previous fiscal year, to ¥17,107 million.

#### Capital Expenditures/Cash Flows (Cash Flows=Net Income+Depreciation)



#### EBITDA/Sales and Depreciation/Sales (EBITDA=Operating Income+Depreciation)



### Cash Flows from Operating Activities

Net cash used in operating activities was ¥723 million, a reversal from ¥18,601 million in net cash provided by operating activities in fiscal 2010. The turnaround in cash flows largely reflects the booking of depreciation, at ¥10,338 million, against an increase of ¥1,659 million in inventories, the impact of the ¥3,789 million net loss before income taxes and minority interests and ¥2,250 million in income tax payments.

### Cash Flows from Investing Activities

Net cash used in investing activities dropped 48.0% from fiscal 2010, to ¥6,673 million. The main components of this change were ¥8,653 million to purchase property, plant and equipment on the outflow side, and ¥2,682 million in proceeds from sales of marketable and investment securities on the inflow side.

### Cash Flows from Financing Activities

Net cash used in financing activities fell 89.1%, to ¥379 million. The key components of cash flows in this category were a net increase in short-term borrowings, at ¥9,887 million, which recorded slightly higher than the redemption of corporate bonds, at ¥7,000 million, and payment of dividends, at ¥1,937 million.

For the Years Ended March 31	Millions of Yen				
	2011	2010	2011 vs 2010		2011
Net cash provided by (used in) operating activities	(723)	18,601	-19,324	Depreciation	10,338
				Increase in inventories	(1,659)
				Loss before tax	(3,789)
				Income taxes - paid	(2,250)
Net cash provided by (used in) investing activities	(6,673)	(12,842)	+6,169	Purchases of property, plant and equipment	(8,653)
				Proceeds from sales of marketable and investment securities	2,682
Free cash flows	(7,396)	5,759	-13,155		
Net cash provided by (used in) financing activities	(379)	(3,471)	+3,092	Short-term borrowings	9,887
				Redemption of bonds	(7,000)
				Dividends	(1,937)
Net cash and cash equivalents	17,107	25,473	-8,366		

### R&D Activities

The Nissha Group subscribes to a development policy highlighting the fusion of design and function, with efforts actively directed toward leading-edge product and system R&D that puts the Trend Meets Technology brand statement into practice. Currently, responsibility for R&D activities is delegated according to purpose. That is, Corporate Technology Research and Development emphasizes new business development as a platform for long-term growth, while the technology development department in each business segment addresses development as a medium-term business strategy and production engineering departments tackle product development suited to the short-term needs of customers. The Executive Vice President acts as chief technology officer responsible for corporate technology and oversees the development of excellent in-house technologies.

In fiscal 2011, R&D expenses amounted to ¥2,477 million on a consolidated basis. These funds were used for basic and applied research activities, particularly those that cannot be assigned to individual business segments and are therefore taken on by Corporate Technology Research and Development and Technology Research and Development.

### Dividend Policy

Guided by a basic policy that stresses stable dividends, management takes a comprehensive view toward the distribution of profits and considers such factors as current and future business results, the payout ratio and the fiscal health of the Company. In regard to retained earnings, the basic policy is to apply internal reserves effectively, with an emphasis on capital investment and R&D in growth fields, to enhance corporate value from a medium- to long-term perspective.

### Medium-term Business Plan and Business Direction in Fiscal 2012

The Third Medium-term Business Plan—a three-year business plan that runs from April 1, 2009 through March 31, 2012—highlights Nissha's development into a truly global company, the Company's medium-term vision. Through this plan, Nissha will build on the results and capabilities achieved during the previous medium-term management plan and maintain growth as a forward-thinking global company. The expansion of business will move in four directions, namely to 1) reinforce product lineup through the development of derivative technology; 2) expand trading areas geographically; 3) extend the target markets; and 4) create innovative business models.

Fiscal 2012, the last year of the plan, is the year to conclude priority strategies aimed at returning to a profit position and to work out measures that will build Nissha into a stronger company with the resiliency to surmount difficult market conditions and heightened competition from industry rivals. These efforts will lay the groundwork for the Fourth Medium-term Business Plan.

### Business Risks and Other Risks

Risks that could impact the Group's business performance and financial position as well as the Company's stock price are described below. Future-oriented statements contained in this discussion are assumptions made by management and are current as of March 31, 2011.

### Customer Needs and Market Trends

The consumer electronics industry, the primary user of the Group's technology and products, remains characterized by trends toward design diversification, smaller lots, shorter delivery periods, an emphasis on quality, and advances in technology. In addition, price wars are becoming exceedingly fierce as customers in all sectors of the consumer electronics industry push harder for lower prices to alleviate pressure on their own profits caused by sluggish business conditions.

Against this backdrop, the Nissha Group prioritizes customer satisfaction above all else and seeks to accurately pinpoint market trends, provide technology, products and services geared to customer needs, and enhance structures within the Group to ensure stable supply. However, if customer needs or market trends were to change considerably in regard to the technologies, products and services provided by Group companies, the business results and financial position of the Group could be adversely affected.

### Trends in Demand in Related Industries

The Group's mainstay operations are Industrial Materials and Devices. In fiscal 2011, sales by Industrial Materials represented 38.6% of net sales, and sales by Devices (formerly Input Devices) accounted for 44.2%. Both segments emphasize business development geared toward demand in industries involved in the production of mobile phones, notebook PCs, home appliances and automobiles, and major changes in demand or pricing trends could impact the business results and financial position of the Group.

**Exchange Rate Fluctuations**

In fiscal 2011, overseas sales accounted for 67.4% of consolidated net sales. Overseas transactions are mainly conducted in yen, but in recent years the use of foreign currencies, such as the U.S. dollar, has become more frequent. In fiscal 2011, the Company recorded a net foreign exchange loss of ¥708 million under consolidated nonoperating expenses. Foreign-currency-denominated transactions may grow in the future and if the currencies used undergo major fluctuations on foreign exchange markets, the business results and financial position of the Group could be adversely affected.

**Marketable Securities Held**

As of March 31, 2011, marketable and investment securities held by Group companies were valued at ¥9,678 million. Most of these securities were stocks with market prices. Management strives to identify those factors pertaining to these marketable securities, such as issuer-based financial status, trends in business results and ratings, to ensure a sufficient degree of investment security. However, an unusual event, such as a violent stock price fluctuation, could erode the business results and financial position of the Group.

**Notes and Accounts Receivable and Inventories**

As of March 31, 2011, the Company had notes and accounts receivable (trade notes and accounts) worth ¥25,349 million and inventories worth ¥15,231 million on a consolidated basis. The Group strives to reinforce credit control and ensure appropriate inventory control, but significant changes in the value of these assets due to uncollectability, for example, could undermine the Group's business results and financial position.

# Consolidated Balance Sheets

Nissha Printing Co., Ltd. and Subsidiaries

March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 13)	¥ 17,107	¥ 25,473	\$ 206,108
Short-term investments (Notes 4 and 13)	1,002	1,006	12,072
Notes and accounts receivable (Note 13):			
Trade notes	1,287	1,838	15,506
Trade accounts	24,062	23,824	289,904
Other	332	415	4,000
Allowance for doubtful receivables	(220)	(322)	(2,650)
Inventories (Note 6)	15,231	13,717	183,506
Deferred tax assets (Note 10)	2,281	1,882	27,482
Prepaid expenses and other current assets	5,745	4,175	69,217
<b>Total current assets</b>	<b>66,827</b>	<b>72,008</b>	<b>805,145</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Land	7,834	8,198	94,385
Buildings and structures	38,136	37,806	459,470
Machinery and equipment	38,282	37,780	461,229
Tools, furniture and fixtures	6,901	6,591	83,145
Lease assets	4,121	115	49,651
Construction in progress	1,579	676	19,024
<b>Total</b>	<b>96,853</b>	<b>91,166</b>	<b>1,166,904</b>
Accumulated depreciation	(43,402)	(36,557)	(522,916)
<b>Net property, plant and equipment</b>	<b>53,451</b>	<b>54,609</b>	<b>643,988</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 5 and 13)	9,678	15,502	116,602
Goodwill	117	175	1,410
Software	4,212	226	50,747
Software in progress	1,105	4,746	13,313
Deferred tax assets (Note 10)	4,772	2,517	57,494
Other assets	2,780	3,294	33,494
<b>Total investments and other assets</b>	<b>22,664</b>	<b>26,460</b>	<b>273,060</b>
<b>TOTAL</b>	<b>¥ 142,942</b>	<b>¥ 153,077</b>	<b>\$ 1,722,193</b>

See notes to consolidated financial statements.

March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings (Notes 7 and 13)	¥ 20,381	¥ 10,650	\$ 245,554
Current portion of long-term debt (Notes 7 and 13)	754	7,096	9,084
Notes and accounts payable (Note 13):			
Trade notes	4,601	6,059	55,434
Trade accounts	17,294	17,672	208,361
Construction notes	1,864	2,693	22,458
Construction accounts	465	3,020	5,603
Other	522	488	6,289
Accrued income taxes (Note 13)	191	1,453	2,301
Accrued expenses and other current liabilities	3,704	4,085	44,627
<b>Total current liabilities</b>	<b>49,776</b>	<b>53,216</b>	<b>599,711</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt (Notes 7 and 13)	3,143	332	37,868
Liability for retirement benefits (Note 8)	6,267	6,421	75,506
Deferred tax liabilities (Note 10)	2,540	3,619	30,602
Asset retirement obligations	30	-	361
Other liabilities	790	789	9,518
<b>Total long-term liabilities</b>	<b>12,770</b>	<b>11,161</b>	<b>153,855</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>			
(Notes 12, 14 and 15)			
<b>EQUITY (Notes 9 and 17):</b>			
Common stock,			
authorized, 180,000,000 shares;			
issued 45,029,493 shares in 2011 and 2010	5,685	5,685	68,494
Capital surplus	7,356	7,356	88,627
Retained earnings	67,679	72,082	815,410
Treasury stock - at cost:			
2,113,385 shares in 2011 and 1,792,401 shares in 2010	(2,925)	(2,314)	(35,241)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	4,409	7,017	53,120
Foreign currency translation adjustments	(1,808)	(1,143)	(21,783)
<b>Total</b>	<b>80,396</b>	<b>88,683</b>	<b>968,627</b>
Minority interests	-	17	-
<b>Total equity</b>	<b>80,396</b>	<b>88,700</b>	<b>968,627</b>
<b>TOTAL</b>	<b>¥142,942</b>	<b>¥ 153,077</b>	<b>\$1,722,193</b>

# Consolidated Statements of Operations

Nissha Printing Co., Ltd. and Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	¥ 114,055	¥ 126,966	\$ 1,374,157
COST OF SALES	104,864	101,601	1,263,422
Gross profit	9,191	25,365	110,735
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	14,137	14,108	170,325
Operating income (loss)	(4,946)	11,257	(59,590)
OTHER INCOME (EXPENSES):			
Interest and dividend income	411	504	4,952
Interest expense	(152)	(199)	(1,831)
Foreign exchange gain (loss) - net	(708)	228	(8,530)
Reversal of allowance for doubtful receivables	184	178	2,217
Gain on sales of securities	1,528	-	18,410
Other - net	(106)	(127)	(1,278)
Other income - net	1,157	584	13,940
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	(3,789)	11,841	(45,650)
INCOME TAXES (Note 10):			
Current	642	4,578	7,735
Deferred	(1,955)	334	(23,554)
Total income taxes	(1,313)	4,912	(15,819)
NET INCOME (LOSS) BEFORE MINORITY INTERESTS	(2,476)	6,929	(29,831)
MINORITY INTERESTS IN NET INCOME	(12)	(6)	(144)
NET INCOME (LOSS)	¥ (2,464)	¥ 6,935	\$ (29,687)

PER SHARE OF COMMON STOCK (Note 2.p):	Yen		U.S. Dollars
	2011	2010	2011
Basic net income (loss)	¥ (57.25)	¥ 160.38	\$ (0.69)
Cash dividends applicable to the year	45.00	45.00	0.54

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Loss

Nissha Printing Co., Ltd. and Subsidiaries

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Year Ended March 31, 2011		
NET LOSS BEFORE MINORITY INTERESTS	¥ (2,476)	\$ (29,831)
OTHER COMPREHENSIVE LOSS (Note 16):		
Unrealized loss on available-for-sale securities	(2,607)	(31,410)
Foreign currency translation adjustments	(666)	(8,024)
Total other comprehensive loss	(3,273)	(39,434)
COMPREHENSIVE LOSS	¥ (5,749)	\$ (69,265)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO (Note 16):		
Owners of the parent	¥ (5,737)	\$ (69,121)
Minority interests	(12)	(144)

See notes to consolidated financial statements.

## Consolidated Statements of Changes in Equity

Nissha Printing Co., Ltd. and Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen									
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income		Total	Minority Interests	Total Equity
						Unrealized Gain (Loss) on Available-for- sale Securities	Foreign Currency Translation Adjustments			
BALANCE, APRIL 1, 2009	43,238,041	¥ 5,685	¥ 7,356	¥ 67,093	¥ (2,310)	¥ 5,790	¥ (1,370)	¥ 82,244	¥ 23	¥ 82,267
Net income				6,935				6,935		6,935
Cash dividends, ¥45.00 per share				(1,946)				(1,946)		(1,946)
Repurchase of treasury stock	(994)				(4)			(4)		(4)
Disposal of treasury stock	45		0		0			0		0
Net increase in unrealized gain on available-for-sale securities						1,227		1,227		1,227
Net change in foreign currency translation adjustments							227	227		227
Net change in the year									(6)	(6)
BALANCE, MARCH 31, 2010	43,237,092	5,685	7,356	72,082	(2,314)	7,017	(1,143)	88,683	17	88,700
Net loss				(2,464)				(2,464)		(2,464)
Cash dividends, ¥45.00 per share				(1,939)				(1,939)		(1,939)
Repurchase of treasury stock	(320,984)				(611)			(611)		(611)
Net decrease in unrealized gain on available-for-sale securities						(2,608)		(2,608)		(2,608)
Net change in foreign currency translation adjustments							(665)	(665)		(665)
Net change in the year									(17)	(17)
BALANCE, MARCH 31, 2011	42,916,108	¥5,685	¥ 7,356	¥ 67,679	¥ (2,925)	¥ 4,409	¥ (1,808)	¥ 80,396	¥ -	¥ 80,396

Years Ended March 31, 2011 and 2010	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income		Total	Minority Interests	Total Equity	
					Unrealized Gain (Loss) on Available-for- sale Securities	Foreign Currency Translation Adjustments				
BALANCE, MARCH 31, 2010	\$ 68,494	\$ 88,627	\$ 868,458	\$ (27,880)	\$ 84,542	\$ (13,771)	\$ 1,068,470	\$ 205	\$ 1,068,675	
Net loss			(29,687)				(29,687)		(29,687)	
Cash dividends, \$0.54 per share			(23,361)				(23,361)		(23,361)	
Repurchase of treasury stock				(7,361)			(7,361)		(7,361)	
Net decrease in unrealized gain on available-for-sale securities					(31,422)		(31,422)		(31,422)	
Net change in foreign currency translation adjustments						(8,012)	(8,012)		(8,012)	
Net change in the year								(205)	(205)	
BALANCE, MARCH 31, 2011	\$ 68,494	\$ 88,627	\$ 815,410	\$ (35,241)	\$ 53,120	\$ (21,783)	\$ 968,627	\$ -	\$ 968,627	

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Nissha Printing Co., Ltd. and Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
<b>OPERATING ACTIVITIES:</b>			
Income (loss) before income taxes and minority interests	¥ (3,789)	¥ 11,841	\$ (45,650)
Adjustments for:			
Income taxes - paid	(2,250)	(8,342)	(27,109)
Depreciation and amortization	10,394	9,192	125,229
Decrease in liability for retirement benefits	(150)	(66)	(1,807)
Decrease in allowance for doubtful receivables	(114)	(61)	(1,373)
Gain on sales of securities	(1,528)	-	(18,410)
Changes in assets and liabilities:			
Decrease in notes and accounts receivables	3	2,078	36
(Increase) decrease in inventories	(1,659)	1,467	(19,988)
(Decrease) increase in notes and accounts payable	(1,370)	1,505	(16,506)
Other - net	(260)	987	(3,133)
Net cash provided by (used in) operating activities	(723)	18,601	(8,711)
<b>INVESTING ACTIVITIES:</b>			
Proceeds from redemption of government and corporate bonds	-	410	-
Purchases of property, plant and equipment	(8,653)	(12,080)	(104,253)
Proceeds from sales of marketable and investment securities	2,682	-	32,313
Purchases of marketable and investment securities	(30)	(219)	(361)
Decrease in short-term investments	200	1,129	2,409
Other - net	(872)	(2,082)	(10,506)
Net cash used in investing activities	(6,673)	(12,842)	(80,398)
<b>FINANCING ACTIVITIES:</b>			
Net increase (decrease) in short-term borrowings	9,887	(1,348)	119,120
Redemption of bonds	(7,000)	-	(84,337)
Net of purchases and proceeds from disposal of treasury stock	(611)	(4)	(7,361)
Dividends paid	(1,937)	(1,945)	(23,337)
Other - net	(718)	(174)	(8,651)
Net cash used in financing activities	(379)	(3,471)	(4,566)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>			
	(591)	423	(7,121)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(8,366)</b>	<b>2,711</b>	<b>(100,796)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>25,473</b>	<b>22,762</b>	<b>306,904</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥ 17,107</b>	<b>¥ 25,473</b>	<b>\$ 206,108</b>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>			
Increase in lease assets	¥ 4,006	¥ -	\$ 48,265

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Nissha Printing Co., Ltd. and Subsidiaries

## 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive loss is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 16. In addition, "net income before minority interests" is disclosed in the consolidated statement of operations from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nissha Printing Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83 to \$1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. *Consolidation* - The consolidated financial statements as of March 31, 2011 and 2010 include the accounts of the Company and its 23 subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 5 years.

- b. *Cash Equivalents* - Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits which mature or become due within three months of the date of acquisition.
- c. *Inventories* - Inventories are stated at the lower of cost, determined by the specific identification method for finished products (excluding Decorative Film products of the Industrial Materials business segment) and work in process, and by the moving-average method for finished products (Decorative Film products of the Industrial Materials business segment), and by the periodic average method for raw materials and supplies, or net selling value.
- d. *Marketable and Investment Securities* - All of the Group's securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

- e. *Allowance for Doubtful Receivables* - The allowance for doubtful receivables is stated at an amount considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

- f. Property, Plant and Equipment* - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is computed by the declining-balance method, while the straight-line method is principally applied to foreign subsidiaries, using rates based on the estimated useful lives of the assets. The range of useful lives is principally from 7 to 50 years for buildings and structures, from 3 to 12 years for machinery and equipment, and from 5 to 15 years for tools, furniture and fixtures.
- g. Long-lived Assets* - The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.
- h. Leases* - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and which do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008.

All other leases are accounted for as operating leases.

- i. Liability for Retirement Benefits* - Employees who retire at or after the age of 55 are entitled to approximately 30% of their benefits in the form of an annuity. The funds for the annuity payments are entrusted to an outside trustee.
- The Company accounts for the liability for the retirement benefits based on the projected benefit obligation and plan assets at the balance sheet date.
- j. Research and Development* - Research and development costs are charged to income as incurred.
- k. Bonuses to Directors and Corporate Auditors* - Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.
- l. Income Taxes* - The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- m. Foreign Currency Transactions* - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.
- n. Foreign Currency Financial Statements* - The balance sheet accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for equity, which is translated at historical rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rates.
- o. Derivative Financial Instruments* - Derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of operations.
- p. Per Share Information* - Basic net income (loss) per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares less treasury stock. The numbers of shares used in

the computation were 43,039,862 and 43,237,415 shares for the years ended March 31, 2011 and 2010, respectively.

The diluted net income per common share is not disclosed because the Group does not have dilutive securities.

Cash dividends charged to retained earnings are those actually paid during the year, which represent the year-end dividends for the preceding fiscal year and interim dividends for the current fiscal year.

*q. New Accounting Pronouncements*

*Accounting Changes and Error Corrections* - In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior Period Errors - When an error in prior period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on April 1, 2011.

### 3. ACCOUNTING CHANGE

- a. Asset Retirement Obligations* - In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Group applied this accounting standard effective April 1, 2010. The effect of this change was to increase loss before income taxes and minority interests by ¥81 million (\$976 thousand).

- b. Changes of Valuation Method of Inventories* - Effective April 1, 2010, the Company changed the valuation method of finished products regarding Decorative Film Products of the Industrial Materials business segment from the specific identification method to the moving-average method. The Company made this change in order to eliminate the influence of temporary fluctuations in production costs and calculate profit and loss of the period more properly, taking advantage of the opportunity of the introduction of the enterprise resource planning (ERP) system. In addition, the effect of this change had no material impact on the consolidated financial statements.

Effective April 1, 2010, the Company and its consolidated domestic subsidiaries changed the valuation method of raw materials and supplies from the moving-average method to the periodic average method. Taking advantage of the opportunity of the introduction of the enterprise resource planning (ERP) system, the Company made the aforementioned change in order to adopt the valuation method suitable for the method of cost accounting in the ERP system and to calculate profit and loss of the period more properly. In addition, the effect of this change had no material impact on the consolidated financial statements.

#### 4. SHORT-TERM INVESTMENTS

Short-term investments at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Time deposits other than cash equivalents	¥ 1,002	¥ 1,006	\$ 12,072

#### 5. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Non-current:			
Marketable and other equity securities	¥ 9,477	¥ 15,202	\$ 114,181
Government and corporate bonds	5	51	60
Other	196	249	2,361
<b>Total</b>	<b>¥ 9,678</b>	<b>¥ 15,502</b>	<b>\$ 116,602</b>

The costs and aggregate fair values of marketable and investment securities at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 2,053	¥ 7,474	¥ 160	¥ 9,367
Other	29	1	4	26

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 3,321	¥ 11,895	¥ 173	¥ 15,043
Other	29	1	2	28

	Thousands of U.S. Dollars			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 24,735	\$ 90,048	\$ 1,927	\$ 112,856
Other	349	12	48	313

Proceeds from sales of available-for-sale securities for the year ended March 31, 2011 were ¥2,682 million (\$32,313 thousand). Gross realized gains on these sales, computed on the moving-average cost basis, were ¥1,528 million (\$18,410 thousand) for the year ended March 31, 2011.

The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥125 million (\$1,506 thousand) and ¥5 million, respectively.

## 6. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of
	2011	2010	U.S. Dollars
Finished products/Merchandise	¥ 6,685	¥ 3,193	\$ 80,542
Work in process	5,338	8,047	64,313
Raw materials	3,206	2,442	38,627
Supplies	2	35	24
<b>Total</b>	<b>¥ 15,231</b>	<b>¥ 13,717</b>	<b>\$ 183,506</b>

## 7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2011 and 2010 were represented by loans from financial institutions. The weighted average annual interest rates applicable to the short-term borrowings were 0.61% and 0.79%, respectively.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of
	2011	2010	U.S. Dollars
Unsecured 1.0% bonds due 2011	¥ -	¥ 7,000	\$ -
Unsecured loans from banks, 1.2% to 6.9% due serially to 2013	175	336	2,109
Lease obligations	3,722	92	44,843
<b>Total</b>	<b>3,897</b>	<b>7,428</b>	<b>46,952</b>
Less current portion	(754)	(7,096)	(9,084)
<b>Long-term debt, less current portion</b>	<b>¥ 3,143</b>	<b>¥ 332</b>	<b>\$ 37,868</b>

At March 31, 2011, annual maturities of long-term debt were as follows:

Year Ending March 31	Millions of Yen	Thousands of
		U.S. Dollars
2012	¥ 125	\$ 1,506
2013	50	603
2014	-	-
2015	-	-
2016 and thereafter	-	-
<b>Total</b>	<b>¥ 175</b>	<b>\$ 2,109</b>

At March 31, 2011, annual maturities of lease liabilities were as follows:

Year Ending March 31	Millions of Yen	Thousands of
		U.S. Dollars
2012	¥ 629	\$ 7,578
2013	623	7,506
2014	614	7,398
2015	605	7,289
2016 and thereafter	1,251	15,072
<b>Total</b>	<b>¥ 3,722</b>	<b>\$ 44,843</b>

## 8. RETIREMENT BENEFITS

The Company and certain subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥ 7,616	¥ 7,652	\$ 91,759
Fair value of plan assets	(1,510)	(1,423)	(18,193)
Unrecognized actuarial loss	(45)	(45)	(542)
Unrecognized prior service cost	206	237	2,482
<b>Net liability</b>	<b>¥ 6,267</b>	<b>¥ 6,421</b>	<b>\$ 75,506</b>

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 477	¥ 421	\$ 5,747
Interest cost	150	150	1,807
Expected return on plan assets	(14)	(13)	(169)
Recognized actuarial loss	44	40	530
Amortization of prior service cost	(30)	(30)	(361)
<b>Net periodic benefit costs</b>	<b>¥ 627</b>	<b>¥ 568</b>	<b>\$ 7,554</b>

Assumptions used for the years ended March 31, 2011 and 2010 were set forth as follows:

	2011	2010
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.0%	1.0%
Recognition period of actuarial gain/loss	10 years	10 years
Amortization period of prior service cost	10 years	10 years

## 9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a board of directors, (2) having independent auditors, (3) having a board of corporate auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reserved without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6%, for the years ended March 31, 2011 and 2010. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of
	2011	2010	U.S. Dollars
Deferred tax assets (Current):			2011
Accrued bonuses	¥ 643	¥ 669	\$ 7,747
Accrued enterprise tax	11	118	132
Allowance for doubtful receivables	77	44	928
Inventories	468	947	5,639
Tax loss carryforwards	1,035	-	12,470
Other	280	243	3,373
Less valuation allowance	(142)	(91)	(1,711)
<b>Total</b>	<b>¥ 2,372</b>	<b>¥ 1,930</b>	<b>\$ 28,578</b>
Deferred tax liabilities (Current)	¥ 120	¥ 48	\$ 1,446
<b>Total</b>	<b>¥ 120</b>	<b>¥ 48</b>	<b>\$ 1,446</b>
Deferred tax assets (Non-current):			
Liability for retirement benefits	¥ 2,533	¥ 2,476	\$ 30,518
Accumulated depreciation	601	482	7,241
Tax loss carryforwards	2,377	-	28,638
Other	1,294	2,172	15,590
Less valuation allowance	(1,615)	(1,432)	(19,457)
<b>Total</b>	<b>¥ 5,190</b>	<b>¥ 3,698</b>	<b>\$ 62,530</b>
Deferred tax liabilities (Non-current):			
Unrealized gain on available-for-sale securities	¥ 2,900	¥ 4,706	\$ 34,940
Other	58	94	698
<b>Total</b>	<b>¥ 2,958</b>	<b>¥ 4,800</b>	<b>\$ 35,638</b>
<b>Net deferred tax assets</b>	<b>¥ 4,484</b>	<b>¥ 780</b>	<b>\$ 54,024</b>

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2011 and the actual effective tax rate reflected in the accompanying consolidated statements of operations is as follows:

Normal effective statutory tax rate	40.6%
Expenses permanently not deductible for income tax purposes	(2.0)
Dividend income deductible for income tax purposes	1.9
Per capita levy	(0.4)
Difference in subsidiaries' tax rate	3.5
Increase in valuation allowance	(9.2)
Other - net	0.3
<b>Actual effective tax rate</b>	<b>34.7%</b>

Information on 2010 accounts is omitted because there was no significant difference between the normal effective statutory tax rate and the actual effective tax rate.

At March 31, 2011, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥8,412 million (\$101,349 thousand) available for reduction of future taxable income, the majority of which expire by 2018.

## 11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,477 million (\$29,843 thousand) and ¥2,602 million for the years ended March 31, 2011 and 2010, respectively.

## 12. LEASES

### (Lessee)

The Group leases certain machinery, computer equipment, office space and other assets.

Total rental expenses including lease payments under finance leases, for the years ended March 31, 2011 and 2010 were ¥3,722 million (\$44,843 thousand) and ¥92 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		2011	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 629	¥ 16	¥ 24	¥ 6	\$ 7,578	\$ 193
Due after one year	3,093	14	68	3	37,265	168
<b>Total</b>	<b>¥ 3,722</b>	<b>¥ 30</b>	<b>¥ 92</b>	<b>¥ 9</b>	<b>\$ 44,843</b>	<b>\$ 361</b>

### (Lessor)

The Company leased machinery and equipment as lessor. Rental revenues and depreciation expense under finance leases that were not deemed to transfer ownership of the leased property to the lessee were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Rental revenues	¥ -	¥ 1	\$ -
Depreciation expense	-	0	-

### 13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

#### (1) Group policy for financial instruments

The Group focuses on highly safe financial assets in its fund management, and procures funds mainly through the issuance of bonds and 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) Nature and extent of risks arising from financial instruments

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

Marketable and investment securities are exposed to the risk of fluctuating market prices.

Notes payable, accounts payable, accrued expenses, and notes payable-construction 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.

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

#### (3) Risk management for financial instruments

The credit status of major clients is assessed periodically through the management of due dates and outstanding balance by client in accordance with the Company's Credit Management Regulations.

The Company uses forward exchange contracts and currency options to hedge foreign exchange risk associated with operating receivables/payables denominated in foreign currencies. The operation and management of these derivative transactions are conducted by the finance and accounting division in accordance with the Company's Exchange Contract Management Regulations. The status of transactions is reported quarterly to the director in charge of the administration division.

The accounting division periodically assesses the fair value of investment securities, the financial status and other conditions of its issuers.

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

## (4) Fair values of financial instruments

## (a) Fair value of financial instruments

Carrying amount, fair value and net unrealized losses as of March 31, 2011 and 2010 are as follows. Those whose fair value is difficult to assess are not included in the following table.

March 31, 2011	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Losses
Cash and cash equivalents	¥ 17,107	¥ 17,107	-
Short-term investments	1,002	1,002	-
Notes and accounts receivable	25,681	25,681	-
Investment securities	9,393	9,393	-
Total	¥ 53,183	¥ 53,183	-
Notes and accounts payable	¥ 24,746	¥ 24,746	-
Short-term borrowings	20,381	20,381	-
Accrued income taxes	191	191	-
Lease liabilities	3,722	3,664	¥ 58
Total	¥ 49,040	¥ 48,982	¥ 58

March 31, 2010	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Losses
Cash and cash equivalents	¥ 25,473	¥ 25,473	-
Short-term investments	1,006	1,006	-
Notes and accounts receivable	26,077	26,077	-
Investment securities	15,071	15,071	-
Total	¥ 67,627	¥ 67,627	-
Short-term borrowings	¥ 10,650	¥ 10,650	-
Current portion of bonds	7,000	7,009	¥(9)
Notes and accounts payable	29,932	29,932	-
Accrued income taxes	1,453	1,453	-
Total	¥ 49,035	¥ 49,044	¥(9)
Derivative transactions	(¥ 91)	(¥ 91)	-

Net claims and debt resulting from derivative transactions are indicated as net amounts. Items with net debt in total are indicated in brackets.

March 31, 2011	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Losses
Cash and cash equivalents	\$ 206,108	\$ 206,108	-
Short-term investments	12,072	12,072	-
Notes and accounts receivable	309,410	309,410	-
Investment securities	113,169	113,169	-
Total	\$ 640,759	\$ 640,759	-
Notes and accounts payable	\$ 298,145	\$ 298,145	-
Short-term borrowings	245,554	245,554	-
Accrued income taxes	2,301	2,301	-
Lease liabilities	44,843	44,145	\$ 698
Total	\$ 590,843	\$ 590,145	\$ 698

- (b) Items concerning method of calculating fair values of financial instruments and securities

*Cash and cash equivalents*

Because cash and cash equivalents are settled within a short period, fair value is almost the same as carrying amount. Therefore, fair value is based on the relevant carrying amount.

*Short-term investments*

Because short-term investments are settled within a short period, fair value is almost the same as carrying amount. Therefore, fair value is based on the relevant carrying amount.

*Notes and accounts receivable*

Because notes and accounts receivable are settled within a short period, fair value is almost the same as carrying amount. Therefore, fair value is based on the relevant carrying amount.

*Investment securities*

Fair values of investment securities are based on the market prices as of the end of the consolidated fiscal year under review.

The information of the fair value of marketable and investment securities by classification is included in Note 5.

*Notes and accounts payable - trade*

Because notes and accounts payable are settled within a short period, fair value is almost the same as carrying amount. Therefore, fair value is based on the relevant carrying amount.

*Short-term borrowings*

Because short-term borrowings are settled within a short period, fair value is almost the same as carrying amount. Therefore, fair value is based on the relevant carrying amount.

*Accrued income taxes*

Because accrued income taxes are settled within a short period, fair value is almost the same as carrying amount. Therefore, fair value is based on the relevant carrying amount.

*Lease liabilities*

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

*Derivative transactions*

The information for the fair value for derivatives is included in Note 14.

- (c) Financial instruments whose fair value cannot be reliably determined.

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Unlisted stock	¥ 110	¥ 159	\$ 1,325
Bond	5	51	60
Other	170	221	2,048
<b>Total</b>	<b>¥ 285</b>	<b>¥ 431</b>	<b>\$ 3,433</b>

The aforementioned financial instruments are not included among "Investment securities" because they have no market prices and their fair values cannot be reliably determined.

Impairment losses were recognized for the aforementioned unlisted stocks and bonds in the consolidated fiscal year under review and losses on valuation of investment securities of ¥76 million (\$916 thousand) and ¥388 million were posted for the year ended March 31, 2011 and 2010, respectively.

(5) Maturity analysis for financial assets with contractual maturities

March 31, 2011	Due in One Year or Less	
	Millions of Yen	Thousands of U.S. Dollars
Cash and cash equivalents	¥ 17,107	\$ 206,108
Short-term investments	1,002	12,072
Notes and accounts receivable	25,681	309,410
<b>Total</b>	<b>¥ 43,790</b>	<b>\$ 527,590</b>

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

(6) Projected repayment amounts of lease liabilities

Please see Note 7 for the detail about projected repayment amounts of lease liabilities.

#### 14. DERIVATIVE FINANCIAL INSTRUMENTS

As disclosed in Note 13, the Group applied ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010.

*Derivative transactions to which hedge accounting is not applied*

March 31, 2010	Millions of Yen			
	Total Amount of Contract	Contract Amount due after One Year	Fair Value	Unrealized Losses
Forward exchange contracts				
Transaction other than markets:				
Sell	¥ 4,570	-	¥ 4,650	¥ (80)
Currency options				
Transaction other than markets:				
Sell	¥ 88	-	¥ (10)	¥ (10)
Buy	44	-	(1)	(1)
<b>Total</b>			-	¥ (91)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

#### 15. CONTINGENT LIABILITIES

At March 31, 2011, the Group had the following contingent liabilities:

Trade notes discounted	Millions of Yen	Thousands of U.S. Dollars
	¥ 670	\$ 8,072

## 16. COMPREHENSIVE INCOME

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥ 1,227
Foreign currency translation adjustments	227
<b>Total other comprehensive income</b>	<b>¥ 1,454</b>

Total comprehensive income for the year ended March 31, 2010 comprised the following:

	Millions of Yen
Total comprehensive income attributable to:	
Owners of the parent	¥ 8,389
Minority interests	(6)
<b>Total comprehensive income</b>	<b>¥ 8,383</b>

## 17. SUBSEQUENT EVENT

The following was approved at the General Meeting of the Shareholders of the Company held on June 24, 2011:

The following appropriations of retained earnings at March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥22.5 (\$0.27) per share	¥ 966	\$ 11,639

## 18. SEGMENT INFORMATION

*For the year ended March 31, 2011*

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures", and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

### 1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of "Industrial Materials", "Devices", "Information and Communication" and "Other" segments. The Industrial Materials segment consists of decorative films, molds and molded plastic products. The Devices segment consists of touch input devices. The Information and Communication segment consists of publication printing and commercial printing. The "Other" segment consists of real estate leasing and worker dispatch business.

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

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".

## 3. Information about sales, profit (loss), assets, liabilities and other items is as follows.

	Millions of Yen						
	2011						
	Reportable Segment				Total	Reconciliations	Consolidated
Industrial Materials	Devices	Information & Communication	Other				
Sales:							
Sales to external customers	¥ 44,038	¥ 50,439	¥ 19,232	¥ 346	¥ 114,055	¥ -	¥ 114,055
Sales or transfers	312	-	-	1,653	1,965	(1,965)	-
<b>Total</b>	<b>¥ 44,350</b>	<b>¥ 50,439</b>	<b>¥ 19,232</b>	<b>¥ 1,999</b>	<b>¥ 116,020</b>	<b>¥ (1,965)</b>	<b>¥ 114,055</b>
Segment income (loss)	¥ 1,644	¥ (665)	¥ (187)	¥ 227	¥ 1,019	¥ (5,965)	¥ (4,946)
Segment assets	¥ 46,669	¥ 35,717	¥ 8,258	¥ 1,005	¥ 91,649	¥ 51,293	¥ 142,942
Other:							
Depreciation	¥ 5,379	¥ 3,166	¥ 441	¥ 29	¥ 9,015	¥ 1,323	¥ 10,338
Amortization of goodwill	¥ 58	¥ -	¥ -	¥ -	¥ 58	¥ -	¥ 58
Increase in property, plant and equipment and intangible assets	¥ 4,652	¥ 4,100	¥ 342	¥ -	¥ 9,094	¥ 1,926	¥ 11,020

	Thousands of U.S. Dollars						
	2011						
	Reportable Segment				Total	Reconciliations	Consolidated
Industrial Materials	Devices	Information & Communication	Other				
Sales:							
Sales to external customers	\$ 530,578	\$ 607,699	\$ 231,711	\$ 4,169	\$ 1,374,157	\$ -	\$ 1,374,157
Sales or transfers	3,759	-	-	19,916	23,675	(23,675)	-
<b>Total</b>	<b>\$ 534,337</b>	<b>\$ 607,699</b>	<b>\$ 231,711</b>	<b>\$ 24,085</b>	<b>\$ 1,397,832</b>	<b>\$ (23,675)</b>	<b>\$ 1,374,157</b>
Segment income (loss)	\$ 19,807	\$ (8,012)	\$ (2,253)	\$ 2,735	\$ 12,277	\$ (71,867)	\$ (59,590)
Segment assets	\$ 562,277	\$ 430,325	\$ 99,494	\$ 12,109	\$ 1,104,205	\$ 617,988	\$ 1,722,193
Other:							
Depreciation	\$ 64,807	\$ 38,145	\$ 5,313	\$ 349	\$ 108,614	\$ 15,940	\$ 124,554
Amortization of goodwill	\$ 699	\$ -	\$ -	\$ -	\$ 699	\$ -	\$ 699
Increase in property, plant and equipment and intangible assets	\$ 56,048	\$ 49,398	\$ 4,120	\$ -	\$ 109,566	\$ 23,205	\$ 132,771

## 4. Information about geographical areas

## (1) Sales

	Millions of Yen				
	2011				
	Japan	China	Korea	Other	Total
	¥ 37,159	¥ 29,179	¥ 15,009	¥ 32,708	¥ 114,055

	Thousands of U.S. Dollars				
	2011				
	Japan	China	Korea	Other	Total
	\$ 447,699	\$ 351,554	\$ 180,832	\$ 394,072	\$ 1,374,157

Note: Sales are classified in countries or regions based on location of customers.

## 5. Information about amortization of goodwill and non-repayment balance

	Millions of Yen				
	2011				
	Industrial Materials	Devices	Information & Communication	Other	Total
Amortized amount	¥ 58	¥ -	¥ -	¥ -	¥ 58
Unamortized balance	¥ 117	¥ -	¥ -	¥ -	¥ 117

	Thousands of U.S. Dollars				
	2011				
	Industrial Materials	Devices	Information & Communication	Other	Total
Amortized amount	\$ 699	\$ -	\$ -	\$ -	\$ 699
Unamortized balance	\$ 1,410	\$ -	\$ -	\$ -	\$ 1,410

For the years ended March 31, 2011 and 2010

Pursuant to Article 36 of ASBJ Statement No. 17, the segment information for the year ended March 2011 under the pre-revised accounting standard was also disclosed hereunder.

## a. Industry Segments

The Group's main operations are to manufacture and sell printings. Under Japanese accounting regulations, the Group is not required to disclose industry segment information because their main industry segment represented more than 90% of its operations.

## b. Geographical Segments

The geographical segments of the Group for the years ended March 31, 2011 and 2010 were summarized as follows:

	Millions of Yen				
	2011				
	Japan	Asia	Other Areas	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 91,344	¥ 14,388	¥ 8,323	¥ -	¥ 114,055
Interarea transfer	15,272	2,925	717	(18,914)	-
Total sales	106,616	17,313	9,040	(18,914)	114,055
Operating expenses	112,576	16,769	8,475	(18,819)	119,001
Operating income (loss)	¥ (5,960)	¥ 544	¥ 565	¥ (95)	¥ (4,946)
Total assets	¥ 136,026	¥ 10,504	¥ 3,506	¥ (7,094)	¥ 142,942

	Millions of Yen				
	2010				
	Japan	Asia	Other Areas	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 105,129	¥ 17,735	¥ 4,102	¥ -	¥ 126,966
Interarea transfer	17,659	3,933	844	(22,436)	-
Total sales	122,788	21,668	4,946	(22,436)	126,966
Operating expenses	112,555	20,587	4,867	(22,300)	115,709
Operating income	¥ 10,233	¥ 1,081	¥ 79	¥ (136)	¥ 11,257
Total assets	¥ 148,667	¥ 11,940	¥ 3,467	¥ (10,997)	¥ 153,077

	Thousands of U.S. Dollars				
	2011				
	Japan	Asia	Other Areas	Eliminations/ Corporate	Consolidated
Sales to customers	\$ 1,100,530	\$ 173,350	\$ 100,277	\$ -	\$ 1,374,157
Interarea transfer	184,000	35,241	8,639	(227,880)	-
Total sales	1,284,530	208,591	108,916	(227,880)	1,374,157
Operating expenses	1,356,337	202,037	102,108	(226,735)	1,433,747
Operating income (loss)	\$ (71,807)	\$ 6,554	\$ 6,808	\$ (1,145)	\$ (59,590)
Total assets	\$ 1,638,868	\$ 126,554	\$ 42,241	\$ (85,470)	\$ 1,722,193

*c. Net Sales to Foreign Customers*

Sales to foreign customers for the years ended March 31, 2011 and 2010 were summarized as follows:

	Net Sales to Customers Outside Japan			Percentage of Consolidated Net Sales	
	Millions of Yen		Thousands of U.S. Dollars		
	2011	2010	2011	2011	2010
Asia	¥52,743	¥76,689	\$635,458	46.2%	60.4%
Europe	14,690	2,428	176,988	12.9	1.9
Other	9,463	7,855	114,012	8.3	6.2
Total	¥76,896	¥86,972	\$926,458	67.4%	68.5%

## 19. RELATED PARTY DISCLOSURES

Transactions of the Company with a related party for the year ended March 31, 2010 were as follows:

Related parties - Directors and individual shareholders

Name	Location	Capital	Vote Right Share Owned	Transactions	Amounts
		Millions of Yen			Millions of Yen
Suzuki Kosan Co., Ltd.	Kita-ku, Kyoto	¥ 10	5.92%	Sales of real estate	¥ 159

# Independent Auditors' Report

# Deloitte.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Nissha Printing Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Nissha Printing Co., Ltd. (the "Company") and subsidiaries (together, the "Group") as of March 31, 2011 and 2010, and the related consolidated statements of operations for the years then ended, the consolidated statement of comprehensive loss for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissha Printing Co., Ltd. and subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 24, 2011

Member of  
Deloitte Touche Tohmatsu Limited