# From the President

## To Our Shareholders and Other Investors

I would like to thank our shareholders and other investors for their continued support. In April 2010, LINTEC celebrated its 20th anniversary since it was born in 1990 from the merger of three companies. Our growth up to this point has been a result of the support of a variety of people. I would like to humbly extend my thanks to those who have supported LINTEC throughout these years.

In the fiscal year ended March 31, 2010, we continued to be faced with the harsh operating environment that has persisted since the fiscal year ended March 31, 2009. In this environment, the effects of the economic initiatives implemented around the world and domestic demand stimulus measures employed within Japan, as well as the falling prices of raw materials and fuel, were significant. Further, all Group companies worked together to implement thorough cost-cutting measures. Due to the combined effect of these factors, we saw a trend toward recovery in both sales and income throughout the fiscal year.

However, looking forward, the declining birth rate, and the aging and dwindling of the population in Japan are expected to have serious effects on the domestic economy. Conversely, in the international economy, the markets in emerging nations are rapidly expanding. At the same time, competition between companies grows increasingly fierce with each coming year.

In order for LINTEC to continue to grow and develop in this environment, it is of the utmost importance that we promote the further strengthening of our improvement and innovation activities. I believe that the key to our next leap lies in having the creativity to adapt to fluctuations in the market, while continuing to create new products that exceed the expectations of the market.

I would like to ask our shareholders and other investors for their continued support.

August, 2010

Akihiko Ouchi
President and CEO

## Review of the Fiscal Year under Review

### We implemented exhaustive cost-cutting measures and achieved a significant increase in income.

In the global economy, the effects of economic stimulus measures employed by governments around the world during the fiscal year under review, ended March 31, 2010, brought about significant recovery in Asia, particularly in China and India. However, in western nations, consumer spending was depressed due to such factors as the slow recovery of the employment environment, and accordingly only a moderate recovery was seen. The domestic economy, on the other hand, was plagued by the compounded effects of depressed consumer spending, the strong yen, and deflation, and accordingly economic recovery was also weak.

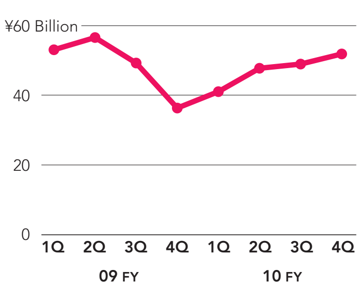
In this harsh management environment, sales of LCD-related products increased greatly due to strong demand, and sales of semiconductor-related adhesive products and electronic component-related adhesive products trended toward recovery. While we recorded a slight decrease in net sales, part of this was due to a decline in sales of overseas subsidiaries arising from the translation of sales as a result of the strong yen. Income, on the other hand, although still affected by this decline from translation of sales, increased greatly from the previous fiscal year. This was due to a variety of reasons, including the falling prices for raw materials and fuel, and the exhaustive cost-cutting measures employed in the production division. Additionally, the significant foreign exchange loss recorded in the fiscal year ended March 31, 2009, turned into a marginal increase in income during the fiscal year under review.

As a result, in the fiscal year under review, consolidated net sales declined 2.8% year on year, to ¥189.3 billion; operating income was up 36.2%, to ¥11.6 billion; and net income increased 114.8%, to ¥7.3 billion.

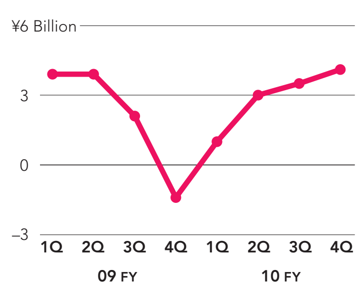
We achieved a significant increase in income.

### QUARTERLY OPERATING RESULTS FY2009–2010

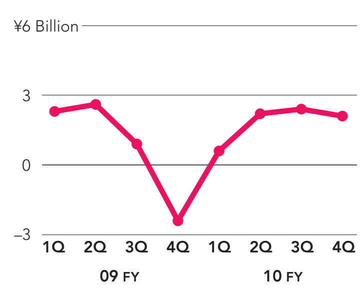
#### NET SALES




#### OPERATING INCOME




#### NET INCOME



## Forecasts for the Fiscal Year Ending March 31, 2011

### Our current performance is favorable and exceeding our initial forecasts.

The Group's operating environment was expected to remain challenging early in the fiscal year ending March 31, 2011. Our consolidated forecasts anticipated net sales of ¥202.0 billion, operating income of ¥13.5 billion, and net income of ¥9.2 billion.

However, the current circumstances are favorable, with sales showing substantial strength due to the recovery in demand. Income is currently exceeding our initial expectations as a result of factors including raw material and fuel prices only growing slightly, and the effects of measures to cut fixed costs and manufacturing costs. Consequently, we raised our consolidated forecasts for the interim period of the fiscal year ending March 31, 2011.

Nonetheless, at this point in time we have chosen not to revise our forecasts for results over the full year. This is because economic trends in the United States and Europe are currently incredibly unclear, and there is a possibility that this might influence economies in Asia, including Japan.

Going forward, the Group will work to further cut costs, and implement a variety of other measures geared toward strengthening its profit base. Subsequently, we will aim to maximize sales and income.

## Key Management Policies for the Fiscal Year Ending March 31, 2011

### Positioning the fiscal year ending March 31, 2011, as a year of "gearing up for the next leap," we are focusing on three key management policies.

In the fiscal year under review, amidst the harsh management environment stemming from the global economic recession, we at LINTEC strove to meet the targets of our single fiscal year business plan. These efforts bore results, and we saw a trend toward recovery in both sales and income throughout the fiscal year. We have also established a single year business plan for the fiscal year ending March 31, 2011, and are driving forward a variety of initiatives geared toward meeting its targets. In the fiscal year ending March 31, 2012, we intend to begin a new three-year medium-term business plan and aim to leap even further. For this reason, we have positioned the fiscal year ending March 31, 2011, as a year of "gearing up for the next leap," and are implementing measures based on the following three key management policies.

**1. Strengthen profit base**

Continuing the promotion of the Cost Reduction Project (CRP) that we began in January 2009, we are working to further cut costs, particularly focused on fixed costs. Additionally, we will revise matters relating to the raw materials used and to the design of new products as well as improve the logistics system between the receipt of materials from suppliers and the delivery of our products to our customers. By optimizing such supply chain management (SCM), we will strengthen our profit base.

Furthermore, in order to introduce new production facilities, while eliminating and consolidating existing ones, in summer 2010, we plan to complete the renovation of the Tatsuno Plant—one of our core plants for the production of adhesive-related products—that we

undertook from 2008. Going forward, we will review all of our production facilities, and work to improve our competitive edge in regard to both quality and costs by taking a "scrap and build" approach toward these facilities. This will include the aggressive introduction of new facilities with high performance and increased efficiency.

(1) Continue promoting the CRP
- Reduce fixed costs
- Optimize Group SCM
- Bolster cost cuts in manufacturing

(2) Introduce new production facilities while eliminating / consolidating existing ones

## 2. Promote business reform

As part of our efforts geared toward the streamlining of our information infrastructure, we continued advancing the full introduction and operation of the ERP (Enterprise Resource Planning) package that we began in the fiscal year ended March 31, 2009. A part of this new system went into operation in April 2010. In the fiscal year ending March 31, 2012, we plan to complete our switch over to this new system. Through these efforts, we will increase the speed of management, standardize and improve the efficiency of business processes, and enhance the quality of customer service.

The on-site reform initiatives that we have implemented at the Ina Technology Center and the Tatsuno Plant have already produced impressive results in regard to cost reduction, inventory adjustment, and the fostering of human resources. By implementing these initiatives throughout all plants, I believe that we will be able to hone our competitive edge and create additional income.

We have positioned this year as a year of "Gearing up for the next leap."

(1) Streamline information infrastructure
- Increase speed of management
- Standardize and improve efficiency of business processes

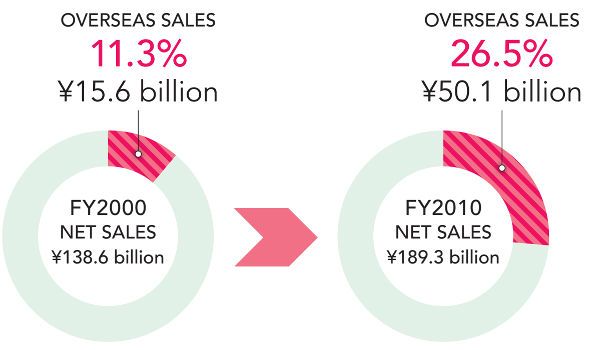
(2) Promote on-site reforms throughout production section

### 3. Focus on future growth

Over the past decade, LINTEC has aimed to continue developing its operations on a global scale. During this period, the rapid expansion of overseas operations has served as a driving force behind business results for the Group. In the fiscal year ending March 31, 2011, in order to establish growth strategies for Asia, we will work to bolster our local production and sales systems targeting Asian markets that have seen substantial economic growth. Through these efforts, in the near future, we hope to increase overseas sales, which currently account for one quarter of total net sales, to the point that they account for over one-third of total net sales.

Further, we are advancing development of high-value-added products focused on growth areas—such as the environment, energy, electronic device materials, display materials, and automobile components. Additionally, we will consider M&A transactions to supplement areas in which LINTEC is not as strong and to create synergies, exploit and develop markets through collaboration, and strengthen all business sections, as well as foster human resources.

OVERSEAS SALES RATIO
—RAPID GROWTH OVER THE PAST DECADE




(1) Establish growth strategy for Asia
(2) Concentrate investment of R&D in growth areas
(3) Strengthen M&A strategy
(4) Exploit / develop markets through collaboration and strengthening of all business sections
(5) Foster human resources and strategic human resource management able to drive future growth

PV backsheet

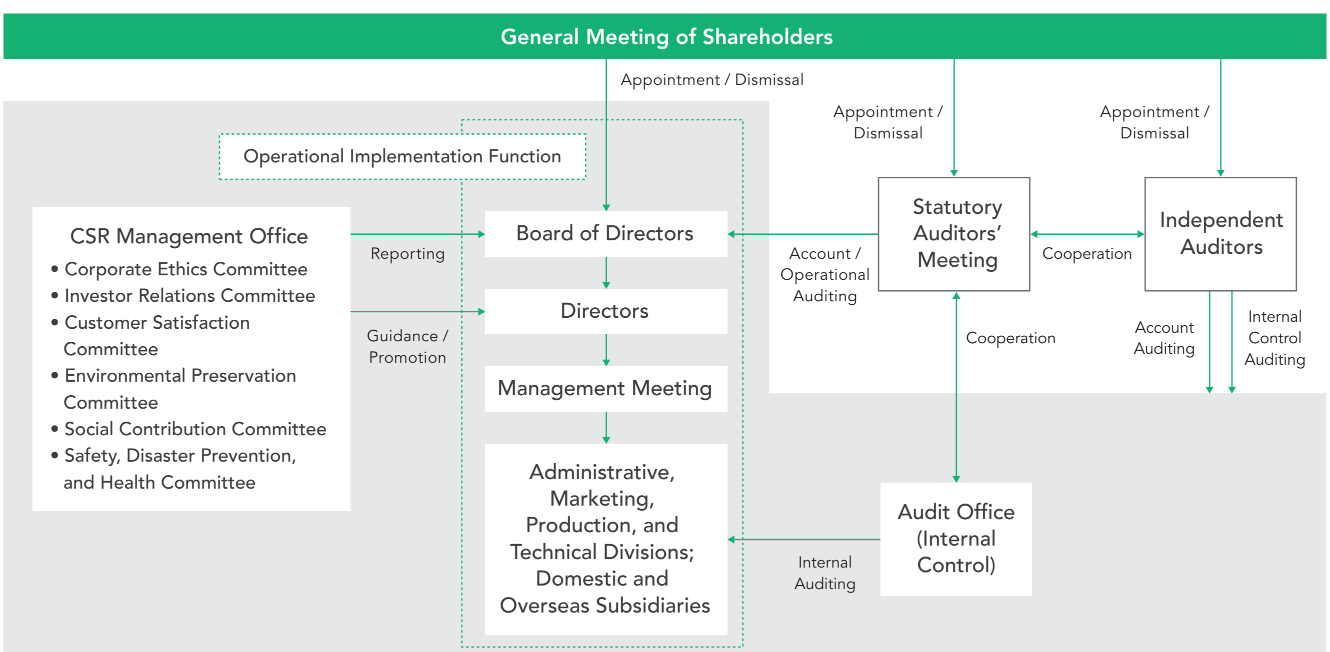
Conductive film for touch panels

# CSR

## LINTEC is committed to promoting CSR-based management, and further strengthening its corporate governance systems.

At LINTEC, we consider corporate social responsibility (CSR) to be among the most important of all our management activities. Going forward, our aim is to contribute to society as a company that is trustworthy, strong, and dynamic.

For this reason, we have established the CSR Management Office, which reports directly to the President. In addition, we have established six CSR subcommittees—on corporate ethics; investor relations; customer satisfaction; environmental preservation; social contribution; and safety, disaster prevention, and health—which consist of members from all areas of the Company. These organizations implement a wide variety of CSR activities. Through these efforts, we will continue to promote corporate management that balances its responsibilities toward the economy, society, and the environment. In the fiscal year under review, we implemented measures to reduce emissions of $CO_2$ and VOCs (volatile organic compounds). Additionally, we worked to develop and increase sales of products that reflect consideration for the environment. We also took part



in social contribution activities closely linked to local communities, such as participating in cleanup activities in the areas around our operating bases and providing support for people with disabilities. Moreover, we have enhanced and thoroughly instituted corporate ethics training and disseminated corporate ethics.

In regard to corporate governance, LINTEC employs a statutory auditor system, and ensures swift management and the effectiveness of its auditing systems.

# Aiming to achieve sustainable growth and greater profits.

The Board of Directors consists of 16 directors and two external directors. It works to ensure speedy management decisions and business advancement amid the fluctuating management environment based on the principles of holding Board of Directors meetings and management meetings once a month. Accordingly, we are working to develop optimal management strategies.

The Statutory Auditors' Meeting is held monthly by principle. In this meeting, by sharing the results of the business audits performed by each auditor, the auditors confirm the appropriateness and effectiveness of the decisions and operational execution of Directors.

In order to maintain the objectivity and transparency of management, the Board of Directors contains two external directors. These external directors offer timely and appropriate opinions and advice, from an objective standpoint that is independent from the ranks of management, pertaining to the agenda and deliberations of the Board of Directors.

LINTEC will continue to strengthen its internal control systems and risk management systems in order to ensure swift decision making, management transparency, enhanced management oversight systems, and thorough compliance.

## Shareholder Returns

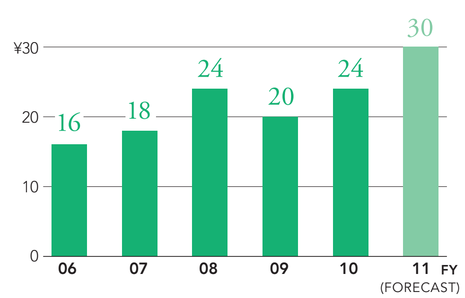
### In the fiscal year ending March 31, 2011, we intend to raise dividends by ¥6, and will work to further enhance shareholder returns going forward.

LINTEC's basic policy on the appropriation of profits is to increase business earnings and strengthen the Company's financial position from a long-term perspective while paying dividends that reflect consolidated business results. Acting in accordance with this policy, we are working to increase shareholder returns.

Initially, we had planned to pay annual cash dividends of ¥20 per share, and accordingly paid an interim dividend of ¥10 per share. However, consolidated business results exceeded our original forecasts. This was a result of net sales that maintained a level above our initial expectations, coupled with higher income stemming from such factors as the effects of cost-cutting measures. Based on this, we decided to raise the year-end dividend by ¥4 per share, to a total of ¥14. Combined with the interim dividend, this made for annual cash dividends totaling ¥24 per share. Accordingly, the consolidated dividend payout ratio in the fiscal year under review was 24.9%.

In the fiscal year ending March 31, 2011, we plan to raise dividends by ¥6 per share, for a total annual cash dividends of ¥30 per share. Going forward, we aim to achieve sustainable growth and greater profits, and will work to further increase shareholder returns.

### CASH DIVIDENDS PER SHARE




**Dividend Policy**

Increase business earnings and strengthen the Company's financial position from a long-term perspective while paying dividends that reflect consolidated business results