

# From the President



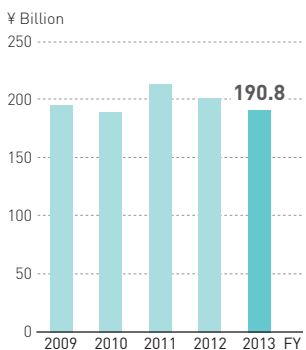
## A Look Back at the Fiscal Year under Review

**Sales and income were down due to stagnation in overseas economies and yen appreciation.**

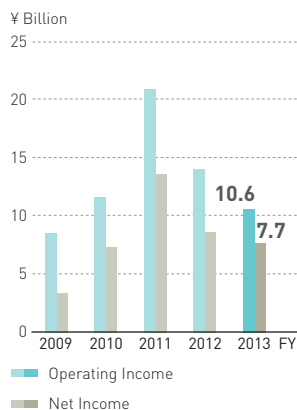
In the fiscal year under review, ended March 31, 2013, the world economic environment was tough overall, despite gentle recovery in the United States buoyed by improvements in the housing market and consumer spending. Conditions in Europe became more difficult due to the worsening of the debt crisis and the employment situation, while emerging economies such as China and India experienced a slowdown in growth as a result of stagnation in exports to Europe and personal consumption. In Japan, expectations of economic recovery are rising following high stock prices and the correction of yen appreciation since the end of last year, but recovery is proving to be extremely slow because of reduced exports related to the poor state of overseas economies and over-appreciation of the yen as well as declining consumer confidence.

As a result of the above factors, sales and income both declined in comparison with the year ended March 31, 2012, with consolidated net sales down 5.0% year on year, to ¥190.8 billion, operating income down 24.4%, to ¥10.6 billion, and net income down 11.2%, to ¥7.7 billion.

**Net Sales**



**Operating Income / Net Income**



**Performance by Operational Segment**

For details of performance by operational segment, please see "Performance by Operational Segment" on page 23.

## Forecasts for the Fiscal Year Ending March 31, 2014

Following domestic and overseas economic recovery, we expect increased sales and income.

Regarding forecasts, although concerns remain about Europe's economic stagnation, recovery is strengthening in the United States, and stable growth is expected to continue in emerging economies, including China and India, as a result of recovery in exports and consumer spending. In Japan too, better corporate performance from improvement in the export environment, due to factors including yen depreciation and a pickup in overseas demand, as well as an upturn in consumer confidence stemming from high stock prices are expected to lead to genuine recovery in the second half of the fiscal year.

In this economic environment, in the fiscal year ending March 31, 2014, we are forecasting net sales of ¥210.0 billion, up 10.0% year on year, operating income of ¥15.0 billion, up 42.0%, and net income of ¥10.5 billion, up 36.7%.

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## Forecasts by Operational Segment

**Printing and Industrial Materials Products:**  
net sales ¥90.5 billion, up 9.3% year on year,  
operating income ¥3.8 billion, up 58.3%

### Printing and variable information products operations

- Adhesive papers and films for seals and labels: increased domestic demand related to food, consumer electronics, and automobiles, and recovery in orders in Asia

### Industrial and material operations

- Automobile-use adhesive products: increased demand as Japanese automobile manufacturers produce record number of vehicles worldwide and sales of two-wheeled vehicles in Asia show recovery
- Window films: positive effects of constructing a direct sales network in the United States

**Electronic and Optical Products:**  
net sales ¥82.4 billion, up 14.0% year on year,  
operating income ¥7.1 billion, up 121.9%

### Advanced materials operations

- Semiconductor-related tapes: growth through continued increase in demand related to mobile products, including smartphones
- Coated films for MLCC production: solid sales with traction provided by smartphone demand. Our films are well-regarded for use with high-end products
- Touch screen-related products: focus on development and sales expansion of new products

### Optical products operations

- Optical functional films: increased demand through recovery in orders for flat-screen TVs and increasingly wide-spread usage of smartphone and other products

**Paper and Converted Products:**  
net sales ¥37.1 billion, up 3.9% year on year,  
operating income ¥4.1 billion, down 18.0%

### Fine and specialty paper products operations

- Special function papers: increased demand for oil-resistant papers and other papers

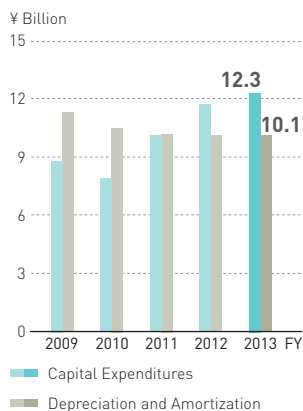
### Converted product operations

- Release papers for flexible printed circuit (FPC) coverlayers: solid sales through positive effects of tablet and smartphone demand
- Casting papers for carbon fiber composite materials: increased demand due to expanded usage of carbon fibers, including in new model passenger aircraft
- Casting papers for synthetic leather: trend toward recovery in orders, growth in China

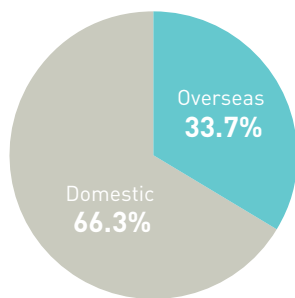
## Our Management

### From the President

#### Capital Expenditures / Depreciation and Amortization



#### Overseas Sales as a Percentage of Total Sales



LINTEC (THAILAND) CO., LTD.

#### Activities for the Year Ending March 31, 2014

##### We are working in unison Company-wide to reform costs.

Based on its management policy positioning the year ending March 31, 2014, as a year to meet challenges and move into new growth areas, LINTEC is working to build an operating base that can reliably create income, despite the difficult operating environment, and to establish a strong corporate structure. In April 2013, we reformed our head office organization, setting up a new Cost Innovation Division. Previously, activities for cutting costs were centered on the Production Division, which achieved a degree of success. However, the Cost Innovation Division is now at the center of cost-cutting efforts, working closely with each plant to thoroughly eliminate waste, attacking the problem from various directions through measures including reductions in raw material costs, product integration, eradication of dead stock, and rationalization of order acceptance and delivery operations. The division will also actively examine and consider the integration and reorganization of facilities at domestic production and processing sites, including Group companies, and improvement proposals from suppliers regarding changes in the means of supply of raw materials. It will make further efforts, more meticulous than ever, to implement radical reform at a Company-wide level including not only production divisions but also marketing and R&D divisions.

#### Activities for the Year Ending March 31, 2014

##### We will further bolster and expand overseas operations.

LINTEC is pushing forward with globalization of its operations, centered in Asia, based on its policy of manufacturing products nearer to customers to ensure a stable supply through local production.

During the fiscal year under review, we completed our second plant at LINTEC (SUZHOU) TECH CORPORATION, which produces adhesive films for seals and labels and other items, and built and put into operation an adhesive film and release paper plant at LINTEC (THAILAND) CO., LTD., which was founded in 2011. In the year ending March 31, 2014, we expect further increases in sales and income through meeting expanded local product demand, development and establishment of new sales routes, and boosted cost competitiveness as a result of measures including a greater proportion of local procurement.

In the fiscal year under review, we established the company LINTEC HI-TECH (TAIWAN), INC., as a sales base for Printing and Industrial Materials Products. While considering future strengthening of cooperation with LINTEC (THAILAND) CO., LTD., and other companies, in Taiwan, where there are many electronics manufacturing service companies, we are working to expand sales centered on industrial-use adhesive tapes used in the production of smartphones and tablets. In order to reliably capture demand in emerging economies, we are considering Vietnam and India as our most promising candidates for building new plants, following our plant in Thailand, and in preparation for that, we are making efforts to set up sales expansion and delivery systems in both countries. At the end of 2012, we established a new sales base in Hanoi, Vietnam. We plan to introduce cutting facilities and begin operations by the start of 2014. We are also focusing efforts on expanding operations in the Indian market, and having completed local incorporation of our representative office in New Delhi, we plan to establish a delivery center in Mumbai with warehouses and cutting facilities in the fiscal year 2014.

As of March 31, 2013, overseas sales represented 33.7% of LINTEC's total sales, and we aim to quickly increase this percentage to more than 40% as we continue to work proactively to globalize our business.

### Shareholders Returns

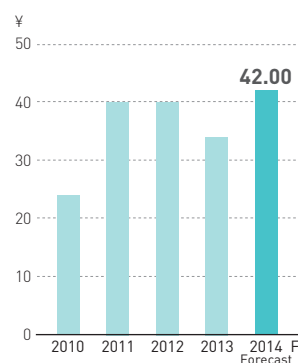
**By changing our basic policy, we have clarified the high value we put on shareholders.**

LINTEC's basic policy regarding the appropriation of profits was "to increase business earnings and strengthen the Company's financial position from a long-term perspective while paying dividends that reflect consolidated business results." Based on this policy, we issued dividends as initially planned, paying ¥34.00 per share, which resulted in a consolidated payout ratio of 33.1%.

From fiscal year 2014, in order to clarify the high value we put on our shareholders, we changed our basic policy regarding the appropriation of profits as follows. "LINTEC regards enhancement of return of profits to shareholders as one of its most important management issues and fundamentally aims to provide stable and continued returns after consideration of each fiscal year's consolidated performance while strengthening its management base. Internal revenues are used effectively to reinforce the Company's financial base and provide increased future corporate value through investment in production facilities and R&D."

For the fiscal year ending March 31, 2014, based on projections of consolidated net income of ¥10.5 billion, which will equate to net income per share of ¥140.57, we intend to issue dividend payments of ¥42.00 per share.

Cash Dividends per Share



### In Closing

As previously stated, as a year to meet challenges and move into new growth areas, we have positioned the fiscal year ending March 31, 2014, as important to LINTEC in returning our performance to an upward trajectory. Employees throughout the Group will strive in unison to reform costs and build a lean corporate structure with no waste in order to increase income. Also, LINTEC's biggest goal will be to ensure the Group's products and services are useful for customers, and by doing so, steadily increase our loyal users. We will continue to work to prioritize customers and exceed their expectations with our products and services. We will also consider CSR in all our activities, maintaining high ethical values and a sense of responsibility as a member of society and promoting CSR management together with all our employees.

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

August 2013

Akihiko Ouchi  
President and CEO