

From the President



Drawing on my experience, I will direct concerted efforts toward further growth.

My name is Hiroyuki Nishio, and I was appointed president of LINTEC Corporation in April 2014. Having inherited a firm management foundation that has been built up over many years, I and the rest of LINTEC's management team will direct all our efforts toward further growth.

I would like to present a simple rundown of my career. As I had majored in development engineering at university, for about 18 years after joining LINTEC I was mainly involved in the building and installation of production facilities. For roughly five and a half years, I was transferred to a production subsidiary in the United States and thus was able to gain valuable experience overseas, too. Following my return to Japan, I was assigned to the Corporate Strategic Office, where I made use of the knowledge I had built up when in charge of facilities and was responsible for the rationalization and consolidation of our production bases in Japan and overseas production subsidiary start-ups. Subsequently, under previous president Akihiko Ouchi, I was involved in formulating and managing the progress of three times medium-term business plans.

Coinciding with my appointment as president in April, we launched our new medium-term business plan, LINTEC INNOVATION PLAN 2016 (LIP-2016). In the coming years, as part of my having taken over the helm of management, I will draw on the experience I have amassed thus far while refining my sense of management and making rapid and appropriate decisions.

As president, I would like to take this opportunity to express my gratitude for the ongoing support of all our shareholders and investors.

Looking Back at Our Previous Medium-Term Business Plan We were unable to achieve the numerical targets amid a severe management environment.

Firstly, I would like to take a look back at our previous medium-term business plan, LINTEC Innovation Plan III (LIP-III), which ran for the three years from April 2011. We promoted a raft of measures that had four key initiatives: strengthen and expand overseas businesses; expand domestic businesses and increase profitability by optimizing quality, cost, and delivery (QCD); create original new products that will support the next generation; and strengthen global management. Our basic policy was to "achieve sustainable growth and maximize corporate value through aggressive and bold innovation." With regard to the numerical

targets under LIP-III, we assumed consolidated net sales of ¥260.0 billion and operating income of ¥26.0 billion and worked to achieve those targets. However, the management environment in which the Company operates has become severe due to the Great East Japan Earthquake that struck immediately prior to LIP-III's launch, the deepening of the European financial crisis, the floods in Thailand, and an excessively strong yen.

As for the global economy in the fiscal year ended March 31, 2014, the final fiscal year of LIP-III, the United States continued its economic recovery against a backdrop of strong consumer spending, and signs of recovery from a long-term downturn could be seen in Europe. Contrastingly, the pace of growth slowed in emerging economies, such as China and India. Meanwhile, in Japan, there were improvements in corporate performance, consumer spending, and employment conditions, due to such factors as government economic policies and the depreciation of the yen and a recovery in stock prices brought about by the Bank of Japan's monetary easing policies, and the gradual economic expansion continued due to such additional factors as the surge in demand ahead of a consumption tax hike.

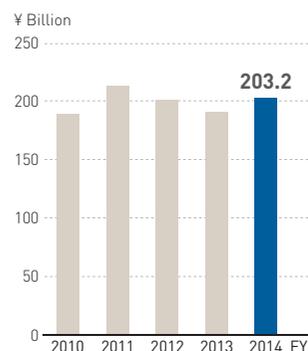
As a result of the above factors, sales and income both increased in comparison with the year ended March 31, 2013, with consolidated net sales up 6.5% year on year, to ¥203.2 billion, operating income up 30.3%, to ¥13.8 billion, and net income up 10.7%, to 8.5 billion. However, these figures mean that we were unable to achieve the numerical targets set under LIP-III.

New Medium-Term Business Plan LIP-2016 Launched
We are targeting net sales of ¥240.0 billion and operating income of ¥20.0 billion.

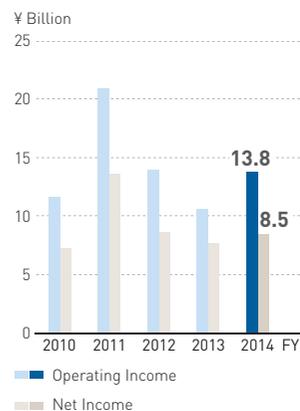
The LINTEC Group formulated its medium-term business plan LIP-2016, the final year of which is recognized as being the fiscal year starting April 2016 and ending March 31, 2017, as efforts toward a return to a growth path are essential in order to grow and develop into the future. The basic policy set under LIP-2016 is to "return to a growth path through active management and continuous innovation." There is a strong sense that we are once again making a new start with an aggressive attitude in order to further deepen the spirit of innovation rooted in all of the Group's employees, and build a strong corporate structure that will not be substantially affected by severe management environments.

There are five key initiatives stated under the new medium-term business plan, the first of which is to "further promote global development." Under LIP-III, we had worked to strengthen our production and sales systems with a particular emphasis on Asian markets, but under LIP-2016 we will fully utilize each of these bases and, in addition to assessing market trends, work to further bolster production and sales bases. For the Group to achieve growth over the medium to long term,

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.

Overview of LIP-2016

(From April 1, 2014, to March 31, 2017)



Basic policies

Return to a growth path through active management and continuous innovation

Key initiatives

1. Further promote global development

- (1) Expand overseas businesses with a particular focus on Asian region
- (2) Establish firm business foundations in new regions

2. Create innovative new products that will support the next generation

- (1) Explore new markets and demand by creating new products
- (2) Enhance the base of our research and development in order to create new products

3. Transform into a robust corporate structure

- (1) Strengthen cost competitiveness
- (2) Select and concentrate our management resources

4. Promote strategic M&A

- (1) Clarify the targets that are suited to a growth strategy
- (2) Strengthen the system to promote M&A

5. Foster human resources

- (1) Secure and foster global human resources
- (2) Implement continuous stratified training

Major numerical targets (on a consolidated basis)

Net sales:

¥ **240.0** billion

Operating income:

¥ **20.0** billion

Operating profit margin:

More than **8**%

ROE:

More than **8**%

overseas sales expansion will be essential. In emerging economies and elsewhere, we will aim to increase sales to existing customers and acquire new customers by, for example, planning and developing products that fulfill the needs of each market, while again taking up the challenge of targeting an overseas sales ratio of more than 40%, something that we were unable to achieve under LIP-III. The Company will also embark on full-scale market research in regions where growth is expected, such as in Eastern Europe and South America, where the Company has yet to make any inroads into the respective markets, and advance the creation of a future-oriented business foundation.

The second key initiative is to “create innovative new products that will support the next generation.” Needless to say, this is the key that will determine the future growth of the LINTEC Group. Naturally, it will be our policy to further deepen our core technologies and enterprisingly acquire new technologies from outside the Company, while fostering new business pillars by linking those technologies. In particular, our focus will include fields related to electronics and automobiles or, alternatively, environment- and energy-related businesses. We will also steadily induce growth in new buds, including a promising high barrier film*1 as an element in next-generation displays and the carbon nanotube*2 sheeting technology that we expect to be utilized for certain electrodes in high-capacity electricity storage devices. Also, having invested around ¥6.0 billion, we are increasing our R&D buildings and installing the latest experimental research facilities, which are targeted for completion in autumn 2015. By accelerating the process times from R&D to volume production, we will work to establish an edge in the market and to create innovative products.

The third key initiative is to “transform into a robust corporate structure” that is capable of generating a certain level of profit even in a severe business environment. Established in April 2013, the Cost Innovation Division had been producing results and was reformed in April 2014 as the Cost Innovation Office under the direct control of top management to strengthen its activities. We are planning to work on optimizing the full gamut of processes, from raw material procurement to the delivery of products to customers, and to improve labor productivity. In addition, we will be actively implementing build-and-scrap practices for QCD strengthening by making existing production facilities more efficient and by the installation of high-performance facilities. As part of our plans to select and concentrate our management resources, we will proceed with rebuilding and reorganizing our bases inside and outside Japan and invest management resources mainly in growth areas.

*1 High barrier film:

Film material that maintains a level of transparency roughly equal to that of glass and also has properties that make it difficult for water vapor to permeate

*2 Carbon nanotube:

Tubular carbon material with a diameter measured at the nano level (one billionth of a meter)



Carbon nanotube sheet

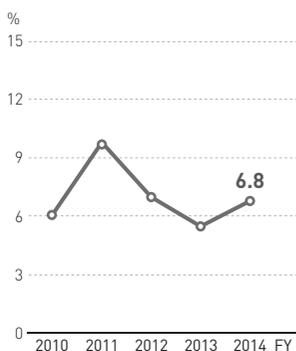


Illustration showing planned new research center buildings after completion

Our Management

From the President

Operating Profit Margin



ROE



The fourth key initiative is to “promote strategic M&A.” Mergers and acquisitions are an effective means for gaining technologies in new fields, markets and production facilities as well as for bringing in human resources and know-how in a short period of time. Not limited to the gaining of new markets and production sites, our aim is to popularize the LINTEC brand particularly in growth markets, to acquire the brand power enjoyed by local companies, and to gain new technologies that are expected to offer high synergistic effects with the Company’s core technologies. We will conduct active information gathering, centered on the team in charge of M&A that was organized in April 2014, and promote M&A with a view to the early realization of business strategies through speedier decision making.

The fifth and final key initiative stated under LIP-2016 is to “foster human resources.” The securing and fostering of human resources will be crucial for us to continue the further strengthening of our global development. We will be focusing on such areas as the training of staff who will be working at overseas subsidiaries, the strengthening of the global support system at our corporate division of headquarters, and the active recruitment and training of local staff. In addition, we will work to further reinforce and make effective use of the in-house training program that has been implemented up to now. At the same time, we will adopt the medium- to long-term perspective and encourage the training and strengthening of the management-level employees who will lead the next generation through planned job rotations.

By proactively implementing these measures, we are aiming for net sales of ¥240.0 billion, operating income of ¥20.0 billion, and both an operating profit margin and ROE of more than 8% in the final fiscal year of LIP-2016, ending March 31, 2017.

Forecasts for Fiscal Year Ending March 31, 2015, First Year of LIP-2016

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

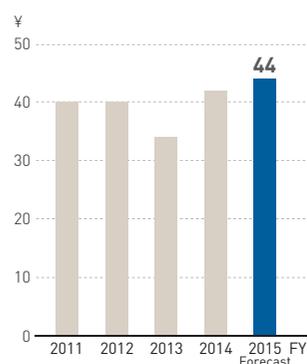
Forecasts for the current fiscal year expect that U.S. economic growth will continue against a backdrop of robust consumer spending and that the recovery in Europe will be moderate. In contrast, it is anticipated that the decelerating trend will continue in emerging economies, centered on China. In Japan, it is envisaged that there will be a temporary drop in consumer spending following the consumption tax hike, but the economy is expected to follow a growth trend. In this economic environment, in the fiscal year ending March 31, 2015, we are forecasting net sales of ¥210.0 billion, up 3.3% year on year, operating income of ¥16.0 billion, up 16.2%, and net income of ¥10.5 billion, up 23.5%.

Shareholders Returns

We intend to issue dividend payments of ¥44, an increase of ¥2, in the fiscal year ending March 31, 2015.

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 reserves are used effectively to reinforce the Company's financial base and provide increased future corporate value through investment in production facilities and R&D. Adhering to this basic policy, we issued dividend payments of ¥42 per share for the period ended March 31, 2014. Based on projections of consolidated net income of ¥10.5 billion, we intend to increase dividend payments by ¥2 per share for the current fiscal year, to ¥44.

Cash Dividends per Share



In Closing

The five key initiatives cited in LIP-2016 look further ahead than the three-year period of the plan. I believe we will achieve LIP-2016's numerical targets and continue to build a robust foundation toward sustainable growth by inheriting the aggressive management style advocated by my predecessor, former president Akihiko Ouchi, and having all the Group's employees tackle these initiatives as one.

We will also endeavor to implement corporate social responsibility (CSR)-based management to further develop as a company that is highly regarded and trusted by all of its stakeholders.

In the years ahead, too, please expect great things to come from LINTEC, as we aim to make major leaps on the way to becoming a yet more forceful, yet more attractive company.

August 2014

Hiroyuki Nishio
Representative Director,
President, CEO & COO

