

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017
[Japanese Accounting Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

May 8, 2017

Name of listed company: LINTEC Corporation

Stock exchange listing: Tokyo Stock Exchange 1st Section

Code number: 7966

URL: <http://www.lintec-global.com/>

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Scheduled date for ordinary general meeting of shareholders: June 22, 2017

Scheduled date for starting dividend payments: June 5, 2017

Scheduled date for filing annual securities report: June 22, 2017

Supplemental material on annual results: Yes

Presentation on annual results: Yes (For institutional investors and analysts)

(Amounts less than one million yen are omitted)

1. CONSOLIDATED BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

(from April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

(% represents year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY ended March 31, 2017	205,975	(2.2)	16,595	(6.2)	15,684	(11.0)	11,450	5.1
FY ended March 31, 2016	210,501	1.6	17,692	4.8	17,623	(1.6)	10,899	(6.5)

(Note) Comprehensive income: Fiscal Year Ended March 31, 2017: 10,489 million yen, up 148.6%

Fiscal Year Ended March 31, 2016: 4,220 million yen, down 77.3%

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY ended March 31, 2017	158.69	158.46	6.6	6.1	8.1
FY ended March 31, 2016	151.07	150.86	6.4	7.4	8.4

(Reference) Equity in net income of affiliates: FY ended March 31, 2017: — million yen FY ended March 31, 2016: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2017	274,199	178,690	64.9	2,465.43
As of March 31, 2016	240,720	172,101	71.1	2,370.49

(Reference) Shareholders' equity: As of March 31, 2017: 177,884 million yen As of March 31, 2016: 171,037 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at end of term
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY ended March 31, 2017	24,361	(48,378)	5,257	41,284
FY ended March 31, 2016	19,928	(9,898)	(4,044)	60,323

2. DIVIDENDS

	Cash dividends per share					Total dividends (annual)	Dividend Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 31, 2016	—	27.00	—	27.00	54.00	3,896	35.7	2.3
FY ended March 31, 2017	—	33.00	—	33.00	66.00	4,762	41.6	2.7
FY ending March 31, 2018 (forecasts)	—	33.00	—	33.00	66.00		35.3	

3. FORECASTS OF CONSOLIDATED BUSINESS RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2018 (from April 1, 2017 to March 31, 2018)

(% represents year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	250,000	21.4	20,000	20.5	19,500	24.3	13,500	17.9	187.11

* Notes

- (1) Changes in status of significant subsidiaries during the year (changes in status of specified subsidiaries accompanying changes in the scope of consolidation): Yes
 Newly consolidated subsidiaries: 2 (Name of company)VDI, LLC / MACtac Americas, LLC
 Subsidiaries excluded: —

Note) For more details, refer to (Basis of preparation for consolidated financial statements) on page 13 of the [attached materials].

- (2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
 (a) Changes due to revisions to accounting standards: None
 (b) Changes other than (a): Yes
 (c) Changes in accounting estimates: Yes
 (d) Retrospective restatements: None
- (3) Number of outstanding shares (common stock):
 (a) Number of outstanding shares at period-end (including treasury stock)
 (b) Number of treasury stocks at period-end
 (c) Average number of shares during the period

(a)	FY ended March 31, 2017	76,564,240	FY ended March 31, 2016	76,564,240
(b)	FY ended March 31, 2017	4,412,515	FY ended March 31, 2016	4,411,475
(c)	FY ended March 31, 2017	72,152,293	FY ended March 31, 2016	72,144,630

(Reference) Financial Highlights of the Company

Financial Highlights of the Company for the FY ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Operating results of the Company

(% represents year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY ended March 31, 2017	164,602	0.1	11,550	15.9	18,936	36.9	15,549	49.3
FY ended March 31, 2016	164,486	1.7	9,965	0.3	13,828	(11.5)	10,415	(7.4)

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 31, 2017	215.51	215.19
FY ended March 31, 2016	144.37	144.16

(2) Financial position of the Company

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2017	228,602	144,448	63.1	1,999.42
As of March 31, 2016	195,060	133,138	68.2	1,842.89

(Reference) Shareholders' equity: As of March 31, 2017: 144,261 million yen
 As of March 31, 2016: 132,969 million yen

* This summary is not subject to audit procedures.

* Explanation relating to the appropriate use of forecasts of business results and other items of note

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Actual results, etc. may differ from projections due to a variety of reasons. For more details, refer to (4) Outlook on page 4 of the [attached materials].

- Supplemental material will be posted on our website (<http://www.lintec-global.com>) in a timely manner

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1. Overview of Operating Results

(1) Overview of Operating Results in the Fiscal Year under Review

During the fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017), the global economy saw continued economic expansion in the United States on the back of steady consumer spending and an improvement in the employment environment, and a moderate recovery in Europe with signs of recovery in consumer spending. Meanwhile, the Asian region continued to face a challenging situation, affected by a slowdown in the Chinese economy. The Japanese economy recovered only at a very moderate pace, with prolonged weak consumer spending, despite a recovery in exports and capital expenditures.

In this business environment, the Group further strengthened its efforts in the respective challenges in accordance with the medium-term business plan “LIP-2016” that commenced in April 2014.

As a result, for the current fiscal year, the Group achieved net sales of 205,975 million yen (down 2.2% year on year), operating income of 16,595 million yen (down 6.2% year on year), and ordinary income of 15,684 million yen (down 11.0% year on year), with profit attributable to owners of parent amounting to 11,450 million yen (up 5.1% year on year).

The outline by segment was as follows:

[Printing and Industrial Materials Products]

In this segment, net sales were 85,661 million yen (down 2.3% year on year) and operating income was 1,672 million yen (down 39.9% year on year). The acquisition of three companies in Europe and the United States toward the end of last year added 2,793 million yen in net sales but resulted in a 1,109 million yen decline in operating income, mainly due to acquisition expenses. Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

Sales of adhesive products for seals and labels in Japan declined for food-related products due to the effect of unseasonable weather, while sales of those for use in medical and distribution-related products remained solid. In overseas markets, the sales lacked growth mainly reflecting effects of a business downturn in China. As a result, sales in this operation stood at 55,094 million yen (up 1.8% year-on-year).

(Industrial & Material Operations)

Sales of equipment for the mail-order business were strong. However, sales of motorcycle- and automobile-use adhesive products and window films were weak, affected by the downturn in emerging economies in Asia. As a result, sales in this operation stood at 30,566 million yen (down 8.7% year-on-year).

[Electronic and Optical Products]

In this segment, net sales were 83,205 million yen (down 2.6% year on year) and operating income was 9,155 million yen (down 13.3% year on year). Net sales and operating income in this segment, where sales overseas account for a large percentage, were particularly severely affected by the strong yen, and consequently declined. Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of semiconductor-related adhesive tapes and semiconductor-related equipment were on a par with the year-ago level, chiefly reflecting a recovery in demand for the products for smartphones and other devices from the second quarter. Sales of multilayer ceramic capacitor-related tapes decreased due to weak demand in the first half of the period, despite a recovery in demand from autumn. As a result, sales in this operation stood at 43,032 million yen (down 1.6% year-on-year).

(Optical Products Operations)

Sales of LCD-related adhesive products were low, affected by a decline in demand for the products for large televisions, and others. As a result, sales in this operation stood at 40,172 million yen (down 3.7% year-on-year).

[Paper and Converted Products]

In this segment, net sales were 37,108 million yen (down 0.9% year on year) and operating income was 5,767 million yen (up 34.0% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of mainstay color papers for envelopes were low, and sales of construction material papers, oil resistant papers and others also decreased. As a result, sales in this operation stood at 16,459 million yen (down 3.1% year-on-year).

(Converted Products Operations)

Sales of casting papers for carbon fiber composite materials were steady, centered on use for aircraft. While Sales of release papers for FPC cover lay films and release films for optical-related products were steady. As a result, sales in this operation stood at 20,648 million yen (up 1.0% year-on-year)

(2) Overview of Financial Position in the Fiscal Year under Review

(Assets)

Total assets at this consolidated fiscal year end were 274,199 million yen, a year-on-year increase of 33,479 million yen.

Main factors of the change were as follows:

- Decrease in "Cash and deposits"	- 20,673 million yen
- Increase in "Trade notes and accounts receivable"	+ 4,469 million yen
- Increase in "Inventories"	+ 3,518 million yen
- Increase in "Property, plant and equipment"	+ 9,011 million yen
- Increase in "Goodwill"	+ 34,536 million yen

(Liabilities)

Total liabilities at this consolidated fiscal year end were 95,508 million yen, a year-on-year increase of 26,890 million yen.

Main factors of the change were as follows:

- Increase in "Trade notes and accounts payable"	+ 5,374 million yen
- Decrease in "Short-term loans payable"	- 1,053 million yen
- Increase in "Current portion of long-term loans payable"	+ 3,051 million yen
- Increase in "Long-term loans payable"	+ 17,795 million yen

(Net Assets)

Net assets at this consolidated fiscal year end were 178,690 million yen, a year-on-year increase of 6,589 million yen. Main factors of the change were as follows:

- Increase in "Retained earnings"	+ 7,533 million yen
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(3) Overview of Cash Flows in the Fiscal Year under Review

(Millions of yen)

Millions of Yen	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)	Increase (decrease)
Cash flows from operating activities	19,928	24,361	4,433
Cash flows from investing activities	(9,898)	(48,378)	(38,479)
Cash flows from financing activities	(4,044)	5,257	9,302
Effect of exchange rate change on cash and cash equivalents	(1,712)	35	1,747
Net increase (decrease) in cash and cash equivalents	4,273	(18,723)	(22,996)
Cash and cash equivalents at beginning of year	56,050	60,323	4,273
Increase in cash and cash equivalents from newly consolidated subsidiary	0	—	(0)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(315)	(315)
Cash and cash equivalents at end of year	60,323	41,284	(19,038)

Cash and cash equivalents at this consolidated fiscal year end were 41,284 million yen, a year-on-year decrease of 19,038 million yen. Cash flows in the fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities increased 4,433 million yen year on year, to 24,361 million yen. The principal movements were as follows:

- Decrease in "Profit before income taxes"	- 1,401 million yen
- Decrease in "Depreciation and amortization"	- 1,334 million yen
- Decrease in "trade notes and accounts receivable"	- 2,532 million yen
- Increase in "trade notes and accounts payable"	+ 4,955 million yen
- Increase in "Income taxes (paid) refund"	+ 1,724 million yen

(Cash flows from investing activities)

Net cash used by investing activities decreased 38,479 million yen year on year, to 48,378 million yen. The principal movements were as follows:

- Decrease in "Payments into time deposits"	- 1,244 million yen
- Increase in "Proceeds from withdrawal of time deposits"	+ 2,206 million yen
- Decrease in "Purchase of property, plant and equipment"	- 3,238 million yen

- Decrease in “Purchase of shares of subsidiaries resulting in change in scope of consolidation”	– 36,909 million yen
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(Cash flows from financing activities)

Net cash used by financing activities increased 9,302 million yen year on year, to 5,257 million yen. The principal movements were as follows:

- Decrease in “Increase (decrease) in short-term loans payable”	– 1,748 million yen
- Increase in “Proceeds from long-term loans payable”	+ 20,850 million yen
- Decrease in “Repayments of long-term loans payable”	– 9,253 million yen

(4) Outlook

In the fiscal year ending March 31, 2018, the global economy is expected to be on a recovery path overall, although there is uncertainty associated with U.S. economic policy and the effect of Brexit. In Japan, there is downside risk in exports and corporate earnings in association with the possible appreciation of the yen and the future of the Chinese economy, among other economies. The Japanese economy, however, is expected to continue to recover moderately on the back of an improvement in the employment environment and a rise in income.

In this environment, the Group began to execute its new medium-term business plan “LIP-2019” in April 2017. The basic policy of the plan is deepening innovation aimed at driving new growth. The key initiatives are (1) strengthening of regional strategy, (2) creation of new value, (3) bolstering the corporate structure, and (4) activities for realizing a sustainable society.

In the fiscal year ending March 31, 2018, the first year of the new medium-term business plan, the Company forecasts that it will post the consolidated results below. The Company’s assumptions regarding key exchange rates are as follows: 1 US dollar = 110 yen, 1 Korean won = 0.099 yen, 1 Chinese yuan = 16.7 yen, and 1 Taiwan dollar = 3.5 yen.

Net sales	250 billion yen (up 21.4% year on year)
Operating income	20 billion yen (up 20.5% year on year)
Ordinary income	19.5 billion yen (up 24.3% year on year)
Profit attributable to owners of parent	13.5 billion yen (up 17.9% year on year)

The above consolidated business results forecasts were prepared based on information assumed as of the date of the announcement, and actual results may differ from the forecasts due to a variety of factors in the future.

(5) Basic Policy for Profit Sharing and Dividends for the Current and the Next Fiscal Years

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, the year-end dividend for the year ended March 31, 2017 was set at ¥33 and, in combination with the interim dividend, dividends for the full year totaled ¥66.

We intend to issue dividend payments of ¥66 per share for the period ending March 31, 2018.

2. Basic Rationale for Selection of Accounting Standards

The Company prepares its consolidated financial statements in accordance with Japanese standards.

It will deal appropriately with the future introduction of the International Financial Reporting Standards (IFRS) by taking into account the progress of the adoption of the standards in Japan.

4. Consolidated Financial Statement
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	65,733	45,060
Trade notes and accounts receivable	62,331	66,801
Inventories	31,066	34,584
Deferred tax assets	1,121	1,614
Other	3,538	3,503
Allowance for doubtful accounts	(143)	(114)
Total current assets	163,647	151,449
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	29,945	31,397
Machinery, equipment and vehicles (net)	20,130	27,293
Land	10,184	11,057
Construction in progress	2,864	2,163
Other (net)	1,734	1,958
Property, plant and equipment	64,859	73,871
Intangible assets		
Goodwill	22	34,558
Other	2,334	4,000
Intangible assets	2,357	38,559
Investments and other assets		
Investment securities	3,126	3,102
Deferred tax assets	4,978	5,063
Other	1,854	2,256
Allowance for doubtful accounts	(103)	(105)
Total investments and other assets	9,855	10,318
Total non-current assets	77,072	122,749
Total assets	240,720	274,199

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Trade notes and accounts payable	39,683	45,057
Short-term loans payable	1,695	641
Current portion of long-term loans payable	–	3,051
Accrued income taxes	2,272	3,098
Provision for directors' bonuses	93	90
Other	12,644	12,460
Total current liabilities	56,389	64,401
Non-current liabilities		
Long-term loans payable	–	17,795
Provision for environmental measures	137	135
Net defined benefit liability	11,476	12,362
Other	614	814
Total non-current liabilities	12,228	31,107
Total liabilities	68,618	95,508
Net Assets		
Shareholders' equity		
Common stock	23,201	23,201
Capital surplus	26,829	26,829
Retained earnings	123,713	131,247
Treasury stock	(7,712)	(7,714)
Total shareholders' equity	166,032	173,563
Accumulated other comprehensive income		
Net unrealized holding gain on securities	701	775
Foreign currency translation adjustments	7,812	6,938
Remeasurements of defined benefit plans	(3,509)	(3,392)
Total accumulated other comprehensive income	5,005	4,320
Share subscription rights	169	186
Non-controlling interests	895	619
Total net assets	172,101	178,690
Total liabilities and net assets	240,720	274,199

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)
Net sales	210,501	205,975
Cost of sales	156,877	153,115
Gross profit	53,624	52,859
Selling, general and administrative expenses	35,932	36,264
Operating income	17,692	16,595
Non-operating income		
Interest income	308	218
Dividends income	59	91
Rent income	58	43
Gain on sales of noncurrent assets	7	20
Insurance income	42	226
Other income	276	274
Total non-operating income	752	875
Non-operating expenses		
Interest expenses	18	73
Loss on retirement of noncurrent assets	357	785
Compensation expenses	129	107
Foreign exchange losses	124	473
Other expenses	189	345
Total non-operating expenses	820	1,786
Ordinary income	17,623	15,684
Extraordinary gain		
Gain on sales of investment securities	–	190
Gain on sales of noncurrent assets	11	121
Gain on liquidation of subsidiaries	–	17
Total extraordinary gain	11	329
Extraordinary loss		
Loss on liquidation of subsidiaries	–	568
Impairment loss	–	34
Loss on sales of investment securities	–	13
Special retirement expenses	438	–
Loss on termination of retirement benefit plans	265	–
Loss on temporary suspension of production	131	–
Total extraordinary losses	835	615
Profit before income taxes	16,799	15,398
Income taxes	5,339	5,383
Deferred income taxes	689	(1,191)
Total income taxes	6,029	4,192
Profit	10,769	11,206
Profit (loss) attributable to non-controlling interests	(129)	(244)
Profit attributable to owners of parent	10,899	11,450

Statements of Comprehensive Income

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)
Profit	10,769	11,206
Other comprehensive income		
Net unrealized holding gain / loss on securities	(130)	73
Foreign currency translation adjustments	(3,443)	(907)
Remeasurements of defined benefit plans	(2,975)	118
Total other comprehensive income / (loss)	(6,549)	(716)
Comprehensive income	4,220	10,489
(Comprehensive income attributable to)		
Shareholders of the parent	4,318	10,765
Non-controlling interests	(97)	(275)

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous consolidated fiscal year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	23,201	26,830	116,638	(7,741)	158,928
Changes during current term					
Cash dividends			(3,823)		(3,823)
Profit attributable to owners of parent			10,899		10,899
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		(0)		31	30
Change of scope of consolidation					–
Net changes in items other than shareholders' equity during current term					
Total change during current term	–	(0)	7,075	29	7,103
Balance at end of current term	23,201	26,829	123,713	(7,712)	166,032

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current term	832	11,256	(503)	11,586	166	992	171,674
Changes during current term							
Cash dividends							(3,823)
Profit attributable to owners of parent							10,899
Purchase of treasury stock							(2)
Disposal of treasury stock							30
Change of scope of consolidation							–
Net changes in items other than shareholders' equity during current term	(130)	(3,443)	(3,006)	(6,580)	2	(97)	(6,676)
Total change during current term	(130)	(3,443)	(3,006)	(6,580)	2	(97)	427
Balance at end of current term	701	7,812	(3,509)	5,005	169	895	172,101

Current consolidated fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	23,201	26,829	123,713	(7,712)	166,032
Changes during current term					
Cash dividends			(4,329)		(4,329)
Profit attributable to owners of parent			11,450		11,450
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		0		0	0
Change of scope of consolidation			413		413
Net changes in items other than shareholders' equity during current term					
Total change during current term	-	0	7,533	(2)	7,531
Balance at end of current term	23,201	26,829	131,247	(7,714)	173,563

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current term	701	7,812	(3,509)	5,005	169	895	172,101
Changes during current term							
Cash dividends							(4,329)
Profit attributable to owners of parent							11,450
Purchase of treasury stock							(2)
Disposal of treasury stock							0
Change of scope of consolidation							413
Net changes in items other than shareholders' equity during current term	73	(874)	116	(684)	17	(275)	(942)
Total change during current term	73	(874)	116	(684)	17	(275)	6,589
Balance at end of current term	775	6,938	(3,392)	4,320	186	619	178,690

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	16,799	15,398
Depreciation and amortization	8,800	7,466
Amortization of goodwill	71	315
Increase (decrease) in net defined benefit liability	788	947
Increase (decrease) in allowance for doubtful accounts	(72)	(24)
Interest and dividend income	(367)	(310)
Interest expense	18	73
Loss (gain) on sales of property, plant and equipment	(9)	(132)
Loss on retirement of property, plant and equipment	163	482
Decrease (increase) in trade notes and accounts receivable	966	(1,565)
Decrease (increase) in inventories	582	812
Increase (decrease) in trade notes and accounts payable	(1,485)	3,470
Loss (gain) on sales of investment securities	(0)	(177)
Increase (decrease) in provision for environmental measures	(2)	(2)
Impairment loss	–	551
Loss (gain) on liquidation of subsidiaries	–	34
Special retirement expenses	438	–
Loss on termination of retirement benefit plans	265	–
Other	(792)	1,789
Subtotal	26,166	29,128
Interest and dividend income received	382	325
Interest expenses paid	(18)	(16)
Income taxes (paid) refund	(6,534)	(4,809)
Payments for special retirement expenses	(66)	(265)
Cash flows from operating activities	19,928	24,361

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)
Cash flows from investing activities		
Payments into time deposits	(9,653)	(10,897)
Proceeds from withdrawal of time deposits	9,957	12,164
Purchase of property, plant and equipment	(9,810)	(13,049)
Proceeds from sales of property, plant and equipment	26	181
Purchase of intangible assets	(455)	(199)
Purchase of investment securities	(15)	(5)
Proceeds from sales of investment securities	0	361
Proceeds from liquidation of subsidiaries	–	24
Payments of loans receivable	(5)	(2)
Collection of loans receivable	2	4
Purchase of shares and interests of subsidiaries resulting in change in scope of consolidation	–	(36,909)
Other	56	(50)
Cash flows from investing activities	(9,898)	(48,378)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	–	(1,748)
Proceeds from long-term loans payable	–	20,850
Repayments of long-term loans payable	–	(9,253)
Cash dividends paid	(3,824)	(4,328)
Purchase of treasury stock	(2)	(2)
Repayment of lease obligation	(217)	(258)
Other	0	0
Cash flows from financing activities	(4,044)	5,257
Effect of exchange rate changes on cash and cash equivalents	(1,712)	35
Net Increase (decrease) in cash and cash equivalents	4,273	(18,723)
Cash and cash equivalents at beginning of year	56,050	60,323
Increase in cash and cash equivalents from newly consolidated subsidiary	0	–
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(315)
Cash and cash equivalents at end of year	60,323	41,284

(5) Notes to Consolidated Financial Statements

(Notes on going concern)

Not applicable.

(Basis of preparation for consolidated financial statements)

Matters regarding scope of consolidation

Number of consolidated subsidiaries: 41

The following nine companies were acquired in the fiscal year under review and have been included in the scope of consolidation.

VDI, LLC, MACtac Americas, LLC, Morgan Adhesives Company, LLC, MACTAC CANADA ULC, Electronic Printing Products, LLC, Evergreen Mexico Holdings, LLC, MACtac Mexico, S.A de C.V., MACtac Mexico Servicios, S.A de C.V., Lintec Graphic Films Limited

LINTEC (TIANJIN) INDUSTRY CO., LTD. is planned to be liquidated, and its importance at the end of the fiscal year under review decreased. It has therefore been excluded from the scope of consolidation.

(Changes in accounting policy)

(Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)

(Change in the depreciation method of property, plant and equipment)

The Company submitting the consolidated financial statements and its domestic consolidated subsidiaries had conventionally used the declining balance method (straight line method for buildings (excluding attached facilities) acquired on or after April 1, 1998) as the depreciation method of property, plant and equipment (excluding lease assets), which has been changed to the straight line method from the first quarter of the consolidated fiscal year under review.

Based on its medium-term business plan “LIP-2016”, which was announced in 2014, the Group has been further promoting its global development and actively investing its management resources in growth areas such as innovative new products that will support the next generation.

As part of these efforts, the Group has added a new research building and testing and research facilities, and when these new facilities commenced full operation in 2016, the Group re-examined its depreciation method, which appropriately reflected the condition of the use of the Group’s property, plant and equipment. As a result, the Group determined that comprehensively considering the following changes and altering the depreciation method to the straight line method would enable more appropriate cost distribution throughout the period of use.

(1) The latest, large testing and research facilities were installed during the addition of the research building in order to improve the Group’s development simulation capability, which resulted in an increase in the percentage of research and development facilities in its property, plant and equipment. Such R&D facilities will include large test coaters associated with factory mass production facilities, advanced analysis equipment, and other devices, which are expected to substantially accelerate the process from the initial stage of research to mass production. The Group plans to engage in development for the establishment of the mass production process, and these R&D facilities will be operated steadily every fiscal year.

(2) High-function products have been increasing as a proportion of the Company’s products in recent years, and improvements and additions to the coaters, which are major facilities in the Company’s property, plant and equipment, have been made in line with this increase. These manufacturing facilities as a whole wear at an average rate every fiscal year due to improvements in manufacturing technology thanks to R&D, etc. and the modification of the production system. In addition, operations are expected to be steady given the Company’s active improvement of facilities to meet rising demand in growth areas.

As a result, the depreciation and amortization for the consolidated fiscal year under review (April 1, 2016 – March 31, 2017) decreased 2,685 million yen from those using the conventional method, and operating income, ordinary income, and profit before income taxes have each increased 2,399 million yen.

(Additional information)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied since the first quarter of the consolidated fiscal year under review.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Decision procedures for reportable segments

The business segments are included in business units of our group and each of their financial statements is available separately and also, the segments are subject to a periodic review in order for the board of directors to make a decision on allocation of management resources and evaluate their performance.

Our group consists of six business operations, each of which draws up comprehensive strategies for overseas and domestic markets and conducts business activities.

Therefore, we treat these business divisions as units of identification for business segments and based on product manufacturing methods and similarity of the markets, we aggregate those divisions into three reportable segments, such as “Printing and Industrial Materials Products,” “Electronic and Optical Products” and “Paper and Converted Products”.

(2) Products and services handled in each segment

Main products and services handled in each reportable segment are as follows:

Reportable segments	Main products and services
Printing and Industrial Materials Products	Adhesive products for seals and labels, Barcode label supplies, Barcode printers, Labeling machines, Automobile-use adhesive products, Industrial-use adhesive tapes, Window films, Films for outdoor signs and advertising, Interior finishing mounting sheets
Electronic and Optical Products	Semiconductor-related tapes, Semiconductor-related equipment, Multilayer ceramic capacitor-related tapes, LCDs-related adhesive products
Paper and Converted Products	Color papers for envelopes, Colored construction papers, Special function papers, High-grade printing papers, High-grade papers for paper products, Release papers for general-use, Release films for optical-related products, Casting papers for synthetic leather, Casting papers for carbon fiber composite materials

2. Method of calculating sales and income (loss), identifiable assets, and other items by reportable segment

As stated in (Changes in accounting policy) on page 13, the segment profit for the consolidated fiscal year under review (April 1, 2016 – March 31, 2017) includes increases of 738 million yen in Printing and Industrial Materials Products, 1,026 million yen in Electronic and Optical Products, and 635 million yen in Paper and Converted Products compared with the former method due to the change in the depreciation method of property, plant and equipment.

3. Information on sales and income (loss), identifiable assets, and other items by reportable segment

Previous consolidated fiscal year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segments				Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total		
Net sales						
Net sales to outside customers	87,638	85,422	37,440	210,501	–	210,501
Intra-segments sales and transfers	461	473	17,135	18,070	(18,070)	–
Total	88,100	85,895	54,576	228,572	(18,070)	210,501
Segment income	2,785	10,562	4,303	17,651	40	17,692
Others						
Depreciation and amortization (Note 3)	2,974	3,068	2,757	8,800	–	8,800
Amortization of goodwill (Note 3)	71	–	–	71	–	71

Notes:

1. Segment income in each segment is adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the consolidated statements of income.
3. The amount to be written off as depreciation and amortization of goodwill are distributed by business segment on the basis of reasonable criteria.
4. Since companies, offices, and factories serve as the base for administrative classification of segments' assets, no allocation to the segments is done.

Current consolidated fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable Segments				Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total		
Net sales						
Net sales to outside customers	85,661	83,205	37,108	205,975	–	205,975
Intra-segments sales and transfers	60	73	15,523	15,657	(15,657)	–
Total	85,721	83,278	52,632	221,633	(15,657)	205,975
Segment income	1,672	9,155	5,767	16,595	(0)	16,595
Others						
Depreciation and amortization (Note 3)	2,706	2,748	2,011	7,466	–	7,466
Amortization of goodwill (Note 3)	315	–	–	315	–	315

Notes:

1. Segment income in each segment is adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the consolidated statements of income.
3. The amount to be written off as depreciation and amortization of goodwill are distributed by business segment on the basis of reasonable criteria.
4. Since companies, offices, and factories serve as the base for administrative classification of segments' assets, no allocation to the segments is done.

(Per share data)

	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)
Net assets per share	Yen 2,370.49	Yen 2,465.43
Net income per share	151.07	158.69
Diluted net income per share	150.86	158.46

(Note) 1. Calculation basis for net income per share and diluted net income per share

Item	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)
Net income per share		
Profit attributable to owners of parent (million yen)	10,899	11,450
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stock (million yen)	10,899	11,450
Average number of shares of common stock outstanding during the fiscal year (thousand shares)	72,144	72,152
Diluted net income per share		
Diluted Profit attributable to owners of parent (million yen)	-	-
Increase in common stock (thousand shares)	102	106
(Share warrant) (thousand shares)	(102)	(106)
Outline of dilutive shares not included in diluted net income per share since they have no dilutive effect	-	-

2. Calculation basis for net assets per share

Item	Previous consolidated fiscal year (FY ended March 31, 2016)	Current consolidated fiscal year (FY ended March 31, 2017)
Total net assets in the consolidated balance sheet (million yen)	172,101	178,690
Amount deducted from total net assets (million yen)	1,064	806
(Share warrant)	(169)	(186)
(Non-controlling interests)	(895)	(619)
Term-end net assets per common share (million yen)	171,037	177,884
Number of common stocks used in calculating net assets per share (thousand shares)	72,152	72,151

(Significant Events after Closing of the Year)

Not applicable