

Consolidated Financial Results for the Three Months Ended June 30, 2017
[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

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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 filing date for quarterly report: August 10, 2017

Scheduled date for dividend payments: -

Supplemental material on quarterly results: Yes

Presentation on quarterly results: None

(Amounts less than one million yen are omitted)

1. CONSOLIDATED BUSINESS RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2017

(from April 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results (cumulative) (% represents changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three Months Ended June 30, 2017	60,705	25.4	4,960	33.3	4,798	70.3	2,715	28.6
Three Months Ended June 30, 2016	48,415	(7.9)	3,721	(24.9)	2,817	(44.4)	2,112	(41.4)

(Note) Comprehensive income: Three Months Ended June 30, 2017: 1,109 million yen

Three Months Ended June 30, 2016: (573) million yen

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three Months Ended June 30, 2017	37.64	37.58
Three Months Ended June 30, 2016	29.28	29.24

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2017	270,053	177,419	65.4
As of March 31, 2017	274,199	178,690	64.9

(Reference) Shareholders' equity: As of June 30, 2017: 176,644 million yen As of March 31, 2017: 177,884 million yen

2. DIVIDENDS

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
FY ended March 31, 2017	Yen —	Yen 33.00	Yen —	Yen 33.00	Yen 66.00
FY ended March 31, 2018	—				
FY ending March 31, 2018 (forecast)		33.00	—	33.00	66.00

(Note) Revision of the latest dividend forecast announced: None

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

(% represents changes over the same period in the previous fiscal year.)

	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

(Note) Revision of the latest consolidated results forecast announced: None

*Notes

- (1) Changes in status of significant subsidiaries during the quarter (changes in status of specified subsidiaries accompanying changes in consolidated range): None
Newly consolidated subsidiaries: - Subsidiaries excluded: -
- (2) Application of accounting treatment specific to preparing quarterly consolidated financial statements: None
- (3) 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): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (4) 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 (cumulative total for quarterly period)

(a)	Three Months Ended June 30, 2017:	76,564,240	FY Ended March 31, 2017	76,564,240
(b)	Three Months Ended June 30, 2017:	4,412,583	FY Ended March 31, 2017	4,412,515
(c)	Three Months Ended June 30, 2017:	72,151,696	Three Months Ended June 30, 2016	72,152,688

*The current quarterly financial results are not subject to quarterly reviews.

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

【Attachment】

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1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2017

(1) Explanation Regarding Results of Operations

During the first quarter of the fiscal year under review (April 1 – June 30, 2017), the global economy saw continued economic expansion in the United States supported by steady consumer spending and a moderate recovery in Europe, as well as signs of recovery in China thanks to various factors including the effects of government policies. Meanwhile, the economy in Japan remained steady overall, due mainly to an improvement in corporate earnings backed by robust foreign demand as well as a moderate pickup in consumer spending. In this business environment, the Group launched its new medium-term business plan “LIP-2019” in April 2017, and actively worked on key initiatives in accordance with the basic policy “Deepening innovation aimed at driving new growth.”

As a result, for the current quarter, the Group achieved net sales of 60,705 million yen (up 25.4% year-on-year), operating income of 4,960 million yen (up 33.3% year-on-year), and ordinary income of 4,798 million yen (up 70.3% year-on-year), with quarterly profit attributable to owners of parent amounting to 2,715 million yen (up 28.6% year-on-year).

The outline by segment was as follows:

[Printing and Industrial Materials Products]

In this segment, net sales were 30,136 million yen (up 46.8% year-on-year) and operating income was 688 million yen (up 6.8% year-on-year). Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

Sales of adhesive products for seals and labels in Japan were low for food-related products, but sales of those for daily use and medical-related products remained solid. Sales in overseas markets were steady due to robust sales in China and the ASEAN region, while sales at subsidiaries in Europe and the United States acquired at the end of 2016 were also added. As a result, sales in this operation showed a year-on-year increase.

(Industrial & Material Operations)

Sales of motorcycle- and automobile-use adhesive products remained flat year on year, with the addition of sales at subsidiaries in Europe and the United States acquired at the end of 2016. As a result, sales in this operation showed a year-on-year increase.

[Electronic and Optical Products]

In this segment, net sales were 21,034 million yen (up 11.6% year-on-year) and operating income was 2,826 million yen (up 44.8% year-on-year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of semiconductor-related adhesive tapes and semiconductor-related equipment increased significantly, reflecting robust demand for products for smartphones and other devices. Sales of multilayer ceramic capacitor-related tapes also rose due to strong demand for products mainly for smartphones and automobiles. As a result, sales in this operation showed a year-on-year increase.

(Optical Products Operations)

Sales of LCD-related adhesive products remained steady for small- and medium-sized products, while remaining low overall affected by a decline in demand for products for large televisions. As a result, sales in this operation showed a year-on-year decrease.

[Paper and Converted Products]

In this segment, net sales were 9,534 million yen (up 5.6% year-on-year) and operating income was 1,452 million yen (up 33.6% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of mainstay color papers for envelopes remained unchanged year on year, while sales of industrial specialty papers, oil resistant papers and others were solid. As a result, sales in this operation showed a year-on-year increase.

(Converted Products Operations)

Sales of casting papers for carbon fiber composite materials remained flat year on year, but sales of mainly release papers for FPC cover lay films and release films for optical-related products were steady. As a result, sales in this operation showed a year-on-year increase.

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 270,053 million yen, a year-on-year decrease of 4,145 million yen. Main factors of the change were as follows:

- Decrease in "Property, plant and equipment"	- 1,099 million yen
- Decrease in "Goodwill"	- 2,017 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 92,634 million yen, a year-on-year decrease of 2,874 million yen. Main factors of the change were as follows:

- Increase in "Short-term loans payable"	1,388 million yen
- Decrease in "Accrued income taxes"	- 1,467 million yen
- Decrease in "Long-term loans payable"	- 1,552 million yen

(Net Assets)

Net assets at this consolidated quarter end were 177,419 million yen, a year-on-year decrease of 1,271 million yen. Main factors of the change were as follows:

- Decrease in "Foreign currency translation adjustments"	- 1,352 million yen
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(3) Explanation Regarding Information on Future Forecast, Including Forecast of Consolidated Business Results

During the first quarter of the fiscal year under review, provision for business structure improvement of 925 million yen for Madico, Inc., our consolidated subsidiary in the U.S., was recorded in extraordinary loss. However, for the full-year consolidated earnings forecast for the fiscal year ending March 2018, the earnings forecast published on May 8, 2017 remains unchanged.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	45,060	44,431
Trade notes and accounts receivable	66,801	66,523
Inventories	34,584	35,252
Other	5,117	5,004
Allowance for doubtful accounts	(114)	(112)
Total current assets	151,449	151,140
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	31,397	30,944
Machinery, equipment and vehicles (net)	27,293	26,134
Land	11,057	11,041
Construction in progress	2,163	2,734
Other (net)	1,958	1,916
Property, plant and equipment	73,871	72,771
Intangible assets		
Goodwill	34,558	32,541
Other	4,000	3,774
Intangible assets	38,559	36,316
Investments and other assets		
Other	10,423	9,930
Allowance for doubtful accounts	(105)	(105)
Total investments and other assets	10,318	9,825
Total non-current assets	122,749	118,913
Total assets	274,199	270,053

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Trade notes and accounts payable	45,057	45,375
Short-term loans payable	641	2,030
Current portion of long-term loans payable	3,051	3,049
Accrued income taxes	3,098	1,631
Provision for directors' bonuses	90	23
Provision for business structure improvement	–	919
Other	12,460	10,436
Total current liabilities	64,401	63,465
Non-current liabilities		
Long-term loans payable	17,795	16,242
Provision for environmental measures	135	133
Net defined benefit liability	12,362	12,377
Other	814	415
Total non-current liabilities	31,107	29,168
Total liabilities	95,508	92,634
Net Assets		
Shareholders' equity		
Common stock	23,201	23,201
Capital surplus	26,829	26,829
Retained earnings	131,247	131,582
Treasury stock	(7,714)	(7,714)
Total shareholders' equity	173,563	173,898
Accumulated other comprehensive income		
Net unrealized holding gain on securities	775	520
Foreign currency translation adjustments	6,938	5,586
Remeasurements of defined benefit plans	(3,392)	(3,360)
Total accumulated other comprehensive income	4,320	2,746
Share subscription rights	186	186
Non-controlling interests	619	588
Total net assets	178,690	177,419
Total liabilities and net assets	274,199	270,053

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Three Months Ended June 30, 2017

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2016)	Current consolidated fiscal year (Three months ended June 30, 2017)
Net sales	48,415	60,705
Cost of sales	36,095	45,236
Gross profit	12,319	15,469
Selling, general and administrative expenses	8,598	10,508
Operating income	3,721	4,960
Non-operating income		
Interest income	53	38
Dividend income	70	253
Gain on sales of noncurrent assets	0	3
Insurance income	126	8
Other income	81	84
Total non-operating income	332	389
Non-operating expenses		
Interest expenses	2	62
Loss on retirement of noncurrent assets	297	70
Foreign exchange losses	844	361
Compensation expenses	48	3
Other expenses	43	54
Total non-operating expenses	1,236	552
Ordinary income	2,817	4,798
Extraordinary gain		
Gain on sales of investment securities	–	342
Gain on sale of noncurrent assets	121	–
Total extraordinary gain	121	342
Extraordinary loss		
Provision for business structure improvement	–	925
Total extraordinary losses	–	925
Profit before income taxes	2,939	4,215
Income taxes	335	990
Deferred income taxes	537	531
Total income taxes	872	1,522
Profit	2,066	2,692
Profit (loss) attributable to non-controlling interests	(46)	(23)
Profit attributable to owners of parent	2,112	2,715

Consolidated Quarterly Statements of Comprehensive Income
 Three Months Ended June 30, 2017

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2016)	Current consolidated fiscal year (Three months ended June 30, 2017)
Net income	2,066	2,692
Other comprehensive income		
Net unrealized holding gain on securities	(122)	(254)
Foreign currency translation adjustments	(2,587)	(1,360)
Remeasurements of defined benefit plans	70	32
Total other comprehensive income	(2,639)	(1,582)
Comprehensive income	(573)	1,109
(Comprehensive income attributable to)		
Shareholders of the parent	(496)	1,140
Non-controlling interests	(77)	(31)

(3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Total Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

I. Previous first quarter (from April 1, 2016 to June 30, 2016)

Information on sales and income or loss by reportable segment

(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	20,530	18,852	9,032	48,415	—	48,415
Intersegment sales and transfers	9	13	3,482	3,505	(3,505)	—
Total	20,539	18,866	12,514	51,920	(3,505)	48,415
Segment income	644	1,952	1,087	3,684	37	3,721

Notes:

1. Segment income in each segment was adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the quarterly consolidated statements of income.

II. Current first quarter (from April 1, 2017 to June 30, 2017)

Information on sales and income or loss by reportable segment

(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	30,136	21,034	9,534	60,705	—	60,705
Intersegment sales and transfers	15	20	3,758	3,794	(3,794)	—
Total	30,151	21,055	13,293	64,500	(3,794)	60,705
Segment income	688	2,826	1,452	4,967	(6)	4,960

Notes:

1. Segment income in each segment was adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the quarterly consolidated statements of income.