

**LINTEC**  
**ANNUAL**  
**REPORT**  
**2016**

For the fiscal year  
ended March 31, 2016

**SOLID**  
**FOUNDATION,**  
**SUSTAINABLE**  
**FUTURE**

**LINTEC**

## Contents

### 1 COVER STORY—OUR VALUE CREATION

#### 8 Performance Highlights

### 10 MANAGEMENT STRATEGY

- 10 A Message from the President
- 15 Business Overview
- 22 Special Feature  
Front Lines of R&D  
—Creation of Innovative New Products

### 26 THE BASE THAT SUPPORTS GROWTH

- 26 R&D Activities and Intellectual Property
- 28 Human Resources
- 29 Environmental Preservation
- 30 Partnerships
- 31 Social Contribution Activities
- 32 Corporate Governance
- 38 Corporate Officers

### 40 FINANCIAL SECTION

- 41 Management’s Discussion and Analysis
- 43 Operating Risks
- 44 Financial Summary
- 46 Consolidated Balance Sheet
- 48 Consolidated Statement of Income
- 48 Consolidated Statement of Comprehensive Income
- 49 Consolidated Statement of Changes in Net Assets
- 50 Consolidated Statement of Cash Flows
- 51 Notes to Consolidated Financial Statements
- 69 Management’s Report on Internal Control  
over Financial Reporting
- 70 Report of Independent Auditors

### 72 Investor Information

## Editorial Policy

This report is meant to help shareholders and other investors understand the LINTEC Group and its quest to achieve sustainable growth and contribute to the further development of society as a whole. Based on the International Integrated Reporting Framework released by the International Integrated Reporting Council in December 2013, in addition to performance and financial information, this report also introduces the technological capabilities, human resources, and other “intangible assets” accumulated by the LINTEC Group that are of the variety not listed on the financial statements.

Information that could not be contained within this report is available on the following websites.

#### IR Website

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



#### CSR Website

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



#### REPORTING PERIOD

This report covers the period between April 1, 2015 and March 31, 2016. However, some of the information includes content from April 2016 onward.

#### FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements, such as forecasts of business results, based on information currently held and assumptions that have been judged as reasonable by the Company. The Company cannot guarantee the accuracy of these statements or definitively assure the realization of future numerical targets and policies. Actual business results, etc., may vary due to various factors and circumstances.

# OUR VALUE CREATION

As a leading company in the fields of adhesive products and specialty papers, the LINTEC Group has developed a diverse range of products. Technological capabilities and human resources fostered throughout a long history have driven this progress.

“Linkage” and “Technology” — The name LINTEC symbolizes the commitment of all employees to opening up new business fields through the linking of people and technologies and playing a role on the global stage. Reflecting our company motto, we believe that sincerity towards all stakeholders and taking on new product development with a determination to innovate are essential characteristics for a manufacturer. Based on this belief, the LINTEC Group will continue to make dramatic progress.

## Company Motto



Sincerity and Creativity

## Mission Statement

The company name LINTEC derives from “linkage” and “technology,” two key components of our business philosophy, which emphasizes the importance of close relations, inside and outside the company, and leading-edge R&D programs. By bringing these together to develop innovative solutions, we have established a reputation in Japan and overseas as a dynamic and reliable company that contributes to the prosperity of our stakeholders, to the growth of our industry, and to a brighter future for society as a whole. And underpinning all of our business activities is an unwavering emphasis on “Sincerity and Creativity,” the twin values enshrined in our company motto.

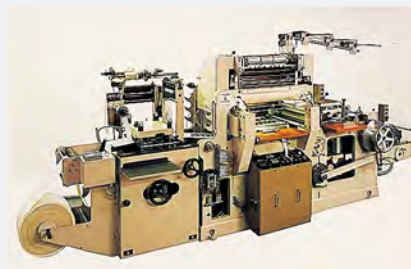
**For tomorrow we build today**

## LINTEC's History

From the time of its establishment in 1927 as FUJI SHOKAI, the LINTEC Group has been developing leading-edge technologies and products and steadily broadening its business field. Since the 1990 merger of three companies to form LINTEC Corporation, the Group has been stepping up globalization. Today, LINTEC products play important roles in a wide range of countries.



Gummed tape



"A-100 type"  
label printing machine

### 1920s to 60s

#### STAGE OF CREATION

#### - STAGE OF BUSINESS BASE BUILDING

Established in 1927 as a manufacturer of gummed tape for packaging, FUJI SHOKAI reorganized to form FUJI SHIKO CORPORATION in 1934 and began operations in earnest. At that time, demand was rising rapidly for cardboard boxes to replace wooden boxes in the transport of foods and other goods. This trend spurred demand for gummed tape to seal cardboard boxes. In 1960, we began selling adhesive papers for seals and labels and subsequently entered the adhesive film field, thereby laying the foundations of our current mainstay businesses.

### 1970s to 80s

#### STAGE OF ENTRY INTO GROWTH BUSINESSES

In the early 1970s, we started developing label printing machines and began operations in China. In the late 1970s, we developed colored adhesive films for use in body stripe stickers on motorcycles in response to the growth in domestic motorcycle sales. In addition, the rapidly increasing need for films for such applications as outdoor signs led to the widespread adoption of our special adhesive films in the motorcycle, automobile, and interior and exterior decoration fields.

In 1984, we changed our name to FSK CORPORATION. In 1986, we entered the semiconductor field by developing an ultraviolet (UV)-curable dicing tape that allows for adhesive strength to be controlled by irradiation of UV rays.



Time of establishment



UV-curable dicing tape



Optically functional films for LCDs



LINTEC KOREA, INC.

## 1990s

### SECOND STAGE OF CREATION

In April 1990, FSK merged with SHIKOKU PAPER CO., LTD., a supplier of release papers and other items, and SOHKEN KAKO CO., LTD., another manufacturer of adhesive materials, resulting in a fresh start as LINTEC Corporation.

In 1991, we entered the field of optically functional films for liquid crystal displays (LCDs). Subsequently, we established a base in Singapore—the first of a series of bases that we established in Southeast Asia and which are the pillars of our current operations in the region. In this manner, we globalized our business. Also, 1995 saw the completion of the building for the Research & Development Division's research center, which leads our technological development.

## 2000s to today

### STAGE OF GROWTH ACCELERATION

Since the turn of the century, the LINTEC Group has accelerated globalization of its businesses by establishing new manufacturing bases in China, Taiwan, South Korea, Malaysia, and Thailand. At the same time, we have reinforced manufacturing and sales systems through such measures as expanding our network of sales bases that have warehouses and slitting facilities. In 2015, we established a regional headquarters in Singapore to increase our competitiveness in the rapidly growing Southeast Asian and Indian markets. In the same year, we strengthened R&D capabilities even further by establishing the Advanced Technology Building adjacent to our existing research center in Japan.



Research Center



Advanced Technology Building

Aiming to realize the mass production of new products more rapidly, we have installed a range of the latest, large-scale pilot coaters at the Advanced Technology Building, completed in 2015.

R&D  
Expenses

(Fiscal year ended  
March 31, 2016)

¥7.6 billion

Accumulated

# TECHNOLOGICAL CAPABILITIES

As a technology-centered company, we create innovative products that cater to customer needs by fusing four core technologies in a sophisticated manner: adhesive applications, surface improvement, system development, and specialty papers and release materials production. The Research & Development Division's research center has approximately 200 research personnel and is responsible for product development. We are bolstering development capabilities to shorten lead times for mass production start-ups and establish new technologies.

Our research and development is based on "market dialogue," which entails research personnel accompanying sales personnel when they visit customers and communicating directly with them.

# HUMAN RESOURCES

## that Create Innovative Products

The LINTEC Group has inherited a tradition of valuing communication and uninhibited discussion. While unity and teamwork are important parts of our corporate culture, we respect each employee's individuality. For many years, "innovation" has been a keyword in our medium-term business plans. Consequently, a mind-set that avoids complacency and takes on ambitious initiatives has become common among employees. Currently, with our sights set on further business expansion, we are focusing on fostering personnel who can work globally.



リフテカ

No. of  
Employees

(as of March 31, 2016)

# 4,246



# Business Model that Realizes **SUSTAINABLE GROWTH**

During the roughly 90 years since our establishment, original technological capabilities and human resources have enabled us to market an array of different products across a wide range of fields, stretching from products related to food and everyday goods through to electronics-related products. We aim to sustain growth by putting the customer first and using fresh ideas to develop and provide high-value-added products that cater to diverse needs.



Through our showrooms and website, we work to deepen stakeholder understanding of our original products and technologies.

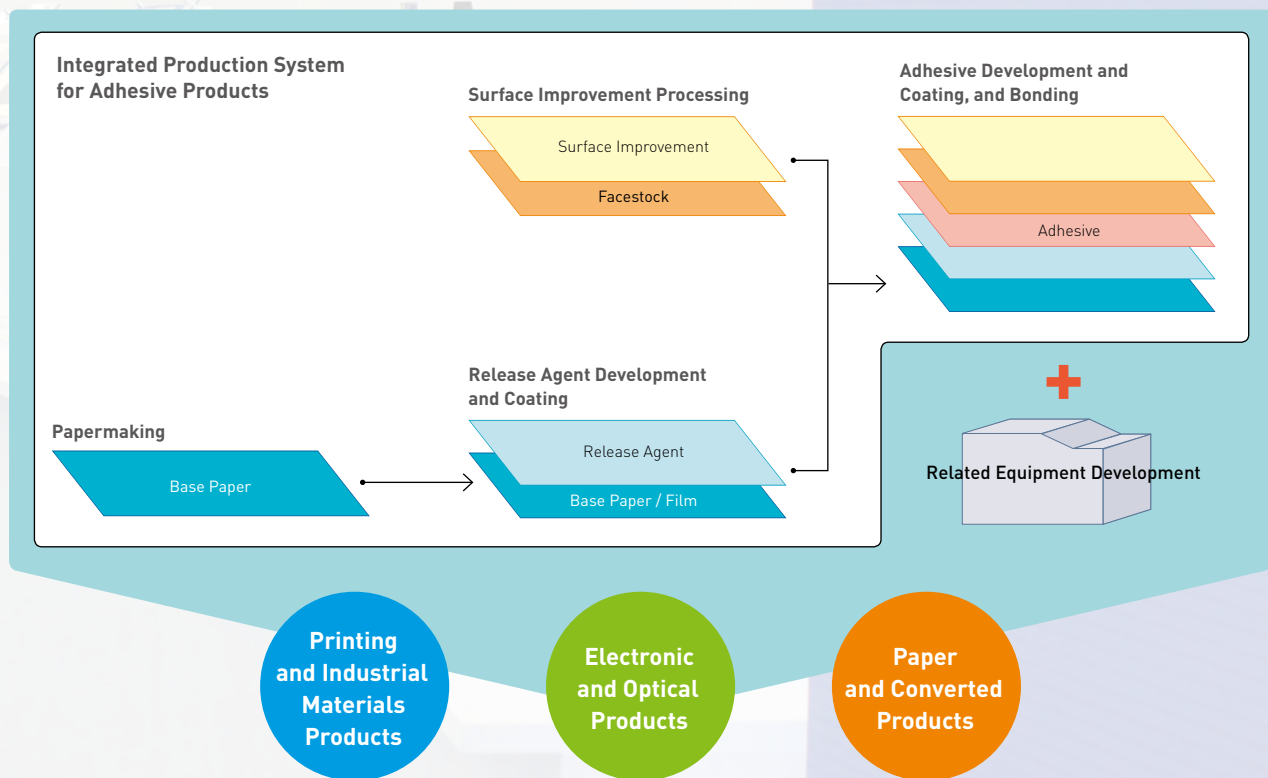
## The LINTEC Group's Advantages

### —Integrated Production System for Adhesive Products and Provision of Comprehensive Solutions

The LINTEC Group has realized an integrated production system for adhesive products. In addition to developing adhesives and related coating processes, we have independently established a variety of technologies that enable operations covering the manufacture of base paper for release papers through to the development of release materials and related coating processes as well as facestock coating processes. Our ability to manufacture and procure release papers and films for adhesive products in-house gives us advantages in terms of quality, costs, and delivery lead times. Moreover, by combining various processing technologies, we create adhesive products

catering to needs in diverse fields. Also, for areas other than adhesive products, we bring to market numerous unique products, such as industrial-use release papers and films as well as specialty papers that are designed for use with upstream technologies.

Meanwhile, we develop equipment that maximizes the properties of our adhesive materials. These include label printing machines, labeling machines for the automated application of labels to packaging, and semiconductor-related equipment. In this way, we offer comprehensive solutions that incorporate materials and equipment and which provide us with another advantage.



### An Array of Products from Three Business Segments

The LINTEC Group comprises three business segments: Printing and Industrial Materials Products, Electronic and Optical Products, and Paper and Converted Products, which roll out a diverse selection of products that respond to mainstay and growth areas. We supply a wide range of industries without being dependent on a particular industry. This business structure enables us to generate earnings stably because we are not susceptible to the market volatility of any one industry.