

LINTEC

ANNUAL REPORT



Achieving
sustainable growth
and maximizing
corporate value

For the year ended March 31, 2011

Linking your dreams

to the future through technologies.
We are LINTEC.

Reflected in our company name, LINTEC formed from “linkage” and “technology” our entire workforce is strongly committed to linking people with technologies to create innovative, high value added products and solutions.

As the leading company in the fields of adhesive products and specialty papers, LINTEC Corporation has developed and launched a vast range of new products. Going forward, we will continue to create products and technologies our customers have never seen before by advancing and linking the original core technologies that we have cultivated over many years of research. In this way, we will enable our customers to turn their *dreams* into reality. Further, in addition to expanding operations, our goal is to implement thorough CSR (Corporate Social Responsibility) based management to further develop as a company that is highly regarded and trusted by all of its stakeholders.

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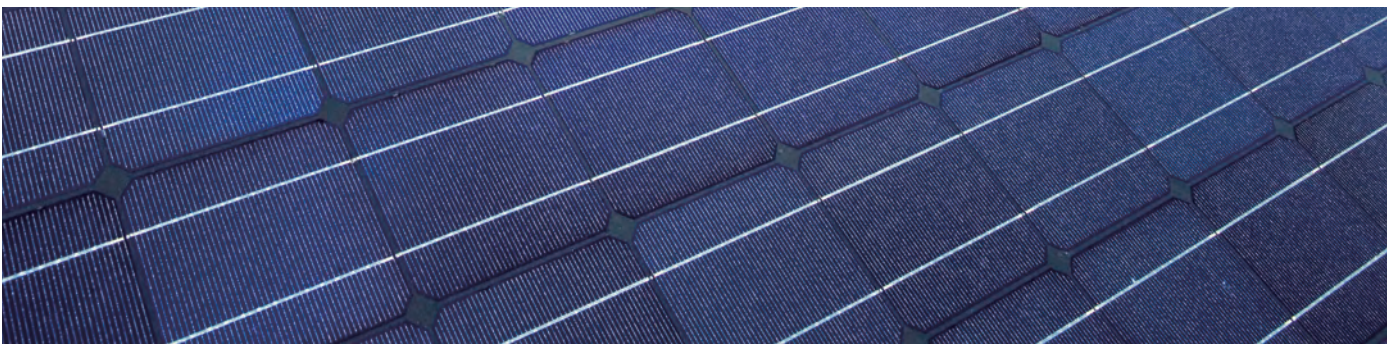
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Printing and Industrial Materials Products

PV backsheets

LINTEC produces PV backsheets that are attached to the underside of photovoltaic modules. These backsheets are designed using LINTEC's proprietary coating technologies, enabling them to realize both high durability and superior cost performance.





Electronic and Optical Products

Touch panel related products

LINTEC manufactures and sells a wide variety of products, including tapes and equipment used during the semiconductor manufacturing process, coated films for multilayer ceramic capacitor production, and touch panel related products. The demand for such products is growing as smartphones and other electronic devices become increasingly more sophisticated.

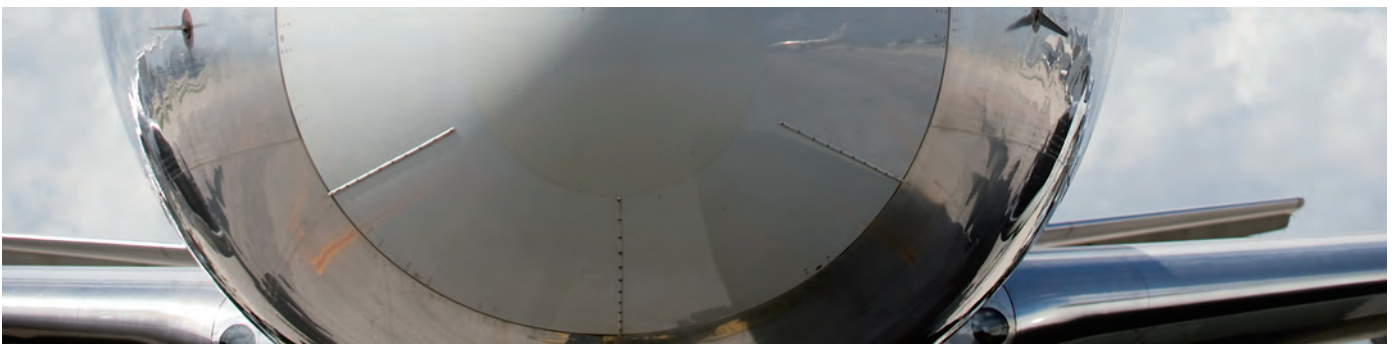




Paper and Converted Products

Casting papers for carbon fiber composite materials

LINTEC's high-quality casting papers feature such functional characteristics as superior heat resistance and are generally used in the process of transforming individual threads of carbon fiber into sheets. Recently, such carbon fiber composite materials have been commonly used in the bodies of aircraft and the fan blades of wind power generation facilities as well as in a variety of sports and leisure goods.



Our Business

The LINTEC Group's operations are divided into seven categories, which have been arranged into three operational segments: Printing and Industrial Materials Products, Electronic and Optical Products, and Paper and Converted Products. The following is an overview of these segments in the fiscal year ended March 31, 2011.

Printing and Industrial Materials Products

Printing and variable information products operations

We conduct production and sales of LINTEC group's mainstay adhesive papers and films for seals and labels. Its adhesive films perform particularly well, boasting a share of over 50% of the domestic market and a growing share in such overseas markets as China and Southeast Asia.

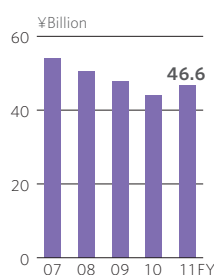
Net sales in the fiscal year under review were up 5.5% year on year, to ¥46.6 billion, due to consistent domestic sales of products for use in automobiles, home electronics, and food products, and the favorable performance of these products in China and Southeast Asia.

Main Products

Adhesive papers and films for seals and labels /
Label printing machines



Net Sales



Net sales increased by

5.5%

Share of net sales

21.9%



Net sales
¥91.9 bn

Operating income
¥8.0 bn

Industrial and material operations

LINTEC deals in a wide variety of products including sheet materials for photovoltaic (PV) modules, which have been showing rapid sales growth in recent years, specialty adhesive products for use in information devices and automobiles, label system-related equipment, printing materials for outdoor signs and interior finishing, and even adhesive films for glass.

Net sales in the fiscal year under review increased 19.2%, to ¥44.0 billion. This was due to the impressive sales growth of PV backsheets as well as the admirable performance of adhesive products for use in motorcycles and other automobiles in Southeast Asia and North America.

Main Products

PV backsheets / Automobile-use adhesive products /
Industrial-use adhesive tapes / Barcode printers /
Labeling machines / Films for outdoor signs and advertising /
Interior finishing mounting sheets / Window films

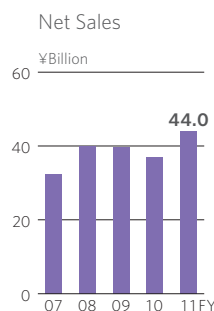
Healthcare products operations

The principal activities we conduct include the development of an oral film formulation, which swells to a jelly when moistened by a small amount of saliva and that can be easily swallowed without water, and transdermal therapeutic patches, which enable medicine to be absorbed through the skin into the body when a patch that contains medicine in the adhesive is applied to the skin. In these ways, we are conducting R&D activities in cooperation with pharmaceutical companies while also conducting R&D activities utilizing the unique technologies we possess as an adhesive materials manufacturer.

Net sales in the fiscal year under review declined 16.7%, to ¥1.3 billion, due to the slumping sales of existing products.

Main Products

Oral film formulation / Transdermal therapeutic patches /
Adhesive products for medical treatment /
Antibacterial and anti-mold materials

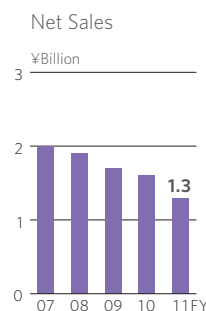


Net sales increased by

19.2%

Share of net sales

20.7%



Net sales increased by

-16.7%

Share of net sales

0.6%



Electronic and Optical Products

Net sales

¥81.2 bn

Operating income

¥6.7 bn

Advanced materials operations

We provide such products as specialized adhesive tapes and related equipment essential in semiconductor manufacturing and mounting processes, as well as coated films for multilayer ceramic capacitor (MLCC) production and various materials for touch panel.

Net sales in the fiscal year under review rose a substantial 43.9%, to ¥34.6 billion, largely due to the impressive performance of semiconductor-related tapes and equipment stemming from the prosperity of the semiconductor industry, and favorable sales of coated films for MLCC production following the robust demand for smartphones.

Main Products

Semiconductor-related tapes and equipment /
Coated films for MLCC production / Touch panel
related products / Films for plasma display panels /
RFID-related products

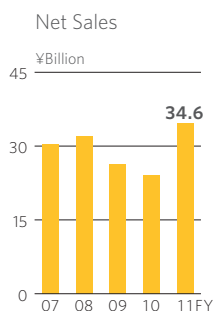
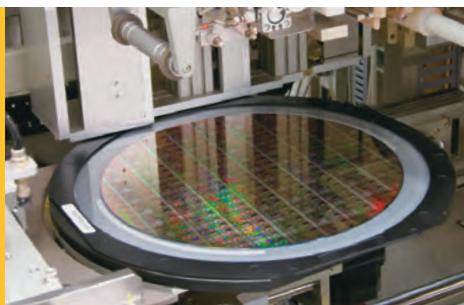
Optical products operations

We conduct processing, such as the adhesive processing for the bonding of polarizing films and retardation films used to make LCDs; and surface improvement processing for polarizing films such as antiglare hard coat processing, which reduces reflectivity and protects films from scratches; and the manufacturing of protection films for polarizing films.

Net sales in the fiscal year under review grew 2.7%, to ¥46.5 billion, due to the solid performance of products for LCD TVs and robust demand for smartphones and other devices.

Main Products

Polarizing films and retardation films for LCDs (adhesive
processing) / Polarizing films for LCDs (surface improvement
processing) / Protection films for polarizing films

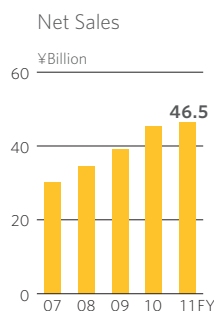


Net sales increased by

43.9%

Share of net sales

16.3%



Net sales increased by

2.7%

Share of net sales

21.8%



Paper and Converted Products

Net sales
¥39.7 bn

Operating income
¥6.1 bn

Fine and specialty paper products operations

We produce and sell color papers for envelopes and colored construction papers, in which LINTEC holds the leading share in domestic markets; industrial-use special function papers, such as lint-free papers for use in clean-room environments; high-grade printing papers with special textures; and high-grade papers for paper products used for business cards and postcards.

Net sales in the fiscal year under review were up 2.1%, to ¥17.5 billion, primarily due to the recovery of demand for industrial-use special function papers, which helped offset the lower sales of mainstay color papers for envelopes, resulting from poor market conditions.

Main Products

Color papers for envelopes / Colored construction papers /
Special function papers / High-grade printing papers /
High-grade papers for paper products

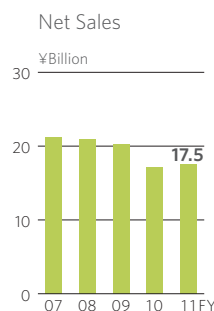
Converted products operations

We provide release papers and films for a variety of adhesive products. Additionally, we produce casting papers that are indispensable in the production of synthetic leather. We also manufacture casting papers for carbon fiber composite materials. Going forward, we have high expectations for carbon fiber due to its increased usage, such as in the bodies of aircraft.

Net sales in the fiscal year under review increased 9.8%, to ¥22.2 billion, as a result of consistent sales for mainstay release papers and release films for optical-related products, and the favorable sales of casting papers for synthetic leather and carbon fiber composite materials.

Main Products

Release papers and films for adhesive products /
Casting papers for synthetic leather / Casting papers
for carbon fiber composite materials

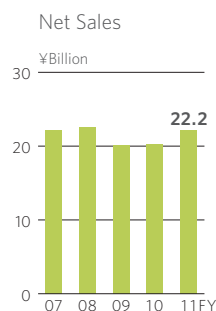


Net sales increased by

2.1 %

Share of net sales

8.2 %



Net sales increased by

9.8 %

Share of net sales

10.5 %

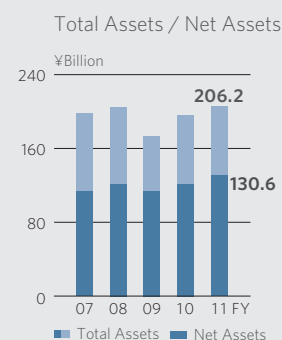
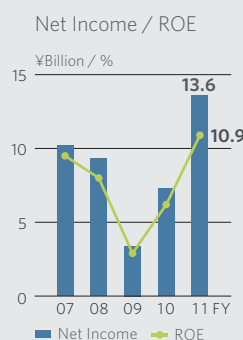
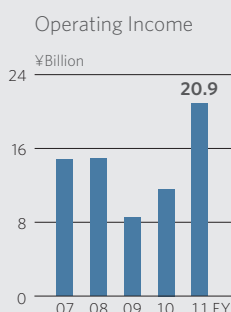
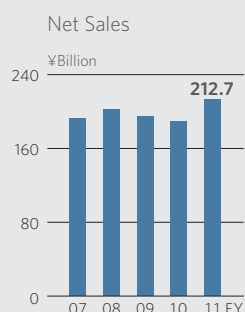


Financial Highlights

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31

	2011	Millions of yen except per share data		Thousands of U S dollars except per share data*	% change
		2010	2009	2011	2011 / 2010
Net sales	¥ 212,733	¥ 189,348	¥ 194,901	\$2,558,427	12.4
Operating income	20,889	11,576	8,498	251,226	80.4
Income before income taxes	19,565	11,399	5,215	235,305	71.6
Net income	13,622	7,284	3,391	163,835	87.0
Return on equity	10.9%	6.2%	2.9%	10.9%	
Per share data (yen and dollars)					
Net income	¥ 180.21	¥ 96.36	¥ 44.86	\$ 2.17	87.0
Net assets	1,715.78	1,596.37	1,497.58	20.63	7.5
Cash dividends	40.00	24.00	20.00	0.48	66.7
Depreciation and amortization	¥ 10,178	¥ 10,537	¥ 11,286	\$ 122,410	(3.4)
Capital expenditures	10,058	7,935	8,766	120,965	26.8
Net cash provided by operating activities	23,307	22,259	12,979	280,312	4.7
Net cash used in investing activities	(9,926)	(9,253)	(9,752)	(119,382)	7.3
Net cash used in financing activities	(2,820)	(3,454)	(2,300)	(33,915)	(18.4)
Cash and cash equivalents	35,188	25,387	15,370	423,188	38.6
Total assets	206,188	195,656	172,854	2,479,714	5.4
Net assets	130,576	121,502	113,930	1,570,371	7.5

* The U S dollar amounts are translated, for convenience only, at the rate of ¥83.15 to U S \$1, the exchange rate prevailing on March 31, 2011



FORWARD LOOKING STATEMENTS: All statements contained in this annual report, such as projected operating results, that are not historical facts are forward looking statements based on the Company's estimates and plans. For various reasons, it is possible that the Company's future results, performance, or achievements will differ from the contents of these forward looking statements.

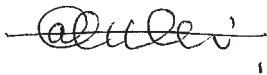
From the President

First, I would like to thank our shareholders and other investors for their continued support.

In the fiscal year under review, ended March 31, 2011, we have managed to overcome the effects of the Lehman Shock, which have persisted since fall 2008, to achieve record breaking operating results. This is thanks to not only the support of our shareholders and other investors, but also to our various customers around the world, our suppliers and the support of all of our other stakeholders. I would like to take this opportunity to express my deepest gratitude to all of you for your contributions to LINTEC's success.

In the fiscal year ending March 31, 2012, we began our new medium term business plan, LINTEC Innovation Plan III (LIP III), and are progressing forward with the aim of meeting the new goals we have laid out in this plan. The LINTEC Group is gearing up for the next leap forward by coming together to aggressively and boldly advance the key initiatives of this plan as a company that has continued to improve its profitability and the strength of its financial base. In closing, I would like to ask our shareholders and other investors for their continued support.

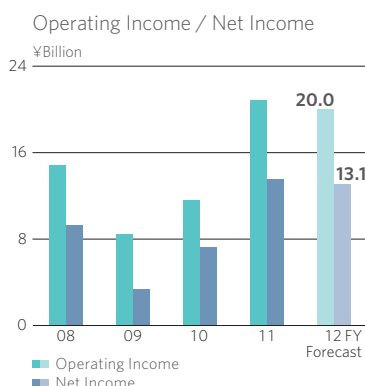
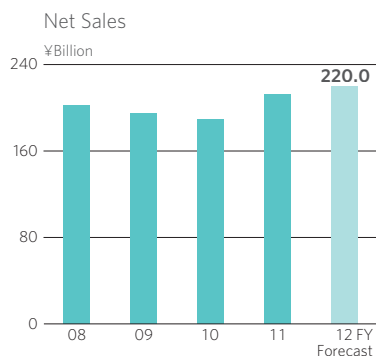
August, 2011



Akihiko Ouchi
President and CEO



We launched the new medium-term business plan, LIP-III, in April 2011.



Review of the Fiscal Year under Review

Sales activities were successful and we achieved record-breaking operating results.

In the fiscal year under review, the global economy trended toward expansion driven by robust demand in emerging countries, particularly those in Asia, and initiatives implemented around the world to stimulate consumer spending. In Japan, economic conditions recovered supported by the brisk sales of automobiles, a result of the influence of government initiatives providing tax breaks and “eco points” for the purchase of automobiles, home electronics, and housing as well as strong exports. However, from the fall, the rebound from the elimination of these initiatives and the effects of the strong yen served to decelerate economic growth, bringing the economy to a halt.

In this environment, the Group focused on laying the grounds for future growth strategies. In accordance with our policy of “gearing up for the next leap,” we ambitiously implemented initiatives based on our three key management policies: strengthen profit base, promote business reform, and focus on future growth.

As a result of these efforts, consolidated net sales were up 12.4%, to ¥212.7 billion, operating income increased by a substantial 80.4%, to ¥20.9 billion, and net income also rose greatly, increasing 87.0%, to ¥13.6 billion. In this way, we set record highs for all three of these management indicators. Further, with regard to the Great East Japan Earthquake, which occurred on March 11, 2011, damage to our operating assets were minimal and the effects on consolidated operating results were immaterial.

Forecasts for the Fiscal Year Ending March 31, 2012

At the moment, we are forecasting increased sales, but decreased income.

In the fiscal year ending March 31, 2012, we project that the global economy will be impacted by such factors as the government financial issues and sluggish consumer spending seen in Europe and the United States, as well as by the monetary tightening in China and other emerging countries. Meanwhile, in the post-earthquake Japanese economy, we are anticipating increased consumption following the renewal of production activities and the improvement in the prevailing mood of self-restraint shown by business and consumers alike. However, the combined effects of the strong yen and the electricity shortages in Japan have made the operating environment highly unclear.

Under these conditions, we launched the new medium-term business plan, LIP-III, in April 2011. This plan covers a three-year period and outlines four key initiatives. We are currently aggressively implementing a variety of measures based on these initiatives. With regard to consolidated business result forecasts for the fiscal year



ending March 31, 2012, while the effects of the earthquake and other factors are extremely difficult to predict, our current forecast anticipates the Group achieving net sales of ¥220.0 billion, a 3.4% year-on-year increase; operating income of ¥20.0 billion, a 4.3% decrease; and net income of ¥13.1 billion, a 3.8% decrease.

LIP-III—the New Medium-Term Business Plan

We will practice more-proactive management, strengthening and expanding overseas operations and aggressively conducting capital investment.

The basic policy behind LIP-III is to “achieve sustainable growth and maximize corporate value through aggressive and bold innovation.” In accordance with this policy, we plan to pursue innovation and revolution more aggressively and boldly than ever before. We will also persistently implement more-proactive management by fully utilizing our management resources. In this way, we plan to conduct capital investments totaling more than ¥40.0 billion over the three-year period. Through these initiatives, we aim to meet targets for the fiscal year ending March 31, 2014, the final year of the plan, of net sales of ¥260.0 billion, operating income of ¥26.0 billion, an operating income margin of over 10%, return on equity (ROE) of over 10%, and return on invested capital (ROIC) of over 10%.

The four key initiatives that the Group is working to address under LIP-III are described below.

1 Strengthen and expand overseas businesses (Targeted overseas sales ratio: 40%)

In order for the LINTEC Group to achieve sustainable growth, exploring additional business opportunities in overseas markets is of the utmost importance. We are currently working to develop optimal production and sales systems in Asian markets, which are showing high levels of growth and are anticipated to become the driving force behind the global economy in the future. We are also steadily exploring opportunities in other new growth markets.

(1) Develop optimal production and sales systems with a particular focus on Asian markets

- Respond to increased demand for adhesive films in Chinese markets
- Conduct sales promotion activities in South East Asian and Indian markets

(2) Explore new growth markets

- Develop a sales network and consider the construction of new production bases

Targets for major indicators in the final year of LIP III, the fiscal year ending March 31, 2014 (on a consolidated basis)

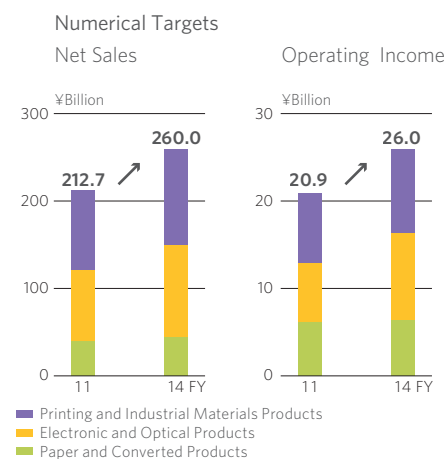
Net sales
¥260.0_{bn}

Operating income
¥26.0_{bn}

Operating income margin
more than 10%

ROE (Return on Equity)
more than 10%

ROIC (Return on Invested Capital)
more than 10%



We plan to pursue innovation and revolution more aggressively and boldly than ever before.

2 Expand domestic businesses and increase profitability by optimizing QCD

LINTEC is expanding domestic businesses and bolstering their profitability by increasing its competitiveness with regard to QCD (quality, cost, and delivery) factors. Specifically, we are optimizing the Group's logistics systems by utilizing supply chain management, conducting continuing cost reduction project through means such as reducing inventories by consolidating product lines, actively introducing highly functional, highly efficient production facilities through the "build and scrap" approach, and reforming inefficient and unprofitable businesses.

(1) Continue to promote the CRP (Cost Reduction Project)

- Optimize the Group's logistics systems by utilizing supply chain management

(2) Actively introduce highly functional and highly efficient production facilities

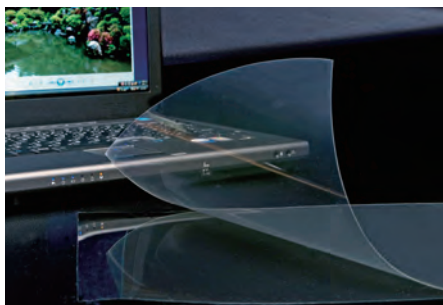
- Integrate production facilities through the "build and scrap" approach and other methods

(3) Reorganize and reconstruct domestic production bases and subsidiaries

- Revise the activities and operations of inefficient and unprofitable businesses, etc.

(4) Increase the market share of existing businesses and develop new applications

- Respond to the maturing of the domestic market



3 Create original new products that will support the next generation

Leveraging LINTEC's unique technological development capabilities, we are progressively developing one-of-a-kind products that stand at the top of their class. Specifically, we are developing next-generation PV materials and other environmentally friendly products as part of our lineup of environment- and energy-related products. Further, we are developing highly functional electronics- and optical device-related products by utilizing our core adhesive and surface improvement technologies.

(1) Environment- and energy-related products

- Develop next-generation PV materials
- Promote the development of environmentally friendly products

(2) Electronics- and optical device-related products

- Develop highly functional products utilizing adhesive and surface improvement technologies, etc.



4 Strengthen global management

We are continuing the project of evolving our information system infrastructure, and are working to introduce this infrastructure into overseas Group companies. We believe that this will allow us to expedite the decision making process of management, while developing more standard and efficient workflow processes throughout the Group. Further, we are implementing strategy and investment judgments that include a new focus on ROIC. At the same time, we are fostering human resources and encouraging skill development with the goal of enabling the Company to continue to globalize and grow. Additionally, we are promoting corporate activities based on CSR management through such efforts as achieving ISO26000 compatibility and exercising the ideals of the UN Global Compact.

(1) Evolve information infrastructure and deploy it to Group companies

- Introduce this infrastructure quickly into Group companies both domestically and overseas

(2) Implement strategy and investment judgments that include a new focus on ROIC

- Track clearly how much income is generated by capital invested in the business

(3) Continually foster human resources and develop abilities

- Foster human resources and encourage skill development to enable the Company to continue to globalize and grow

(4) Promote corporate activities based on CSR management

- Achieve ISO26000 compatibility and exercise the ideals of the UN Global Compact

CSR and Corporate Governance

We are conducting CSR management based on international standards and strengthening corporate governance through the introduction of an executive officer system.

The Company views CSR as one of the most important issues for management. Going forward, we aim to contribute to society as a strong and vigorous company that is well trusted.

For this reason, we have established the CSR Management Office, which reports directly to the President. In addition, we have established six CSR subcommittees—on Corporate Ethics; Investor Relations; Customer Satisfaction; Environmental Preservation; Social Contribution; and Safety, Disaster Prevention, and Health—which consist of members from all areas of the Company. These organizations implement a wide variety of CSR activities. Through these efforts, we will continue to promote corporate management that balances its responsibilities toward the economy, the society, and the environment.



Basic policy

Achieve sustainable growth and maximize corporate value through aggressive and bold innovation

Key initiatives

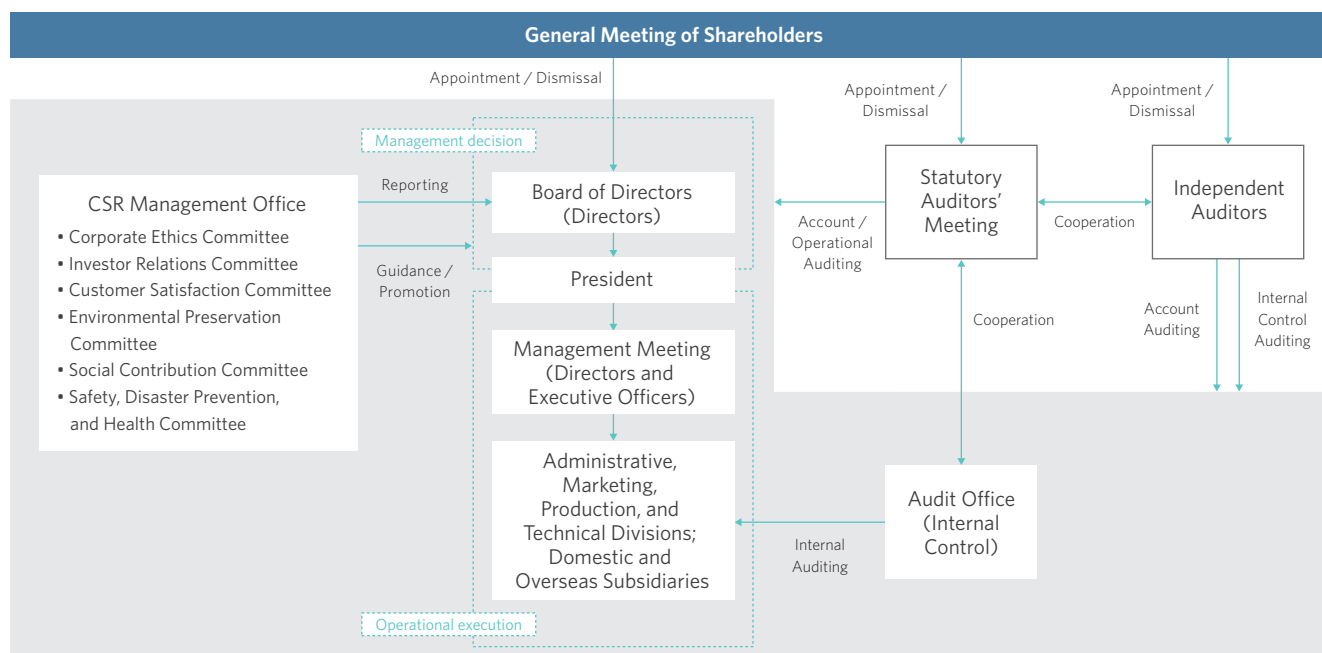
1. Strengthen and expand overseas businesses (Targeted overseas sales ratio: 40%)
2. Expand domestic businesses and increase profitability by optimizing QCD
3. Create original new products that will support the next generation
4. Strengthen global management



We aim to contribute to society
as a strong and vigorous company
that is well trusted.

In the fiscal year under review, we worked to reduce usage and emissions of substances that impact the environment, and developed and increased sales of products that reflect consideration for the environment. We also took part in social contribution activities closely linked to local communities, such as participating in cleanup activities in the areas around our operating bases and providing support for people with disabilities. Further, we provided victims of the Great East Japan Earthquake with monetary relief and support. Moreover, we have enhanced and thoroughly instituted corporate ethics training and disseminated a sound understanding of good corporate ethics. Additionally, in March 2011, we declared our intention to participate in the UN Global Compact. In the fiscal year ending March 31, 2012, we will continue to act in accordance with our policy of conducting CSR management based on international standards, as represented by such efforts as the previously mentioned achievement of ISO26000 compatibility.

In regard to corporate governance, the Board of Directors consists of 8 directors and 2 external directors. It works to ensure speedy management decisions and business advancement amid the fluctuating management environment based on the principles of holding Board of Directors meetings and management meetings once





a month. Accordingly, we are working to develop optimal management strategies. Additionally, LINTEC employs a statutory auditor system, and ensures swift management and the effectiveness of its auditing systems. The Statutory Auditors' Meeting is held monthly in principle. In this meeting, by sharing the results of the business audits performed by each auditor, the auditors confirm the appropriateness and effectiveness of the decisions and operational execution of the Company's management.

In June 2011, we introduced an executive officer system with the goal of separating important management decision making processes from operational execution, decreasing the number of directors, invigorating the Board of Directors, and improving management efficiency through swift decision making. Moreover, LINTEC will continue to ensure swift decision making, management transparency, enhanced management oversight systems, and thorough compliance by strengthening its internal control systems and risk management systems.

Shareholder Returns

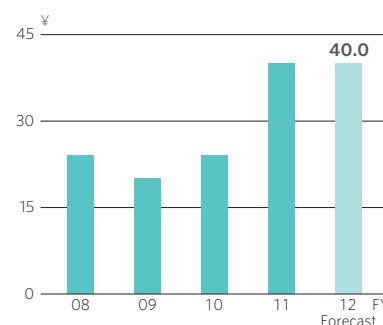
In the fiscal year ending March 31, 2012, we intend to issue dividend payments of ¥40 per share, the same as in the fiscal year under review.

LINTEC's basic policy on the appropriation of profits is to increase business earnings and strengthen the Company's financial position from a long-term perspective while paying dividends that reflect consolidated business results. Acting in accordance with this policy, we are working to increase shareholder returns.

In the fiscal year under review, we had initially intended to issue dividend payments of ¥30 per share, higher than the previous fiscal year's dividend payments of ¥24 per share. However, our consolidated business results greatly exceeded our initial forecasts due to higher-than-expected net sales and the effects of cost reduction measures on income. Based on this, we decided to raise both the interim and year-end dividends by ¥5 per share, from ¥15 to ¥20 per share, making for a total annual cash dividend of ¥40 per share.

In regard to dividends in the fiscal year ending March 31, 2012, we currently intend to issue dividend payments of ¥40 per share, the same as in the fiscal year under review. Going forward, we will continue to target sustainable growth and higher income with the hopes of offering more substantial shareholder returns.

Cash Dividends per Share



R&D Activities and Intellectual Property

R&D Activities

Basic Policy

Through the development of functional materials and related processing technologies utilizing LINTEC's original technological capabilities and research regarding user needs based on dialogues with markets, we are developing innovative products that generate demand and resolve customers' technological issues.

As a technology-centered company, we realize that strengthening R&D capabilities is one of our most important strategies for achieving sustainable growth. Therefore, we are developing new high-value-added products with a particular focus on growth businesses and environmentally friendly products, and working to accelerate LINTEC's globalization.

R&D System

LINTEC's R&D function is focused in the Research Center within the Research & Development Division, which has approximately 200 research personnel. With a complete array of the very latest research equipment, pilot coaters, and clean-room facilities, the research center collaborates closely with production engineering divisions to develop a range of coating agents and other products. Developing and producing a variety of equipment, our Ina Technology Center is working particularly hard to strengthen development and production of semiconductor-related products. Moreover, the Group also has an R&D base in Boston, in the United States, which conducts research and development in such areas as industrial-use multilayer materials and coating technology.

We are not only conducting in-house R&D but also proactively initiating technological alliances with industry, government, and academia. Our goal is to develop new technologies and products by integrating different technological areas.

Our Four Core Technologies

We will combine our four core technologies of pressure-sensitive adhesive applications, material quality and functionality enhancement, specialty paper and composite material production, and system development to develop and supply highly distinctive products unlike anything else available in the market.

Pressure-sensitive adhesive applications

Through the development of adhesives and substrates and the combination of related technologies, we are expanding the range of fields in which the basic functions of adhesive products are utilized.

Material quality and functionality enhancement

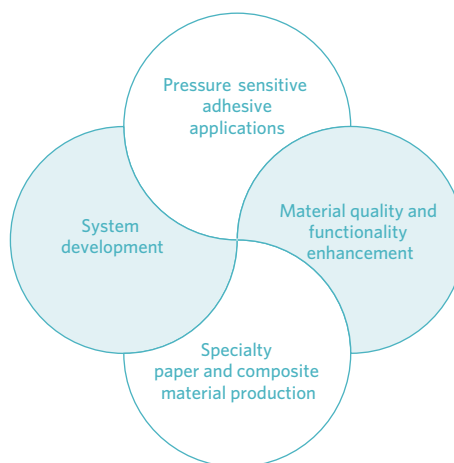
Through the chemical and physical processing of paper, film, and adhesives, we are enhancing their characteristics and adding new functionality.

Specialty paper and composite material production

We use original papermaking technologies and coating, impregnation, and laminating technologies to develop specialty papers and high-value-added materials that transcend traditional concepts of paper.

System development

Through systematizing machinery and equipment and building high-level systems that draw on the distinctive characteristics of materials, we are providing advanced solutions.



Intellectual Property

Basic Policy

We aim to increase corporate value by supplying original products developed through our continuous R&D efforts. We therefore realize that intellectual property, such as patents, trademarks, and design rights, are important management resources.

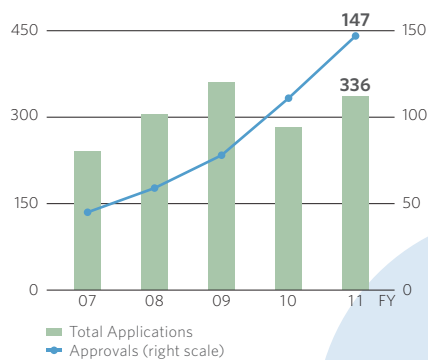
Going forward, we will promote the development of intellectual property that supports our business activities. We will steadily acquire intellectual property rights for the products and technologies created through our R&D efforts around the world, thus reinforcing the intellectual property base that is indispensable to LINTEC's market competitiveness.

Management System

We have established the Intellectual Property Department within the Research & Development Division. The department supports operational activities through patent applications and builds barriers to protect intellectual property. Through these efforts, the department works to increase the freedom of operational activities, minimize the risks accompanying operations, and enhance motivation among technical staff. It prepares and submits patent applications, and also monitors for infringement of rights and consults with researchers in the early stages of product development and in the discovery stage at our R&D locations. In other words, the department is engaged in comprehensive and strategic activities to protect our intellectual property.

As well as increasing the number and quality of patent applications and rights acquisitions, we are working to supplement and rebuild our portfolio of patents for growth businesses and foundation businesses, to provide intellectual property support for operations shifting to overseas locations, and to train more employees with a view to advancing and accelerating development processes. Through those efforts, we aim to improve profitability based on our intellectual property.

Patent Applications and Approvals
(Japan)





Successful R&D Initiatives in the Fiscal Year under Review

In the fiscal year under review, the R&D expenses incurred by the Group amounted to a total of ¥6.0 billion. The following is an overview of the principal R&D activities conducted by each operational segment.

Printing and Industrial Materials Products

Printing- and information- related products

We have developed a new holographic label material that creates the appearance of a smoothly reflecting single sheet by hiding the seams between labels. This material greatly improves cost performance by reducing the loss of productivity during printing created by seams and eliminating the need for post-printing inspection. Going forward, we will continue to develop other new products that respond to market needs.

Moreover, in printing equipment related products, we are developing printing machines that are optimally suited to the special characteristics of the Company's label materials. In the year under review, we continued to improve the LPM-300, an intermittent letterpress, and develop low-priced printing machines for the China market. We also worked to develop equipment that combines roll-to-roll web handling technologies and processing technologies.

Commercial- and industrial- related products

In the fiscal year under review, we worked to develop printing materials compatible with large-sized printers using environmentally friendly water-based inks. Further, these materials have been approved as flame resistant and can be used for a variety of applications, such as outdoor signs, advertising signs, and interior finishing.

In industrial equipment related products, meanwhile, our development activities are centered on labeling systems for the automated application of adhesive labels using LINTEC's label materials. In the fiscal year under review, we continued to focus on the development of equipment for the automotive-related, distribution, and mail-order industries.

Healthcare products

We advanced the basic technology for film pharmaceutical products, which are easy to swallow without water because they become a jelly on contact with small amounts of saliva. Through this advancement, we have adapted this technology to be used in next-generation oral film formulations jointly developed through an operational and technological tie-up with ASKA Pharmaceutical Co., Ltd. We continue to move forward with research into the use of this technology as a new drug delivery system that contributes to improving the quality of life of patients.

Electronic and Optical Products

Electronic and optical devices products

We developed a DBG + LE system that combines DBG (dicing before grinding) system technology, which supports the production of thinner LSI chips, with LE tape technology, which can create tape that functions as both dicing tape and die bonding tape, and introduced LD tape into the market. By making possible multilayer LSI chips, this system contributes to the realization of higher-density LSI packages. In this way, the system supports the creation of higher-capacity memory cards.

In electronic equipment related products, our development activities are centered on application equipment that facilitates the efficient use of the backgrinding tapes and dicing tapes used during semiconductor back-end process. In the fiscal year under review, we launched various new pieces of equipment compatible with the manufacturing of silicon wafers with through-silicon vias (TSVs) and power devices.

Optical-related products

In the fiscal year under review, we developed a specialty adhesive with significantly increased stress relieving properties in order to improve its ability to be attached to uneven surfaces, a feature that is currently in high demand. In the functional coating field, we are developing completely unique light control film by fusing our anti-glare coating technology with new manufacturing technologies.

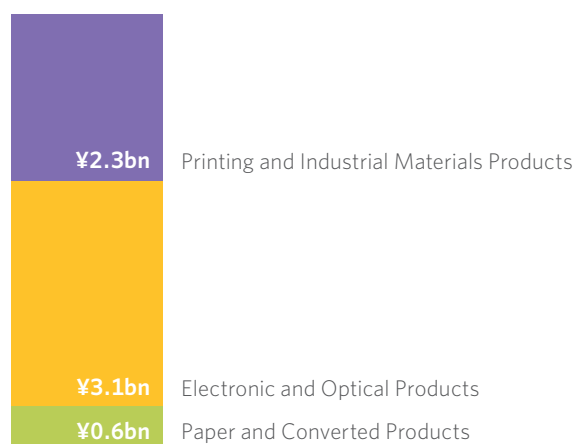
Paper and Converted Products

In the fiscal year under review, we were able to achieve steady sales from major convenience stores and fast food restaurants due to our constant innovation of oil- and moisture-resistant papers for food packaging. Additionally, there is a growing demand for paper-making utilizing materials previously incapable of being included in paper, such as reeds, cocoa bean shells, and ingredients used to make Kampo (traditional Chinese medicine), as a form of recycling. We are therefore considering means of addressing this demand.

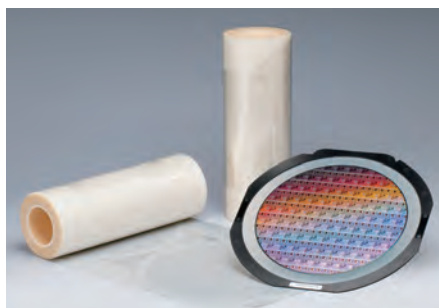
In release materials, with the goal of enhancing our lineup of environmentally friendly products, we eliminated formaldehyde and organotins from the formulas of release materials for the manufacturing of flexible printed circuits and resin films. Further, we developed two new formulations for release papers that transform from solvent types to non-solvent types.

Total R&D Expenses in FY2011

¥6.0bn



New holographic label material



LD tape

Corporate Officers

As of June 24, 2011

President and CEO



Akihiko Ouchi

Director, Senior Managing Executive Officer, CFO



Hitoshi Asai
General Manager, Administration Div.,
in charge of General affairs & Personnel Div.

Director, Senior Managing Executive Officer



Shigeru Kawasaki
General Manager, Business Administration Div.

Directors, Managing Executive Officers



Koji Ichihashi
Assistant General Manager, Business Administration Div.,
in charge of Industrial & Material Operations



Kenji Kobayashi
General Manager, Research & Development Div.



Makoto Iiumi
Assistant General Manager, Business Administration Div.,
in charge of Advanced Materials Operations



Koji Koyama
General Manager, Production Div.,
in charge of Quality Assurance &
Environmental Protection Div.



Hiroyuki Nishio
General Manager, Corporate Strategic Office and
CSR Management Office

Directors (External)



Shinichi Sato
Director, Deputy General Manager, Paper Sales Div.,
Nippon Paper Industries Co., Ltd.



Michio Abe
Former Corporate Auditor, Yamato Holdings Co., Ltd.

Managing Executive Officers

Koichi Oiwa
Plant Manager, Kumagaya Plant, Production Div.

Yukio Hamada
General Manager, Optical Products Operations, Business Administration Div.,
Plant Manager, Shingu Plant, Production Div.

Yoshiyuki Yamato
General Manager, Quality Assurance & Environmental Protection Div.

Kazuma Okamoto
General Manager, Osaka Branch Office, Business Administration Div.

Seiji Takemura
Assistant General Manager, Production Div., Plant Manager, Mishima Plant

Kazuyoshi Ebe
Assistant General Manager, Research & Development Div.,
General Manager, Research Center

Toshikazu Yamada
Plant Manager, Tatsuno Plant, Production Div.

Executive Officers

Koichi Kimura
Assistant General Manager, Production Div.,
General Manager, Procurement Dept.

Takashi Nakamura
General Manager, Fine & Specialty Paper Products Operations,
Business Administration Div., in charge of Converted Products Operations

Masami Kozuka
Plant Manager, Agatsuma Plant, Production Div.

Gohei Kawamura
Chairman & President, Lintec (Suzhou) Tech Corporation

Tsunetoshi Mochizuki
General Manager, General affairs & Personnel Div.,
General affairs & Legal Dept. and Human Resource Dept.

Statutory Auditors

Keita Yoshikawa
Toshio Yamamoto

Auditors (External)

Masaru Motomura
Kazumi Idogawa



Financial Section

Management's Discussion and Analysis

Revenues and Expenses

In the fiscal year under review, consolidated net sales increased 12.4%, to ¥212.7 billion, largely due to the substantially higher sales of semiconductor-related products and PV backsheets.

Gross profit rose 29.0%, to ¥48.5 billion. While the prices for pulp and fuel were higher and fixed costs increased, the effects of the increased net sales resulted in an overall rise. Selling, general and administrative expenses were up 6.1%, to ¥27.7 billion. Due to the above, operating income increased 80.4%, to ¥20.9 billion.

Income before income taxes increased 71.6%, to ¥19.6 billion, and there was a significant foreign exchange loss, compared with the foreign exchange gain recorded in the previous fiscal year, following the progression of the strong yen in the second half of the fiscal year. Income taxes were ¥5.9 billion.

As a result of these factors, net income rose 87.0%, to ¥13.6 billion. Net income per share increased substantially from ¥96.36 in the previous fiscal year to ¥180.21, and return on equity (ROE) rose notably from 6.2% to 10.9%.

Performance by Operational Segment

Printing and Industrial Materials Products

In printing and variable information products operations, sales of adhesive papers and films for seals and labels for use in food and pharmaceutical products as well as home electronics in Japan were consistent with the previous fiscal year's levels. Overseas, meanwhile, sales of automobile- and home electronic-use seals and labels were strong in Asia, particularly in China, India, Indonesia, and Thailand.

In industrial and material operations, sales of PV backsheets

increased significantly due to the high market evaluation of these products. Additionally, adhesive products for use in motorcycles and other automobiles in Southeast Asia and North America performed well.

In healthcare products operations, sales of existing products were sluggish.

As a result of the above, net sales in the Printing and Industrial Materials Products segment were ¥91.9 billion and operating income was ¥8.0 billion.

Electronic and Optical Products

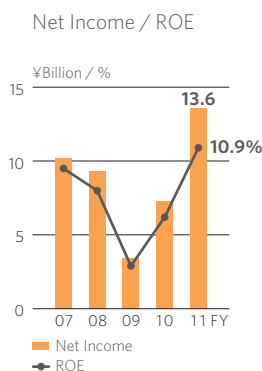
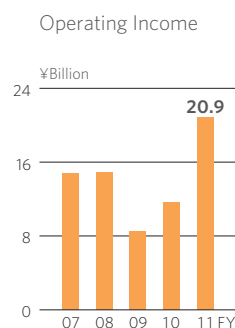
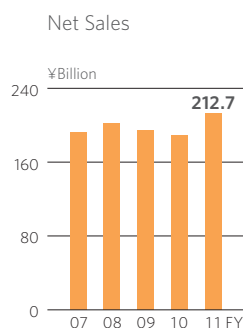
In advanced materials operations, sales of semiconductor-related equipment and adhesive products improved greatly due to the prosperity of the semiconductor industry. Further, the robust demand for smartphones brought favorable sales of coated films for MLCC production.

In optical products operations, LCD-related products were adversely affected by the temporary adjustment period of the market. However, sales in these operations remained solid due to the consistent performance of products for LCD TVs and robust demand for smartphones and other devices.

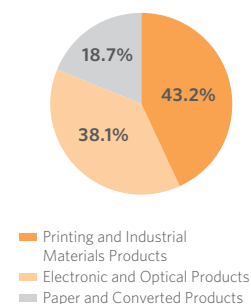
As a result of the above, net sales in the Electronic and Optical Products segment were ¥81.2 billion and operating income was ¥6.7 billion.

Paper and Converted Products

In fine and specialty paper products operations, the recovery of demand for lint-free papers and other industrial-use special function papers helped offset the lower sales of mainstay color



Sales by Operational Segment



papers for envelopes resulted from poor market conditions, and sales were solid.

In converted products operations, sales for mainstay release papers and release films for optical-related products were consistent, and casting papers for synthetic leather and carbon fiber composite materials saw favorable sales.

As a result of the above, net sales in the Paper and Converted Products segment were ¥39.7 billion and operating income was ¥6.1 billion.

Financial Condition

Total assets at the end of the fiscal year under review increased 5.4% year on year, to ¥ 206.2 billion, primarily due to a rise in cash and cash deposits that accompanied the increase in net sales.

Total liabilities were up 2.0%, to ¥75.6 billion, due in part to an increase in trade notes and accounts payable. Total net assets increased 7.5%, to ¥130.6 billion, as a result of the increase in retained earnings.

Due to the above, net assets per share increased from ¥1,596.37 at the end of the previous fiscal year, to ¥1,715.78, and the shareholders' equity ratio increased from 61.7% to 62.9%.

Cash Flow

Net cash provided by operating activities increased ¥1.0 billion year on year, to ¥23.3 billion. This was primarily due to a ¥16.8 billion increase in changes in trade notes and accounts receivable and a ¥13.5 billion decrease in changes in trade notes and accounts payable.

Net cash used in investing activities rose ¥0.7 billion, to ¥9.9 billion. Major factors included a ¥2.3 billion increase in payments into time deposits, a ¥3.3 billion decrease in proceeds from withdrawal of time deposits, and a ¥1.3 billion increase in purchase of investments in subsidiaries resulting in change in scope of consolidation.

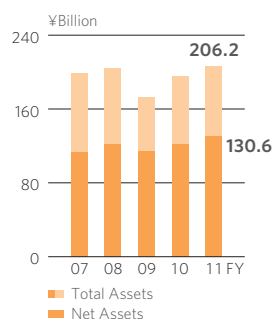
Net cash used in financing activities declined ¥0.6 billion, to ¥2.8 billion. This was largely the result of a ¥2.1 billion decrease in change in short-term borrowings and a ¥1.4 billion increase in cash dividends paid.

Consequently, cash and cash equivalents at the end of the fiscal year totaled ¥35.2 billion, up from ¥25.4 billion at the end of the previous fiscal year.

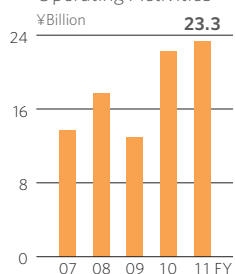
Dividends

Total cash dividends per share for the fiscal year under review increased ¥16.00 year on year, to ¥40.00, which comprised an interim dividend of ¥20.00 per share and a year-end dividend of ¥20.00 per share. For the fiscal year ending March 31, 2012, we forecast that the annual dividend will be the same as in the fiscal year under review at ¥40.00 per share.

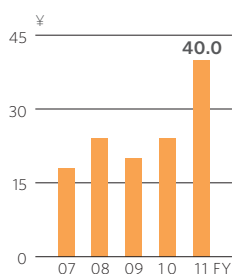
Total Assets / Net Assets



Net Cash Provided by Operating Activities



Cash Dividends per Share



Operating Risks

The following is a summary of risks that could affect the LINTEC Group's operations. This summary provides specific examples of major risks that are anticipated, but it does not include all risks. Forward-looking statements of this report are based on the Company's judgment as of June 24, 2011.

1. Changes in Economic Conditions

The Group's operations include development in a wide range of industries. Therefore, domestic and overseas economic conditions affect the Group's operations directly and indirectly. As a result, future trends in economic conditions could affect the Group's business results. Further, world trends in the electronics industry affect the Group's new businesses in the field of electronics-related products. Future electronics industry trends could affect the Group's business results.

2. Changes in Selling Prices

Due to intense competition in both the domestic and overseas markets in which the Group operates, the Group may not be able to maintain selling prices to preserve sufficient earnings or sales share. Furthermore, the Group's business results could be affected by difficulties related to cost reductions aimed at maintaining profits and recovering its share by refining customer services.

3. Changes in Raw Material Prices

The Group uses a wide range of raw materials, such as pulp for paper and petrochemical products, and fuels. The prices of these materials fluctuate in accordance with market conditions, such as inventories and the supply-demand balance. The Group purchases raw materials in light of careful monitoring of market trends. However, a dramatic change in raw material prices could affect the Group's business results.

4. Changes in Foreign Exchange Rates

The Group conducts foreign currency-denominated procurement and sales overseas as well as finance transactions between both domestic and overseas Group companies. Therefore, changes in foreign exchange rates could affect the Group's business results.

5. Overseas Operations

The Group conducts manufacturing and business operations in markets worldwide. In these countries, the following events could affect the Group's business results.

- (1) Political instability or a deterioration in security due to such factors as terrorism, a political change, or a coup d'état
- (2) Labor disputes, such as those involving strikes or boycotts
- (3) Infrastructure failures, such as those related to electric power,

water, or communications

- (4) Outbreaks of contagious diseases

- (5) Unpredictable changes in laws and regulations, such as those involving tax systems, foreign exchange, or customs

- (6) Problems arising between the Group and its business associates or in the collection of accounts receivable due to differences in cultures or business practices

6. New Product Development

The Group pursues R&D activities with a view to realizing comprehensive technological capabilities that cater to market demand and bringing to market competitive, high-value-added products. Accordingly, the Group is stepping up allocations of management resources to increase its number of researchers and to pursue such initiatives as joint research with other companies and academic institutions. However, there is no guarantee that such investment of management resources in R&D will result in the development of new products or increase operating income. Due to such factors as extended development periods, it could become necessary to discontinue development, and product development costs cannot be recovered, it could affect the Group's business results.

7. Intellectual Property Rights

The Group takes necessary measures to protect intellectual property rights in Japan and overseas for various original production technologies that it has developed. However, legal measures alone do not provide complete protection, possibly preventing the Group from effectively protecting the rights it has obtained. Furthermore, in the event that a lawsuit is filed by a third party regarding intellectual property rights infringement associated with the Group's products, the Group's business results could be affected.

8. Significant Lawsuits

In conducting business in Japan and overseas, the Group may be subject to lawsuits or other claims related to product liability, environmental, or intellectual property rights issues. Lawsuits or claims, depending on their content, could affect the Group's business results.

9. Legal and Regulatory Systems

In the countries in which it conducts business operations, the Group is subject to various legal and regulatory systems, and the Group is working to ensure rigorous compliance with these systems. In the event that the systems are strengthened or changed, the Group's business activities could be restricted or the Group's business results could be affected.

Financial Summary

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31

	2011	2010	2009	2008
For the year:				
Net sales	¥212,733	¥189,348	¥194,901	¥202,297
Operating income	20,889	11,576	8,498	14,894
% of net sales	9.8%	6.1%	4.4%	7.4%
Income before income taxes	19,565	11,399	5,215	13,191
Net income	13,622	7,284	3,391	9,308
Return on equity	10.9%	6.2%	2.9%	8.0%
Return on assets	9.7%	6.1%	3.0%	6.6%
Per share data (yen):				
Net income	¥ 180.21	¥ 96.36	¥ 44.86	¥ 123.15
Net assets	1,715.78	1,596.37	1,497.58	1,598.30
Cash dividends	40.00	24.00	20.00	24.00
Depreciation and amortization	¥10,178	¥10,537	¥11,286	¥ 9,011
Purchases of property, plant and equipment	(8,237)	(7,777)	(9,584)	(14,700)
Net cash provided by operating activities	23,307	22,259	12,979	17,739
Net cash used in investing activities	(9,926)	(9,253)	(9,752)	(15,071)
Net cash used in financing activities	(2,820)	(3,454)	(2,300)	(769)
At year-end:				
Current assets	¥132,891	¥121,451	¥95,937	¥120,028
Current liabilities	60,465	58,654	43,655	67,631
Working capital	72,426	62,797	52,282	52,397
Cash and cash equivalents	35,188	25,387	15,370	17,315
Property, plant and equipment, net	61,888	63,337	67,010	73,711
Long term debt, less current portion	—	54	107	201
% of shareholders' equity	—	0.0%	0.1%	0.2%
Total assets	206,188	195,656	172,854	204,852
Net assets	130,576	121,502	113,930	121,635
% of total assets	62.9%	61.7%	65.5%	59.4%
Number of shares outstanding	76,564,240	76,564,240	76,564,240	76,564,240
Number of employees	4,198	4,037	3,987	3,802
Segment information:				
Net sales:				
Printing and Industrial Materials Products	¥91,936			
Electric and Optical Products	81,193			
Paper and Converted Products	55,317			
Segment income:				
Printing and Industrial Materials Products	7,990			
Electric and Optical Products	6,732			
Paper and Converted Products	6,129			

(Supplementary information)

Effective the year ended March 31, 2011, the "Accounting Standard for Disclosure about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan (ASBJ) Statement No. 17, issued by ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by ASBJ on March 21, 2008) have been applied. Since it is impracticable to restate segment information of the fiscal years of 2010 and before complying revised accounting standards for segment information, only reportable segment information for the year ended March 31, 2011 has been presented.

Millions of yen except per share data, number of shares, and number of employees

2007	2006	2005	2004	2003	2002
¥192,723	¥180,334	¥171,689	¥158,947	¥148,984	¥137,160
14,798	13,618	12,370	10,298	7,440	2,860
7.7%	7.6%	7.2%	6.5%	5.0%	2.1%
14,298	13,214	11,838	12,182	3,239	865
10,238	9,011	7,759	7,778	1,592	616
9.5%	9.2%	9.0%	10.2%	2.2%	0.8%
7.7%	7.7%	7.1%	6.0%	4.2%	1.6%
¥ 135.44	¥ 118.34	¥ 108.76	¥ 111.90	¥ 22.18	¥ 8.85
1,489.87	1,370.85	1,226.28	1,149.19	1,055.22	1,052.61
18.00	16.00	14.00	12.00	12.00	12.00
¥ 7,701	¥ 6,823	¥ 6,216	¥ 5,503	¥ 5,722	¥ 5,668
(11,646)	(12,715)	(8,699)	(8,699)	(5,645)	(8,077)
13,734	17,005	11,163	9,475	10,099	10,237
(12,200)	(13,199)	(8,964)	(8,497)	(7,400)	(7,487)
(68)	(2,789)	(411)	(1,672)	(7,098)	(3,749)
¥117,531	¥104,433	¥ 97,510	¥ 90,437	¥ 85,195	¥ 89,838
67,950	57,748	54,816	58,109	50,255	50,808
49,581	46,685	42,694	32,328	34,940	39,030
15,550	13,766	9,191	6,254	6,921	11,649
68,377	63,176	56,411	53,879	54,699	55,950
280	347	429	622	7,720	8,870
0.3%	0.3%	0.5%	0.8%	10.6%	12.1%
198,526	181,158	169,590	162,708	156,439	159,076
113,397	104,362	92,768	80,347	72,577	73,268
57.1%	57.6%	54.7%	49.4%	46.4%	46.1%
76,564,240	76,564,240	76,564,240	70,817,980	69,629,677	69,629,677
3,708	3,537	3,421	3,171	3,233	3,208

Consolidated Balance Sheets

LINTEC Corporation and its consolidated subsidiaries
March 31, 2011 and 2010

		Millions of yen	Thousands of U S dollars (Note 1)
ASSETS	2011	2010	2011
Current assets:			
Cash and deposits (Notes 10, 12)	¥ 37,403	¥ 27,474	\$ 449,833
Trade notes and accounts receivable (Note 12)	63,107	64,089	758,953
Inventories (Note 3)	27,571	24,686	331,586
Deferred tax assets (Note 17)	2,473	2,202	29,748
Other	2,539	3,225	30,540
Allowance for doubtful accounts	(203)	(226)	(2,443)
Total current assets	132,891	121,451	1,598,217
Non-current assets:			
Property, plant and equipment (Notes 6, 7, 11):			
Buildings and structures	55,296	54,044	665,015
Machinery, equipment and vehicles	100,650	99,250	1,210,470
Land	8,709	8,681	104,739
Construction in progress	1,446	480	17,401
Other	10,113	9,804	121,628
	176,216	172,261	2,119,255
Accumulated depreciation	(114,327)	(108,923)	(1,374,952)
Property, plant and equipment, net	61,888	63,337	744,303
Intangible assets (Note 11):	2,072	1,334	24,928
Investments and other assets:			
Investment securities (Notes 12, 13)	2,525	2,632	30,375
Deferred tax assets (Note 17)	5,426	5,501	65,261
Other	1,577	1,569	18,975
Allowance for doubtful accounts	(195)	(170)	(2,347)
Total investments and other assets	9,334	9,532	112,265
Total non-current assets	73,296	74,204	881,496
Total assets	¥ 206,188	¥195,656	\$ 2,479,714

The accompanying notes are an integral part of the consolidated financial statements

		Millions of yen	Thousands of U.S. dollars (Note 1)
LIABILITIES AND NET ASSETS	2011	2010	2011
Current liabilities:			
Trade notes and accounts payable (Note 12)	¥ 44,506	¥ 44,071	\$ 535,258
Short term borrowings (Notes 12, 24)	1,467	1,424	17,653
Accrued income taxes (Notes 12, 17)	3,557	3,555	42,779
Provision for director's bonuses	93	69	1,126
Other	10,840	9,533	130,368
Total current liabilities	60,465	58,654	727,187
Non-current liabilities:			
Long term debt, less current portion (Notes 12, 24)	—	54	—
Accrued pension costs (Note 15)	13,802	14,032	165,990
Provision for environmental measures	149	150	1,791
Other	1,195	1,262	14,372
Total non current liabilities	15,146	15,499	182,155
Contingent liabilities (Note 2)			
Net assets:			
Shareholders' equity (Note 23):			
Common stock:			
Authorized: 300,000,000 shares in 2011 and 2010			
Issued: 76,564,240 shares in 2011 and 2010	23,201	23,201	279,029
Capital surplus	26,830	26,830	322,671
Retained earnings	88,638	76,916	1,066,006
Less: treasury stock, at cost:			
971,045 shares in 2011 and 970,630 shares in 2010	(1,035)	(1,034)	(12,454)
Total shareholders' equity	137,634	125,912	1,655,253
Accumulated other comprehensive income			
Net unrealized holding gain on securities	102	96	1,236
Foreign currency translation adjustments	(7,894)	(5,334)	(94,938)
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(141)		(1,699)
Total accumulated other comprehensive income	(7,932)	(5,237)	(95,402)
Share subscription rights (Note 16)	88	67	1,065
Minority interests	786	759	9,455
Total net assets	130,576	121,502	1,570,371
Total liabilities and net assets	¥206,188	¥195,656	\$2,479,714

Consolidated Statements of Income

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Net sales	¥212,733	¥189,348	\$2,558,427
Cost of sales	164,188	151,702	1,974,605
Gross profit	48,544	37,645	583,821
Selling, general and administrative expenses (Notes 4, 5)	27,655	26,068	332,595
Operating income	20,889	11,576	251,226
Non-operating income:			
Interest income	161	103	1,942
Dividends income	65	74	788
Rent income	65	58	782
Gain on sales of noncurrent assets	90	30	1,087
Foreign exchange gain	—	256	—
Other income	276	268	3,325
Total non operating income	659	791	7,925
Non-operating expenses:			
Interest expense	19	21	228
Loss on retirement of noncurrent assets	643	477	7,743
Compensation expenses	124	433	1,496
Foreign exchange loss	992	—	11,939
Other expense	248	134	2,983
Total non operating expense	2,028	1,068	24,391
Ordinary income	19,520	11,300	234,760
Extraordinary gain:			
Subsidy	61	111	738
Gain on sales of noncurrent assets (Note 6)	42	283	513
Total extraordinary gain	104	395	1,252
Extraordinary loss:			
Loss on valuation of investment securities (Note 12)	45	—	541
Loss on sales of noncurrent assets (Note 7)	13	—	165
Provision for environmental measures	—	150	—
Loss on recycling of foreign currency translation adjustments (Note 8)	—	132	—
Loss on valuation of membership	—	12	—
Total extraordinary loss	58	295	706
Income before income taxes	19,565	11,399	235,305
Income taxes (Note 17):			
Current	6,104	4,083	73,420
Deferred	(235)	(46)	(2,835)
Total income taxes	5,869	4,037	70,585
Income before minority interests	13,696		164,719
Minority interests	73	78	884
Net income (Note 23)	¥ 13,622	¥ 7,284	\$ 163,835

Consolidated Statement of Comprehensive Income

LINTEC Corporation and its consolidated subsidiaries
Year ended March 31, 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Income before minority interests	¥13,696		\$164,719
Other comprehensive income			
Net unrealized holding gain on securities (Note 9)	6		73
Foreign currency translation adjustments (Note 9)	(2,536)		(30,508)
Adjustment regarding pension obligations of consolidated overseas subsidiaries	18		228
Total Other comprehensive income	(2,511)		(30,205)
Comprehensive income (Note 9)	¥11,184		\$134,514
(Comprehensive income attributable to:)			
Shareholders of the parent (Note 9)	11,157		134,188
Minority interests (Note 9)	27		325

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Changes in Net Assets

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2011 and 2010

	Thousands										Millions of yen		
	Shareholders' equity										Accumulated other comprehensive income		
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on securities	Foreign currency translation adjustments	Adjustment regarding pension obligations of consolidated overseas subsidiaries	Accumulated other comprehensive income	Share subscription rights	Minority interests	Total net assets
Balance as at March 31, 2009	76,564	¥23,201	¥26,830	¥70,707	¥(1,032)	¥119,706	¥ (87)	¥(6,408)		¥(6,496)	¥41	¥679	¥113,930
Changes during the year:													
Cash dividends				(1,133)		(1,133)							(1,133)
Net income				7,284		7,284							7,284
Purchase of treasury stock					(2)	(2)							(2)
Disposal of treasury stock			0		0	0							0
Increase of retained earnings by U S pension plan				58		58							58
Net changes in items other than shareholders' equity							184	1,074		1,259	25	80	1,365
Total changes during the year			0	6,209	(2)	6,206	184	1,074		1,259	25	80	7,572
Balance as at March 31, 2010	76,564	23,201	26,830	76,916	(1,034)	125,912	96	(5,334)		(5,237)	67	759	121,502
Transfer to Adjustment regarding pension obligations of consolidated overseas subsidiaries				160		160			(160)	(160)			—
Changes during the year:													
Cash dividends				(2,570)		(2,570)							(2,570)
Net income				13,622		13,622							13,622
Purchase of treasury stock					(0)	(0)							(0)
Disposal of treasury stock			0		0	0							0
Change of scope of consolidation				509		509							509
Reserve fund for employee benefit				(0)		(0)							(0)
Net changes in items other than shareholders' equity							6	(2,560)	18	(2,534)	20	27	(2,487)
Total changes during the year	—	—	0	11,561	(0)	11,561	6	(2,560)	18	(2,534)	20	27	9,074
Balance as at March 31, 2011	76,564	¥23,201	¥26,830	¥88,638	¥(1,035)	¥137,634	¥102	¥(7,894)	¥(141)	¥(7,932)	¥88	¥786	¥130,576

	Thousands										Thousands of U S dollars (Note 1)		
	Shareholders' equity										Accumulated other comprehensive income		
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on securities	Foreign currency translation adjustments	Adjustment regarding pension obligations of consolidated overseas subsidiaries	Accumulated other comprehensive income	Share subscription rights	Minority interests	Total net assets
Balance as at March 31, 2010	76,564	\$279,029	\$322,670	\$ 925,029	\$(12,443)	\$1,514,286	\$1,162	\$(64,149)	—	\$(62,987)	\$ 815	\$9,129	\$1,461,243
Transfer to Adjustment regarding pension obligations of consolidated overseas subsidiaries				1,928		1,928			(1,928)	(1,928)			—
Changes during the year:													
Cash dividends				(30,910)		(30,910)							(30,910)
Net income				163,835		163,835							163,835
Purchase of treasury stock					(11)	(11)							(11)
Disposal of treasury stock			1		0	2							2
Change of scope of consolidation				6,123		6,123							6,123
Reserve fund for employee benefit				(0)		(0)							(0)
Net changes in items other than shareholders' equity							73	(30,788)	228	(30,486)	249	325	(29,910)
Total changes during the year	—	—	1	139,048	(10)	139,038	73	(30,788)	228	(30,486)	249	325	109,128
Balance as at March 31, 2011	76,564	\$279,029	\$322,671	\$1,066,006	\$(12,454)	\$1,655,253	\$1,236	\$(94,938)	\$(1,699)	\$(95,402)	\$1,065	\$9,455	\$1,570,371

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Cash Flows

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes	¥19,565	¥11,399	\$235,305
Depreciation and amortization	10,178	10,537	122,410
Amortization of goodwill	11		137
Amortization of negative goodwill	(11)	(11)	(134)
Decrease in accrued pension costs	(258)	(289)	(3,113)
Increase in allowance for doubtful accounts	17	5	207
Interest and dividend income	(227)	(177)	(2,730)
Interest expense	19	21	228
(Gain) Loss on sales of property, plant and equipment	(26)	(284)	(324)
Loss on retirement of property, plant and equipment	494	375	5,950
Trade notes and accounts receivable	631	(16,159)	7,597
Inventories	(2,965)	2,537	(35,669)
Trade notes and accounts payable	802	14,300	9,650
Loss (Gain) on sales of investment securities	—	(8)	—
Loss on valuation of investment securities	45	4	541
Loss on valuation of membership	—	12	—
Loss on recycling of foreign currency translation adjustment	—	132	—
Increase in provision for environmental measures	(1)	150	(12)
Other, net	1,012	(455)	12,171
Subtotal	29,286	22,092	352,217
Interest and dividend income received	219	179	2,634
Interest expense paid	(19)	(24)	(228)
Income taxes (paid) refund	(6,178)	11	(74,311)
Net cash provided by operating activities	23,307	22,259	280,312
Cash flows from investing activities:			
Payments into time deposits	(8,185)	(5,863)	(98,447)
Proceeds from withdrawal of time deposits	8,002	4,697	96,241
Purchases of property, plant and equipment	(8,237)	(7,777)	(99,063)
Proceeds from sales of property, plant and equipment	293	415	3,529
Purchases of intangible assets	(508)	(589)	(6,118)
Purchases of investment securities	(5)	(5)	(69)
Proceeds from investment securities	—	17	—
Purchases of investment in subsidiaries	—	(28)	—
Payment of loans receivable	(20)	(132)	(241)
Collection of loans receivable	67	11	810
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 10)	(1,332)		(16,025)
Other, net	0	1	1
Net cash used in investing activities	(9,926)	(9,253)	(119,382)
Cash flows from financing activities:			
Increase (decrease) in short term borrowings	(1)	(2,081)	(16)
Cash dividends paid	(2,564)	(1,133)	(30,846)
Purchase of treasury stock	(0)	(2)	(11)
Repayments of lease obligation	(253)	(238)	(3,043)
Other, net	0	0	1
Net cash used in financing activities	(2,820)	(3,454)	(33,915)
Effect of exchange rate changes on cash and cash equivalents	(1,250)	465	(15,042)
Net increase in cash and cash equivalents	9,310	10,016	111,970
Cash and cash equivalents at beginning of year	25,387	15,370	305,319
Increase in cash and cash equivalents from newly consolidated subsidiaries	490		5,898
Cash and cash equivalents at end of year (Note 10)	¥35,188	¥25,387	\$423,188

The accompanying notes are an integral part of the consolidated financial statements

Notes to Consolidated Financial Statements

LINTEC Corporation and its consolidated subsidiaries
March 31, 2011

1. Summary of Significant Accounting Policies

(a) Basis of presenting financial statements

LINTEC Corporation (the "Company") maintains its accounting records and prepares its consolidated financial statements in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

For the convenience of the readers, the accompanying consolidated financial statements have been presented in U.S. dollars by translating all Japanese yen amounts at the rate of ¥83.15=U.S.\$1, the prevailing exchange rate as of March 31, 2011.

As permitted under the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Certain reclassifications of previously reported amounts have been made to conform to the consolidated financial statements for the year ended March 31, 2011 presentation.

(b) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 22 significant subsidiaries as of March 31, 2011 and 19 significant subsidiaries as of March 31, 2010 but exclude subsidiaries whose total assets, retained earnings, net sales and net income are not material in relation to the comparable amounts in these statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

Goodwill is amortized over periods of the estimated useful economic lives (mainly 5 years) on a straight line basis. Negative goodwill incurred prior to the year ended March 31, 2010 is amortized for 5 years on a straight line basis.

Investments in subsidiaries and affiliates, which are not consolidated or accounted for by the equity method, are carried at cost. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

Certain subsidiaries are consolidated on the basis of fiscal period ending December 31, which differ from that of the Company. The necessary adjustments are made to the financial statements of such subsidiaries to reflect any significant transactions from their respective fiscal year ends to March 31.

(c) Foreign currency translation

Receivables, payables and securities denominated in foreign currencies are converted into Japanese yen at the exchange rates at fiscal year end. Transaction in foreign currencies is recorded based on the prevailing exchange rate on the transaction dates and the resulting translation gains or losses are included in statements of income.

In respect of the financial statement items of overseas subsidiaries, all assets and liabilities accounts are translated into Japanese yen by applying the exchange rates in effect at the fiscal year end. All income and expense accounts are translated into Japanese yen by applying the average exchange rate during the fiscal year.

Translation differences after allocating to minority interest for portions attributable to minority interest are reported as foreign currency translation adjustments in a separate component of net assets in the accompanying consolidated balance sheets.

(d) Investment securities

Securities with market value are stated at fair value, and changes in fair value are recorded as a separate component of net assets at an amount, net of tax, and the moving average method is used to calculate the original cost.

Securities without market value are stated at cost determined by the moving average method. Held to maturity securities which are expected to be held to maturity with the positive intent and ability to be held to maturity are reported at amortized cost.

(e) Inventories

Inventories mainly apply the cost method based on the weighted average method, which determines the amount of the inventories shown on the consolidated balance sheets by writing them down based on the decrease in their profitability.

Machinery applies the cost method based on the specific identification method, which determines the amount of the inventories shown on the consolidated balance sheets by writing them down based on the decrease in their profitability.

(f) Property, plant and equipment (Excluding leased assets)

Property, plant and equipment are stated at cost. Depreciation in the Company is principally computed by the declining balance method over the estimated useful lives of the respective assets except for the buildings acquired after April 1, 1998, for which the straight line method is used.

Depreciation in its consolidated foreign subsidiaries is computed by the straight line method over the useful lives of the respective assets.

The significant useful lives are summarized as follows:

Buildings and structures	3	50 years
Machinery, equipment and vehicles	3	17 years

(g) Intangible assets (Excluding leased assets)

Intangible assets are stated at cost less accumulated amortization. Capitalized costs of software for internal use and other intangible assets are amortized using the straight line method over estimated lives (five years).

(h) Leases

Leased assets arising from finance lease transactions which transfer ownership to the lessee are depreciated as the same as the owned property and equipment.

Leased assets arising from finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight line method using the contract term as the useful life.

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at the amount of estimated uncollectible accounts, based on individual collectability with respect to identified doubtful receivables and past experience of doubtful receivables.

(j) Provision for director's bonuses

Bonus to directors is accrued at the year end and to be paid in the following year when such bonuses are attributable.

(k) Accrued pension costs

Accrued pension cost has been provided based on the projected retirement benefit obligation and the pension plan assets.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight line method principally over 15 years. Prior service cost is being amortized by the straight line method principally over 15 years.

Effective the year ended March 31, 2010, the Company has adopted "Partial Amendments to Accounting Standards for Retirement Benefit (Part 3) (Accounting Standards Board of Japan (ASBJ) Statement No.19 on July 31, 2008)".

This adoption did not affect operating income, ordinary income and income before income taxes.

(l) Provision for environmental measures

The provision for environmental measures is estimated and recorded to provide for future potential costs, such as costs related to removal and disposal of toxic substances based on related legal requirements.

(m) Accounting for consumption tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(n) Cash and cash equivalents

Cash and cash equivalents are composed of cash and time deposits, all of which are low risk, short term financial instruments readily convertible into cash.

(o) Research and development costs

Research and development costs are charged to income when incurred.

(p) Income taxes

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(q) Shareholders' equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

(r) Asset retirement obligations

Effective the year ended March 31, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued by ASBJ on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued by ASBJ on March 31, 2008) have been applied.

This adoption did not affect operating income, ordinary income and income before income taxes.

(s) Business combinations and related matters

Effective the year ended March 31, 2011, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued by ASBJ on December 26, 2008) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 (Revised 2008), issued by ASBJ on December 26, 2008) have been applied.

(t) Consolidated statements of income

Accompanying the application of revisions in certain rules for the presentation of financial statements, as contained in a cabinet order (Cabinet Office Ordinance No.5, issued on March 24, 2009), which are based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued December 26, 2008), the Company has included the item "Income before minority interests" in the consolidated statement of income for the year ended March 31, 2011.

(u) Comprehensive income

Effective the year ended March 31, 2011, the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, issued by ASBJ on June 30, 2010) has been applied. In accordance with this new standard, consolidated statement of comprehensive income for the year ended March 31, 2010 is not presented. The comparative information for the year ended March 31, 2010 is disclosed in Note 9.

2. Contingent Liabilities

Contingent liabilities as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U S dollars
	2011	2010	2011
Guarantees (for bank borrowings)	¥	¥8	\$

The Company and its consolidated subsidiaries had unused lines of credit for short term financing aggregating ¥30,244 million (U.S. \$363,731 thousand) and ¥30,393 million at March 31, 2011 and 2010, respectively.

3. Inventories

Finished goods and merchandise, work in process, raw materials, supplies as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U S dollars
	2011	2010	2011
Finished goods and merchandise	¥ 8,548	¥ 7,480	\$102,804
Work in process	10,441	9,929	125,571
Raw materials and Supplies	8,581	7,276	103,210
Total	¥27,571	¥24,686	\$331,586

4. Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended March 31, 2011 and 2010 were as follows:

		Millions of yen	Thousands of U S dollars
	2011	2010	2011
Transportation and warehousing expenses	¥ 5,029	¥4,551	\$ 60,489
Provision for allowance for doubtful accounts	113	56	1,370
Salaries and allowances	5,429	5,129	65,301
Provision for retirement benefits	474	609	5,712
Provision for director's bonuses	93	69	1,126
Depreciation	817	671	9,831
Research and development expenses	6,017	6,138	72,372
Other	9,677	8,840	116,390
Total	¥27,655	¥26,068	\$332,595

5. Research and Development Expenses

Research and development expenses, all of which were included in selling, general and administrative expenses, for the years ended March 31, 2011 and 2010 were ¥6,017 million (U.S.\$72,372 thousand) and ¥6,138 million, respectively.

6. Gain on Sales of Noncurrent Assets

Gain on sales of noncurrent assets was principally related to sales of buildings and structures for the year ended March 31, 2011 and sales of land for the year ended March 31, 2010.

7. Loss on Sales of Noncurrent Assets

Loss on sales of noncurrent assets was principally related to sales of land for the year ended March 31, 2011.

8. Loss on Recycling of Foreign Currency Translation Adjustments

Excluding from the scope of consolidation of the certain overseas subsidiaries resulted in the loss for the year ended March 31, 2010.

9. Comprehensive income

Comprehensive income for the year ended March 31, 2010 was as follows:

	Millions of yen
	2010
Comprehensive income attributable to:	
Shareholders of the parent	¥8,543
Minority interests	80
Total	¥8,623

Other comprehensive income for the year ended March 31, 2010 was as follows:

	Millions of yen
	2010
Net unrealized holding gain on securities	¥184
Foreign currency translation adjustments	1,076
Total	¥1,261

(Supplementary information)

Effective the year ended March 31, 2011, the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, issued by ASBJ on July 30, 2010) has been applied. However, the consolidated amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the year ended March 31, 2010 represents the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments", respectively.

10. Cash and Cash Equivalents

Reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets as of March 31, 2011 and 2010 were as follows:

		Millions of yen	Thousands of U S dollars
	2011	2010	2011
Cash and deposits	¥37,403	¥27,474	\$449,833
Time deposits with maturity of more than three months	(2,215)	(2,087)	(26,644)
Cash and cash equivalents	¥35,188	¥25,387	\$423,188

Assets and liabilities related to finance lease transactions newly recognized for the years ended March 31, 2011 and 2010, were ¥231 million (U.S. \$2,785 thousand) and ¥505 million, respectively.

Assets and liabilities of SOLAMATRIX, INC. and other subsidiary (Newly acquired consolidated subsidiaries) through acquisition of shares at the inception of their consolidation, related acquisition cost and purchases of investments for acquisition of shares for the year ended March 31, 2011 were as follows:

	Millions of yen	Thousands of U S dollars
	2011	2011
Current assets	¥ 577	\$ 6,949
Non current assets	920	11,067
Goodwill	219	2,637
Current liabilities	(149)	(1,796)
Non current liabilities	(138)	(1,669)
Acquisition cost of shares of Newly acquired consolidated subsidiaries	1,429	17,186
Cash and cash equivalents of Newly acquired consolidated subsidiaries	(96)	(1,161)
Less: purchases of investments in Newly acquired consolidated subsidiaries	¥1,332	\$16,025

11. Leases

(Leasee's accounting)

For finance lease transactions that transfer ownership, leased assets recognized as property, plant and equipment are mainly production facilities for the years ended March 31, 2011 and 2010.

For finance lease transactions that do not transfer ownership, leased assets recognized as property, plant and equipment are mainly production facilities and vehicles, and those recognized as intangible assets are mainly software for the years ended March 31, 2011 and 2010.

The minimum lease payments under noncancellable operating leases as of March 31, 2011 and 2010 were as follows;

	Millions of yen	Thousands of U S dollars
	2011	2011
Due within one year	¥114	\$1,372
Due after one year	53	641
Total	¥167	\$2,013

12. Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

The LINTEC Group (the "Group") limits the scope of its cash and fund management activities to short term deposits and has a policy of relying principally on bank borrowings.

The Group makes use of derivatives only to reduce risk of foreign currency exchange fluctuations and has a policy of not engaging in derivative transactions for speculative purposes.

(2) Details of financial instruments and associated risk and risk management system

In the course of its business activities, the Group is exposed to credit risk arising from notes and accounts receivable that are outstanding from its customers. Regarding the risk pursuant to the internal regulations for managing its credit exposure and trade receivables, due dates and balances are managed appropriately for each customer, to mitigate risks of uncollectible accounts.

Investment securities are stocks being exposed to market price risk, and these are mainly the stocks of companies with which the Group has business relationships and it periodically confirms the market value.

All of the trade payables trade notes and accounts payable are due within one year.

The Company has commitment line contracts with financial institutions and the borrowings are raised mainly for business activities and capital investments.

The Group is exposed to liquidity risk from its business related obligations and borrowings but the Company and its consolidated subsidiaries prepare and implement financing plans to manage the liquidity risk.

The Group conducts and manages such transactions based on internal rules and regulations. Director of administration division is in charge of managing derivative transactions and related reports are submitted to top management for each case.

2. Estimated Fair Value and Other Matters Related to Financial Instruments

Carrying value on the consolidated balance sheets as of March 31, 2011 and 2010 along with their fair value and the variance were shown in the following table.

	Thousands of U S dollars					
	Millions of yen					
	2011					
	Carrying value	Estimated fair value	Variance	Carrying value	Estimated fair value	Variance
(1) Cash and deposits	¥ 37,403	¥ 37,403	¥	\$ 449,833	\$ 449,833	\$
(2) Trade notes and accounts receivable	63,107	63,107		758,953	758,953	
(3) Investment securities						
Other securities	1,798	1,798		485	485	
(4) Trade notes and accounts payable	(44,506)	(44,506)		(535,258)	(535,258)	
(5) Short term borrowings	(1,467)	(1,467)		(17,653)	(17,653)	
(6) Accrued income taxes	(3,557)	(3,557)		(42,779)	(42,779)	

Note Figures shown in parentheses are liability items

	Millions of yen		
	2010		
	Carrying value	Estimated fair value	Variance
(1) Cash and deposits	¥27,474	¥27,474	¥
(2) Trade notes and accounts receivable	64,089	64,089	
(3) Investment securities			
Other securities	1,826	1,826	
(4) Trade notes and accounts payable	(44,071)	(44,071)	
(5) Short term borrowings	(1,424)	(1,424)	
(6) Accrued income taxes	(3,555)	(3,555)	
(7) Long term debt, less current portion	(54)	(54)	

Note Figures shown in parentheses are liability items

Note 2 Financial instruments for which obtaining an estimated fair value is deemed to be extremely difficult;

Note 1 Method of computing the estimated fair value of financial instruments and securities

(1) Cash and deposits; (2) Trade notes and accounts receivable
Since these items are settled in a short period of time and have estimated fair values that are virtually the same as the carrying value on the ledger, the carrying value has been used
(3) Investment securities
The market value of investment securities is determined by the price of the stock traded on an exchange market
(4) Notes and accounts payable; (5) Short-term borrowings;
(6) Accrued income taxes
Since these items are settled in a short period of time and have estimated fair values that are virtually the same as the carrying value on the ledger, the carrying value has been used
(7) Long-term debt, less current portion
Since long-term debt, less current portion with variable interest rates reflects the market interest rates within a short period of time, its market value is almost the same as its carrying value, the relevant carrying value is used under the stable credit condition of the Group

Millions of yen			Thousands of U S dollars		
			2011		
	2011	2010		2011	
	Carrying value	Carrying value		Carrying value	
Unlisted Stocks	¥727	¥806		\$8,749	

The unlisted stocks in the preceding table do not have market values, and as estimating their future cash flows is deemed to be extremely difficult, they are not included in the above table "(3) Investment securities"

Note 3 Planned redemption amounts after the balance sheet date (March 31, 2011) for held-to-maturity securities and receivables were as follows

Millions of yen			Thousands of U S dollars		
			2011		
	Within One year	Within One year		Within One year	
Cash and deposits	¥ 37,367			\$ 449,392	
Trade notes and accounts receivable	63,107			758,953	
Total	¥100,474			\$1,208,346	

(Supplementary information)

Beginning with the year ended March 31, 2010, the Company and its consolidated subsidiaries have adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, issued by ASBJ on March 10, 2008) and the "Implementation Guidance on Disclosure about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued by ASBJ on March 10, 2008)

13. Marketable and Investment Securities

The carrying value and acquisition cost of other securities as of March 31, 2011 and 2010 were as follows:

		Millions of yen					Thousands of U S dollars
		2011					
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥1,333	¥ 993	¥ 340	\$16,043	\$11,951	\$ 4,092
	Bonds						
	Other						
Subtotal		¥1,333	¥ 993	¥ 340	\$16,043	\$11,951	\$ 4,092
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 464	¥ 631	¥(166)	\$ 5,582	\$ 7,590	\$(2,008)
	Bonds						
	Other						
Subtotal		¥ 464	¥ 631	¥(166)	\$ 5,582	\$ 7,590	\$(2,008)
Total		¥1,798	¥1,624	¥ 173	\$21,625	\$19,541	\$ 2,084

		Millions of yen		
		2010		
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥1,487	¥1,157	¥ 329
	Bonds			
	Other			
Subtotal		¥1,487	¥1,157	¥ 329
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 339	¥ 505	¥(165)
	Bonds			
	Other			
Subtotal		¥ 339	¥ 505	¥(165)
Total		¥1,826	¥1,663	¥ 163

The Company wrote down by ¥45 million (U.S. \$541 thousand) against other securities with a remarkable decline in the value of investment for the year ended March 31, 2011.

14. Derivative and Hedging Activities

No specific disclosure for derivatives has been made at March 31, 2010 and 2011 because of its immateriality.

15. Accrued Pension Costs

The Company and its domestic subsidiaries sponsor a corporate pension fund under the Japanese Defined Benefit Corporate Pension Law and retirement plans for their employees. Certain foreign consolidated subsidiaries have defined contribution plans and defined benefit plans.

Actuarial present value of projected benefit obligations and unfunded status as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Actuarial present value of projected benefit obligations	¥(31,989)	¥(31,225)	\$(384,725)
Plan assets	15,492	15,717	186,323
Unfunded accrued pension costs	(16,497)	(15,508)	(198,402)
Unrecognized net actuarial loss	5,241	4,296	63,034
Unrecognized prior service cost	(2,512)	(2,812)	(30,210)
Net retirement benefit obligation recognized in the consolidated balance sheet	(13,767)	(14,024)	(165,578)
Prepaid pension costs	34	8	412
Accrued pension costs	¥(13,802)	¥(14,032)	\$(165,990)

Components of pension and severance cost for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service cost	¥1,190	¥1,184	\$14,311
Interest cost	648	634	7,796
Expected return on plan assets	(566)	(452)	(6,813)
Unrecognized net actuarial loss	439	581	5,288
Prior service cost	(301)	(301)	(3,621)
Other	78	71	944
Total	¥1,488	¥1,717	\$17,906

Major assumptions at the beginning of each of the years ended March 31, 2011 and 2010 were as follows:

	2011	2010
Discount rate	Mainly 2.0%	2.0%
Expected rate of return on plan assets	Mainly 3.5%	3.5%
Allocation method of pension costs	Straight line method	Straight line method
Term of amortization of unrecognized net actuarial loss	15 years	15 years
Term of amortization of prior service cost	15 years	15 years

16. Stock Option Plan

Stock based compensation expense of ¥20 million (U.S. \$249 thousand), ¥25 million were included in selling, general and administrative expenses for the years ended March 31, 2011 and 2010 respectively.

The following table summarizes contents of stock options as of March 31, 2011:

The first share subscription rights

Name of Company	The Company
Date of approval of the Board of Directors	August 10, 2006
Position and number of grantees	Directors, 17
Class and number of stocks	Common stock 10,500 shares
Date of grant	August 25, 2006
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	
Exercise period	From August 26, 2006 to August 25, 2026

The second share subscription rights

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2007
Position and number of grantees	Directors, 17
Class and number of stocks	Common stock 9,300 shares
Date of grant	August 24, 2007
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	
Exercise period	From August 25, 2007 to August 24, 2027

The third share subscription rights

Name of Company	The Company
Date of approval of the Board of Directors	August 8, 2008
Position and number of grantees	Directors, 14
Class and number of stocks	Common stock 9,800 shares
Date of grant	August 25, 2008
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	
Exercise period	From August 26, 2008 to August 25, 2028

The forth share subscription rights

Name of Company	The Company
Date of approval of the Board of Directors	August 7, 2009
Position and number of grantees	Directors, 14
Class and number of stocks	Common stock 15,000 shares
Date of grant	August 24, 2009
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	
Exercise period	From August 25, 2009 to August 24, 2029

The fifth share subscription rights

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2010
Position and number of grantees	Directors, 16
Class and number of stocks	Common stock 14,100 shares
Date of grant	August 24, 2010
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	
Exercise period	From August 25, 2010 to August 24, 2030

The following tables summarize the scale and movement of stock options for the years ended March 31, 2011 and 2010:

(Non-vested stock options)

	The first share subscription rights	The second share subscription rights	The third share subscription rights	The forth share subscription rights	The fifth share subscription rights
Stock options outstanding at April 1, 2009					
Stock options granted				15,000	
Forfeitures					
Conversion to exercisable stock options				15,000	
Stock options outstanding at March 31, 2010					
Stock options granted					14,100
Forfeitures					
Conversion to exercisable stock options					14,100
Stock options outstanding at March 31, 2011					

(Vested stock options)

	The first share subscription rights	The second share subscription rights	The third share subscription rights	The forth share subscription rights	The fifth share subscription rights
Stock options outstanding at April 1, 2009	6,000	5,500	9,800		
Conversion from not exercisable stock options				15,000	
Stock options exercised					
Forfeitures					
Stock options outstanding at March 31, 2010	6,000	5,500	9,800	15,000	
Conversion from not exercisable stock options					14,100
Stock options exercised					
Forfeitures					
Stock options outstanding at March 31, 2011	6,000	5,500	9,800	15,000	14,100

The following table summarizes the price information of stock options as of March 31, 2011:

	The first share subscription rights	The second share subscription rights	The third share subscription rights	The forth share subscription rights	The fifth share subscription rights
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise					
Fair value at the date of grant	2,788	1,947	1,481	1,726	1,474

The fair value of stock options granted during the years ended March 31, 2011 and 2010 were valued by using the Black Scholes option pricing model with the following assumptions:

	The forth share subscription rights	The fifth share subscription rights
Volatility	35.9%	34.9%
Expected remaining period	10 years	10 years
Expected dividend	¥20	¥24
Risk free interest rate	1.4%	0.9%

The expected remaining period for stock options is assumed to be the mid point of the exercise period.

17. Income Taxes

The Company and its consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 40.69% in 2011 and 2010. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation. The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2011 and 2010 differ from the statutory tax rate for the following reasons:

	2011	2010
Statutory tax rate	40.69%	40.69%
Effect of:		
Expenses not deductible for income tax purposes	0.49	0.77
Municipal tax	0.28	0.47
Income of foreign subsidiaries taxed at lower than Japanese statutory tax rate	(7.19)	(7.04)
Tax deduction in accordance with special tax measures	(1.85)	(3.30)
Increase (Decrease) of valuation allowance for net operating loss carryforward	(1.28)	0.72
Consolidating adjustment of dividend income from consolidated subsidiaries	1.60	1.91
Other, net	(2.76)	1.20
Effective tax rate	29.98%	35.42%

The significant components of deferred tax assets and liabilities as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Accrued bonuses	¥ 899	¥ 807	\$ 10,818
Accrued enterprise taxes	249	244	2,996
Operating loss carryforwards	384	377	4,626
Accrued pension costs	5,562	5,591	66,892
Research and development cost	708	612	8,519
Loss on valuation of inventories	295	226	3,553
Allowance for doubtful accounts	98	96	1,179
Unrealized gain	225	212	2,717
Other	503	510	6,051
Gross deferred tax assets	8,926	8,678	107,354
Valuation allowance	(423)	(597)	(5,099)
	8,502	8,080	102,255
Deferred tax liabilities:			
Deferred capital gains	(1)	(2)	(18)
Revaluation of fixed assets in accordance with special tax measures	(197)	(202)	(2,373)
Net unrealized holding gain on securities	(70)	(67)	(850)
Depreciation expense of subsidiaries	(420)	(199)	(5,060)
Other	(180)	(96)	(2,172)
	(871)	(567)	(10,475)
Net deferred tax assets	¥7,631	¥7,513	\$ 91,779

18. Business Combinations

There is no business combination for the year ended March 31, 2010.

No specific items to be reported for the year ended March 31, 2011 because of its immateriality.

19. Asset Retirement Obligations

There is no asset retirement obligation as of March 31, 2011.

20. Rental Property

No specific disclosure for rental property has been made at March 31, 2010 and 2011 because of its immateriality.

(Supplementary information)

Effective the year ended March 31, 2010, the "Accounting Standard for Disclosure about Fair Value of Investment and Rental Property Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 20, issued by ASBJ on November 28, 2008) and the "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23, issued by ASBJ on November 28, 2008) have been applied.

21. Segment Information

(Supplementary information)

Effective the year ended March 31, 2011, the "Accounting Standard for Disclosure about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued by ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by ASBJ on March 21, 2008) have been applied.

1. Overview of reportable segments

(1) Decision procedures for reportable segments

The business segments of our group are subject to periodic review, because each of them provides its own financial information separately from other business units of our group and the board of directors not only makes a decision on allocation of management resources, but also evaluates the performance of them.

Our group consists of seven business segments, each of which develops comprehensive strategies and conducts business activities in overseas and domestic markets.

Based on product manufacturing methods and similarity of the markets where the products are introduced, we aggregate these business segments into three distinguishable units, such as "Printing and Industrial Materials Products," "Electronic and Optical Products," and "Paper and Converted Products," to include in this report.

(2) Products and services handled in each segment

Products and services handled in each segment were as follows."

Reportable segments	Main products and services
Printing and Industrial Materials Products	Adhesive papers and films for seals and labels, Label printing machines, Barcode printers, Films for outdoor signs and advertising, Interior finishing mounting sheets, Window films, PV backsheets, Adhesive products for automobiles, Industrial use adhesive tapes, Healthcare related products
Electronic and Optical Products	Semiconductor related tapes and equipment, Coated films for multilayer ceramic capacitor production, Optical related products
Paper and Converted Products	Color papers for envelopes, Special function papers, Release paper and films, Casting papers for carbon fiber composite materials, Casting papers for synthetic leather

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

The reported information regarding business segments is processed mostly following the accounting procedures listed in "Significant Accounting Policies" used as basis for preparing consolidated financial statements.

The profits of the segments reported are based on operating income.

The values for internal sales and transfers conducted between segments are given based on the market price for transactions between consolidated companies, and on the first cost for transactions within the same company.

3. Information on sales and income (loss), assets, and other items by business segment reported for the year ended March 31, 2011 is outlined as follows:

Millions of yen						
2011						
	Printing and Industrial Materials Products	Electric and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥91,898	¥81,155	¥39,679	¥212,733	¥	¥212,733
Intra segment sales and transfers	37	38	15,638	15,714	(15,714)	
Total	¥91,936	¥81,193	¥55,317	¥228,447	¥(15,714)	¥212,733
Segment income	¥ 7,990	¥ 6,732	¥ 6,129	¥ 20,852	¥37	¥ 20,889
Others						
Depreciation and amortization	¥ 3,513	¥ 3,815	¥ 2,850	¥ 10,178	¥	¥ 10,178
Amortization of goodwill	¥ 11	¥	¥	¥ 11	¥	¥ 11

Thousands of U.S. dollars						
2011						
	Printing and Industrial Materials Products	Electric and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	\$1,105,216	\$976,007	\$477,203	\$2,558,427	\$	\$2,558,427
Intra segment sales and transfers	453	458	188,074	188,986	(188,986)	
Total	\$1,105,670	\$976,465	\$665,277	\$2,747,413	\$(188,986)	\$2,558,427
Segment income	\$ 96,101	\$ 80,963	\$ 73,712	\$ 250,777	\$448	\$ 251,226
Others						
Depreciation and amortization	\$ 42,250	\$ 45,882	\$ 34,276	\$ 122,410	\$	\$ 122,410
Amortization of goodwill	\$ 137	\$	\$	\$ 137	\$	\$ 137

Notes (1) Segment income adjustments show elimination of the amount of intra-segments transactions

(2) Segment income is adjusted to be reported as operating income in the consolidated statements of income

(3) The amount to be written off as depreciation and amortization of goodwill are allocated among the business segment on the basis of reasonable criteria

(4) Since companies, offices, and factories serve as the base for administrative classification of segment's assets, no allocation to the business segment is done

It is impracticable to restate segment information of the year ended March 31, 2010 complying revised accounting standard for segment information. Alternatively, in accordance with the revised accounting standard article 36, restatement of segment information of the year ended March 31, 2011 complying pre revised segment standards was outlined below:

Business Segments

Millions of yen					
2011					
	Pressure sensitive adhesive related operations	Paper related operations	Total	Corporate and eliminations	Consolidation
Net sales	¥165,569	¥47,163	¥212,733	¥	¥212,733
Intra group sales and transfers	44	17,113	17,158	(17,158)	
Total	165,614	64,276	229,891	(17,158)	212,733
Operating expenses	151,738	57,194	208,932	(17,089)	191,843
Operating income	¥ 13,876	¥ 7,082	¥ 20,958	¥ (69)	¥ 20,889
Total assets	¥143,015	¥53,685	¥196,700	¥ 9,487	¥206,188
Depreciation and amortization	¥ 6,637	¥ 3,540	¥ 10,178	¥	¥ 10,178
Capital expenditure	¥ 6,562	¥ 3,496	¥ 10,058	¥	¥ 10,058

Thousands of U S dollars					
2011					
	Pressure sensitive adhesive related operations	Paper related operations	Total	Corporate and eliminations	Consolidation
Net sales	\$1,991,217	\$567,209	\$2,558,427	\$	\$2,558,427
Intra group sales and transfers	538	205,811	206,350	(206,350)	
Total	1,991,756	773,021	2,764,777	(206,350)	2,558,427
Operating expenses	1,824,871	687,849	2,512,721	(205,520)	2,307,201
Operating income	\$ 166,884	\$85,171	\$ 252,055	\$ (829)	\$ 251,226
Total assets	\$1,719,971	\$645,644	\$2,365,615	\$114,098	\$2,479,714
Depreciation and amortization	\$ 79,825	\$ 42,584	\$ 122,410	\$	\$ 122,410
Capital expenditure	\$ 78,918	\$ 42,046	\$ 120,965	\$	\$ 120,965

Note Corporate assets mainly consist of cash, time deposits, marketable securities, investment securities and deferred tax assets of the Company

Geographic Areas

Millions of yen					
2011					
	Japan	Asia	Others	Total	Corporate and eliminations
Net sales	¥156,214	¥39,464	¥17,054	¥212,733	¥
Intra group sales and transfers	23,604	2,678	878	27,161	(27,161)
Total	179,818	42,143	17,932	239,894	(27,161)
Operating expenses	168,176	35,822	14,974	218,973	(27,129)
Operating income	¥ 11,641	¥ 6,321	¥ 2,958	¥ 20,921	¥ (31)
Total assets	¥149,435	¥38,095	¥ 9,169	¥196,700	¥ 9,487

Thousands of U S dollars					
2011					
	Japan	Asia	Others	Total	Corporate and eliminations
Net sales	\$1,878,705	\$474,621	\$205,100	\$2,558,427	\$
Intra group sales and transfers	283,872	32,215	10,570	326,658	(326,658)
Total	2,162,578	506,836	215,670	2,885,085	(326,658)
Operating expenses	2,022,569	430,813	180,094	2,633,476	(326,275)
Operating income	\$ 140,008	\$ 76,023	\$ 35,576	\$ 251,608	\$ (382)
Total assets	\$1,797,183	\$458,152	\$110,279	\$2,365,615	\$ 114,098

Note The countries included in each segment were as follows
 Asia South Korea, China, Taiwan, Singapore, Indonesia, Malaysia
 Others America, the Netherlands, Germany

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sales of products in Japan and overseas, primarily in Asia, in two segments: pressure sensitive adhesive related operations and paper related operations for the year ended March 31, 2010.

Business Segments

The business segment information of the Company and its consolidated subsidiaries for the year ended March 31, 2010 was outlined as follows:

Millions of yen					
2010					
	Pressure sensitive adhesive related operations	Paper related operations	Total	Corporate and eliminations	Consolidation
Net sales	¥146,324	¥43,023	¥189,348	¥	¥189,348
Intra group sales and transfers	52	15,402	15,454	(15,454)	
Total	146,377	58,425	204,803	(15,454)	189,348
Operating expenses	140,548	52,679	193,228	(15,456)	177,771
Operating income	¥ 5,828	¥ 5,746	¥ 11,574	¥ 1	¥ 11,576
Total assets	¥135,539	¥50,717	¥186,257	¥ 9,398	¥195,656
Depreciation and amortization	¥ 6,841	¥ 3,695	¥ 10,537	¥	¥ 10,537
Capital expenditure	¥ 5,642	¥ 2,293	¥ 7,935	¥	¥ 7,935

Note Corporate assets mainly consist of cash, time deposits, marketable securities, investment securities and deferred tax assets of the Company

Geographic Areas

The geographical segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2010 was outlined as follows:

Millions of yen						
2010						
	Japan	Asia	Others	Total	Corporate and eliminations	Consolidation
Net sales	¥150,248	¥28,472	¥10,627	¥189,348	¥	¥189,348
Intra group sales and transfers	15,550	2,355	780	18,686	(18,686)	
Total	165,798	30,827	11,408	208,034	(18,686)	189,348
Operating expenses	158,996	27,181	10,384	196,561	(18,790)	177,771
Operating income	¥ 6,802	¥ 3,646	¥ 1,023	¥ 11,472	¥ 104	¥ 11,576
Total assets	¥144,173	¥35,049	¥ 7,034	¥186,257	¥ 9,398	¥195,656

Note The countries included in each segment were as follows Asia South Korea, China, Taiwan, Singapore, Indonesia, Malaysia
Others America, The Netherlands, Germany

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the year ended March 31, 2010 was summarized as follows:

Millions of yen			
2010			
	Asia	Others	Total
Overseas sales	¥40,772	¥9,327	¥50,100
Overseas sales as a percentage of consolidated net sales	21.5%	4.9%	26.5%

Note The countries included in each segment were as follows Asia South Korea, China, Taiwan, Singapore, Indonesia, etc
Others North America, Europe, Oceania, etc

Related Information

1. Information by product and service

Since the Company and its consolidated subsidiaries disclose the same information in its segment information section, it has been omitted.

2. Information by geographical segment

	Millions of yen				Thousands of U S dollars			
	2011							
	Japan	Asia	Others	Total	Japan	Asia	Others	Total
Sales	¥142,141	¥60,058	¥10,532	¥212,733	\$1,709,461	\$722,295	\$126,670	\$2,558,427
Property, plant and equipment	51,865	8,359	1,664	61,888	623,757	100,532	20,013	744,303

Notes Sales information is based on location of customers and it is classified by country or region

3. Information by principal customers

Name of the customer	Related reportable segment	Millions of yen	Thousands of U S dollars
		2011	2011
Sumitomo Chemical Company, Limited	Electric and Optical Products	¥31,101	\$374,042

Information on impairment losses on noncurrent assets by reportable segment

There is no impairment loss on noncurrent assets for the year ended March 31, 2011.

Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reportable segment

	Millions of yen				
	2011				
	Printing and Industrial Materials Products	Electric and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	¥	¥	¥	¥	¥202

	Thousands of U S dollars				
	2011				
	Printing and Industrial Materials Products	Electric and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	\$	\$	\$	\$	\$2,435

Notes Since the Company and its consolidated subsidiaries disclose the same information of the amount of amortization of goodwill in its segment information section, it has been omitted
Since companies, offices, and factories serve as the base for administrative classification of segment's assets, no allocation to the segment of the enterprise is done

Information on profit arising from negative goodwill by reportable segment

There is no profit arising from negative goodwill for the year ended March 31, 2011.

22. Related Party Transactions

The Company and its consolidated subsidiaries have transactions with NP Trading Co., Ltd., a subsidiary of Nippon Paper Group, for the years ended March 31, 2011 and 2010. The transactions between the companies for the years were as follows:

For the years	Millions of yen		Thousands of U S dollars
	2011	2010	2011
Sales of fine & specialty paper products and converted products	¥11,589	¥11,039	\$139,376
Purchase of stencil, chemicals and equipment	5,776	5,211	69,465

At year end	Millions of yen		Thousands of U S dollars
	2011	2010	2011
Trade notes and accounts receivable	¥3,810	¥3,985	\$45,826
Trade notes and accounts payable	2,325	2,242	27,963
Other liabilities	20	2	252

These related party transactions took place on terms similar to those with third parties.

23. Amounts Per Share

Basic net income per share is computed based on net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year, assuming share subscription rights. Net assets per share is computed based on net assets excluding share subscription rights and minority interests, and the number of shares of common stock outstanding at the respective balance sheet dates.

The amounts per share of net assets and net income as of March 31, 2011 and 2010 and for the years then ended were as follows:

	Yen		U S dollars
	2011	2010	2011
Net assets	¥1,715.78	¥1,596.37	\$20.63
Net income (basic)	180.21	96.36	2.17
Net income (fully diluted)	180.11	96.32	2.17

24. Short-Term Borrowings, Long-Term Debt and Other Interest-Bearing Debts

Short term bank loans are represented generally by 30 day or 90 day notes issued by the Company and its consolidated subsidiaries to banks at annual interest rates from 0.43% to 0.85% at March 31, 2011 and from 0.49% to 1.15% at March 31, 2010.

Short term borrowings as of March 31, 2011 and 2010 consisted of the following:

		Millions of yen	Thousands of U S dollars
	2011	2010	2011
Short term bank loans	¥1,420	¥1,370	\$17,077
Current portion of long term debt	47	54	576
	¥1,467	¥1,424	\$17,653

Long term debt as of March 31, 2011 and 2010 consisted of the following:

		Millions of yen	Thousands of U S dollars
	2011	2010	2011
Loans from banks:			
Due serially to 2011 at interest rates of 0.46% and 1.15% at March 31, 2011 and 2010, respectively	¥ 47	¥108	\$ 576
Less current portion	(47)	(54)	(576)
	¥	¥ 54	\$

Other interest bearing debts as of March 31, 2011 and 2010 consisted of the following:

		Millions of yen	Thousands of U S dollars
	2011	2010	2011
Short term lease obligation	¥215	¥214	\$2,593
Long term lease obligation	760	766	9,145

Planned repayment amounts after the balance sheet (March 31, 2011) date for long term debt and lease obligation are as follows:

	Millions of yen				Thousands of U S dollars			
					2011			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Lease obligation	¥179	¥144	¥104	¥82	\$2,155	\$1,737	\$1,258	\$989

25. Subsequent Event

The following distribution of retained earnings was approved at a meeting of the board of directors held on May 12, 2011.

	Millions of yen	Thousands of U S dollars
	2011	2011
Cash dividends (¥20 per share)	¥1,511	\$18,182

Establishment of a subsidiary

The Company resolved, at a meeting of its Board of Directors held on January 12, 2011 to establish a subsidiary and it was completed on June 15, 2011.

The purpose and overview of such subsidiary is outlined below:

1. Purpose of establishment

The Group has placed that Asia is the most important areas in order to promote the Group's global business development and in its area, demands for adhesive films related to general labels and seals, vehicles including motorcycles and electronics related products is progressing.

The Group concludes that increasing production capacity and expansion of sales base are necessary in Asian region.

As a measure, the Group decided to establish manufacturing subsidiary in Thailand in order to provide steady supply and strengthening of competitiveness aiming for India and ASEAN market.

2. Overview of subsidiary

(1) Name: LINTEC (THAILAND) CO., LTD.

(2) Business activities: adhesive films for general labels and seals, vehicles including motorcycles, and electronics related products, films for printing and industrial materials products, sales and manufacturing of release paper.

(3) Capital: 1,500 million Baht

3. Date of establishment: June 15, 2011

4. Number of shares acquiring, acquisition cost, and equity ratio

(1) Number of shares acquiring: 1,500,000 shares

(2) Acquisition cost: 1,500 million Baht

(3) Equity ratio: 100%

Management's Report on Internal Control over Financial Reporting

Basic Framework of Internal Control over Financial Reporting

Akihiko Ouchi, President & Chief Executive Officer of LINTEC Corporation, and Hitoshi Asai, Director, Senior Managing Executive Officer & Chief Financial Officer of LINTEC Corporation, are responsible for designing and operating adequate internal control over financial reporting for consolidated financial statements of LINTEC Corporation and consolidated subsidiaries (the "Company") in accordance with the basic framework set forth in "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" issued by Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting for consolidated financial statements may not completely prevent or detect misstatements in financial reporting.

Scope of Assessment, Assessment Date and Assessment Procedure

We assessed the effectiveness of the Company's internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2011 in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan. For this assessment, we first evaluated the company level controls which would have a material impact on the reliability of overall financial reporting on a consolidated basis. We then selected the process level controls to be assessed based on the results of the company level control assessment. For the process level control assessment, we evaluated the effectiveness of internal control by analyzing processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and assessing the design and operation of such key controls.

We determined the scope of assessment by selecting consolidated subsidiaries based on their materiality of impact on the reliability of financial reporting. We determined their materiality of impact by considering both quantitative and qualitative aspects. The scope of our process level control assessment was determined based on the results of our assessment of company level controls, which included its 13 consolidated subsidiaries. We excluded 10 consolidated subsidiaries from the scope of the company level control assessment since their quantitative and qualitative impacts were deemed insignificant.

For the purpose of determining the scope of process level controls assessment, we selected 1 consolidated subsidiary as "Significant Business Locations," which contributed approximately two thirds of the Company's net sales on a consolidated basis for the fiscal year ended March 31, 2010. For the Significant Business Locations, we primarily included business processes related to sales, accounts receivable, and inventory in the scope of assessment as the aforementioned accounts were closely associated with the Company's business objectives. In addition, we included certain business processes in the scope of assessment not only from "Significant Business Locations" but also from all subsidiaries and affiliates, which were related to significant accounts involving estimates and management's judgment or include high risk operations and/or transactions, as "business processes with a material impact on financial reporting."

Assessment Result

Based on the results of our assessment with the above mentioned scope, date and procedures, we concluded that Company's internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2011 was effective.

Report of Independent Auditors



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3603 1100
Fax: +81 3 3603 1177

Report of Independent Auditors

The Board of Directors
LINTEC Corporation

We have audited the accompanying consolidated balance sheets of LINTEC Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of LINTEC Corporation and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(a).

We also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2011 of LINTEC Corporation and consolidated subsidiaries (the "Management's Report"). LINTEC Corporation and consolidated subsidiaries' management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on the Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as of March 31, 2011 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 24, 2011

Ernst & Young ShinNihon LLC

Ernst & Young ShinNihon LLC is a member firm of Ernst & Young Global Limited

Investor Information

As of March 31, 2011

Head Office

23 23, Honcho, Itabashi ku, Tokyo 173 0001, Japan
Tel: 03 5248 7711 Fax: 03 5248 7760
URL: www.lintec-global.com/

Established

October 15, 1934

Fiscal Year-End

March 31

Net Assets

¥130,576 million

Common Stock

Authorized: 300,000,000 shares
Issued: 76,564,240 shares

Stock Listing

Tokyo Stock Exchange, 1st Section
Securities Code: 7966

Shareholder Register Agent for Common Stock

Mitsubishi UFJ Trust and Banking Corporation
1 4 5, Marunouchi, Chiyoda ku,
Tokyo 100 8212, Japan

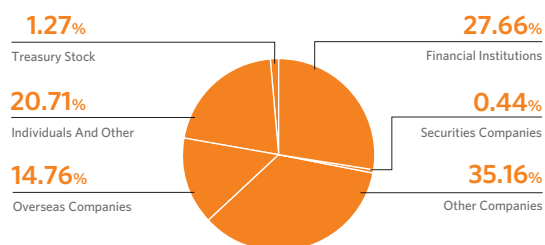
Number of Employees

4,198 (Consolidated)
2,529 (Parent company only)

Major Shareholders

Nippon Paper Industries Co., Ltd.	28.76%
Japan Trustee Services Bank, Ltd. (Trust Account)	7.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.92%
Tamie Shoji	4.60%
Eiko Shiwaku	3.95%

Ownership and Distribution of Shares



Major Subsidiaries

Domestic

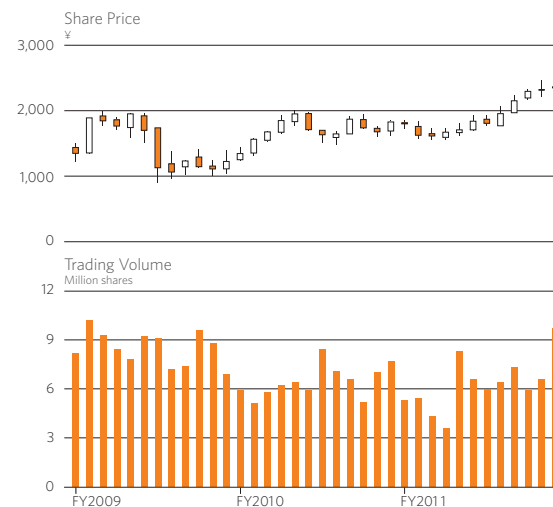
LINTEC COMMERCE, INC.*
LINTEC SIGN SYSTEM, INC.*
FUJI LIGHT, INC.*
RENRI, INC.*
LINTEC SERVICES, INC.
LINTEC CUSTOMER SERVICE, INC.
PRINTEC, INC.
TOKYO LINTEC KAKO, INC.
OSAKA LINTEC KAKO, INC.

Overseas

LINTEC USA HOLDING, INC.*
MADICO, INC.*
SOLAMATRIX, INC.*
LINTEC OF AMERICA, INC.*
LINTEC EUROPE B.V.*
LINTEC ADVANCED TECHNOLOGIES (EUROPE) GMBH*
LINTEC (SUZHOU) TECH CORPORATION*
LINTEC (TIANJIN) INDUSTRY CO., LTD.*
LINTEC ADVANCED TECHNOLOGIES (SHANGHAI), INC.*
LINTEC SPECIALITY FILMS (TAIWAN), INC.*
LINTEC ADVANCED TECHNOLOGIES (TAIWAN), INC.*
LINTEC KOREA, INC.*
LINTEC SPECIALITY FILMS (KOREA), INC.*
LINTEC ADVANCED TECHNOLOGIES (KOREA), INC.*
PT. LINTEC INDONESIA*
LINTEC SINGAPORE PRIVATE LIMITED*
LINTEC ADVANCED TECHNOLOGIES (PHILIPPINES), INC.
LINTEC PHILIPPINES (PEZA), INC.
LINTEC BKK PTE LIMITED
LINTEC VIETNAM CO., LTD.
LINTEC INDUSTRIES (MALAYSIA) SDN. BHD.*
LINTEC INDUSTRIES (SARAWAK) SDN. BHD.*
LINTEC ADVANCED TECHNOLOGIES (MALAYSIA) SDN. BHD.

* Consolidated Subsidiary

Share Price / Trading Volume





LINTEC Corporation
Linking your dreams

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