Management's Discussion and Analysis

Revenues and Expenses

In the fiscal year under review, consolidated net sales decreased 5.0% year on year, to ¥190.8 billion. This decline is largely attributable to the effect of the low domestic demand for LCD-related products, particularly in TVs, a significant drop in sales of PV backsheets, and the worldwide underperformance of adhesive papers and films for seals and labels, despite a big increase in sales for semiconductor-related tapes and equipment.

Gross profit was down 4.2% year on year, to ¥40.4 billion, as decreases in raw material procurement costs, such as for pulp, were not enough to make up for lower sales. Selling, general and administrative expenses rose 5.9%, to ¥29.8 billion, due to factors such as increases in personnel and R&D costs. As a result, operating income decreased 24.4%, to ¥10.6 billion. Income before income taxes decreased 19.0%, to ¥10.8 billion, and income taxes were ¥3.2 billion.

As a result of these factors, net income decreased 11.2%, to ¥7.7 billion. Net income per share declined from ¥115.26 in the previous fiscal year to ¥102.83, and return on equity (ROE) fell from 6.6% to 5.6%.

Performance by Operational Segment

Printing and Industrial Materials Products

In Printing and variable information products operations, adhesive papers and films for seals and labels suffered from low consumer spending in Japan as well as stagnating exports due to yen appreciation and slowdowns in overseas economies. The European financial crisis also had a big effect on production in Asia, contributing to our underperformance.

In Industrial and material operations, the PV backsheet market expanded, but our market share decreased and sales dropped significantly as a result of price competition mainly with Chinese manufacturers and receivables collection risks. Demand fell overall for automobile-use adhesive products as although sales were brisk in Japan, due to factors including the government's eco-car subsidies, exports to Europe and China and production in Asia dropped.

As a result of the above, net sales in the Printing and Industrial Materials Products segment were down 8.1% year on year, to ¥82.8 billion, and operating income dropped 54.3%, to ¥2.4 billion.

Electronic and Optical Products

In Advanced materials operations, overall sales of coated films for multilayer ceramic capacitor (MLCC) production were down as demand for usage in PCs was low, despite positive smartphone demand. Semiconductor-related tapes also benefited from smartphone demand, and sales significantly increased in Japan and other Asian countries, Europe, and the United States. Semiconductor-related equipment enjoyed a similarly large increase in sales, centered on Taiwan, following a recovery in orders.

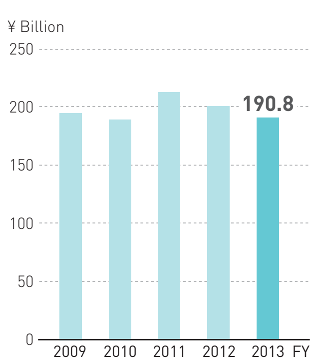
In Optical products operations, there were solid sales for LCD-related products in South Korea and Taiwan due to demand for flat-screen TVs and smartphones, but domestic sales were weak.

As a result of the above, net sales in the Electronic and Optical Products segment were down 2.1% year on year, to ¥72.4 billion, and operating income decreased 18.9%, to ¥3.2 billion.

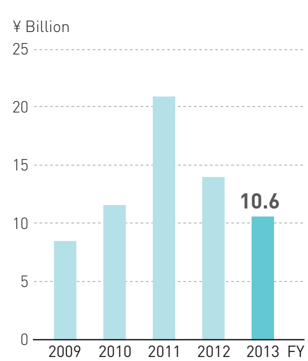
Paper and Converted Products

In Fine and specialty paper products operations, sales for mainstay color papers for envelopes were down as a result of sluggish demand and a shift to low-priced items, and high-grade printing papers and industrial-use specialty papers also underperformed.

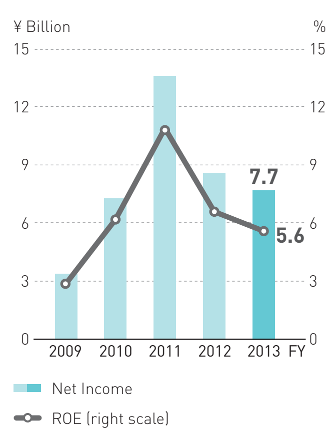
Net Sales



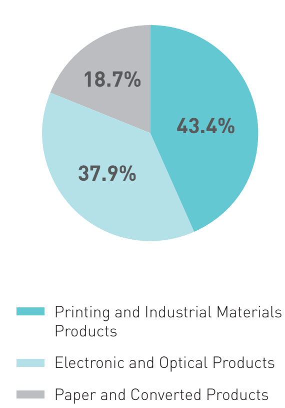
Operating Income



Net Income / ROE



Sales by Operational Segment



Management's Discussion and Analysis

In Converted products operations, there were strong overseas sales for release papers for flexible printed circuit (FPC) coverlayers as a result of factors including demand for smartphones. However, sales of release papers for general adhesives products declined slightly and sales of release films for optical-related products dropped significantly.

As a result of the above, net sales in the Paper and Converted Products segment decreased 3.3% to ¥35.7 billion, and operating income rose 2.8% to ¥5.0 billion.

Financial Condition

(Assets)

Total assets as of March 31, 2013, were ¥216.0 billion, a year-on-year increase of ¥5.8 billion. The main reasons for the increase were as follows:

- An increase in cash and deposits of ¥3.7 billion
- A decrease in trade notes and accounts receivable of ¥3.0 billion
- An increase in property, plant and equipment of ¥2.6 billion
- An increase in intangible assets of ¥0.7 billion
- An increase in investment securities of ¥1.0 billion

(Liabilities)

Liabilities as of March 31, 2013, were ¥72.5 billion, a year-on-year decrease of ¥4.9 billion. The main reasons for the decrease were as follows:

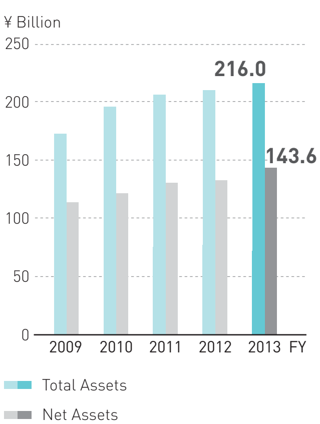
- A decrease in trade notes and accounts payable of ¥2.5 billion
- An increase in accrued income taxes of ¥0.7 billion
- A decrease in current liabilities–other of ¥3.5 billion

(Net assets)

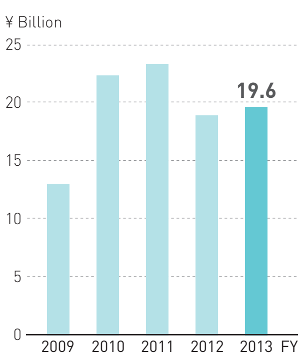
Net assets as of March 31, 2013, were ¥143.6 billion, a year-on-year increase of ¥10.7 billion. The main reasons for the increase were as follows:

- An increase in retained earnings of ¥4.9 billion
- An increase in foreign currency translation adjustments of ¥5.7 billion

Total Assets / Net Assets



Net Cash Provided by Operating Activities



Cash Flows

Cash and cash equivalents as of March 31, 2013, was ¥40.7 billion, a year-on-year increase of ¥4.7 billion, or 13.1%.

(Cash flows from operating activities)

Cash flows from operating activities increased ¥0.7 billion compared with the previous fiscal year. The main reasons for the increase were as follows:

- A decrease in income before income taxes of ¥2.5 billion
- A decrease in trade notes and accounts receivable of ¥6.1 billion
- A decrease in trade notes and accounts payable of ¥4.7 billion
- A decrease in cash flows from operating activities–other of ¥2.1 billion
- A decrease in income taxes paid of ¥3.2 billion

(Cash flows from investing activities)

Cash flows from investing activities decreased ¥1.7 billion compared with the previous fiscal year. The main reasons for the decrease were as follows:

- An increase in proceeds from withdrawal of time deposit of ¥4.8 billion
- An increase in purchase of property, plant and equipment of ¥5.1 billion
- An increase in purchase of shares of subsidiaries of ¥0.8 billion

(Cash flows from financing activities)

Cash flows from financing activities increased ¥2.2 billion compared with the previous fiscal year. The main reason for the increase was as follows:

- A decrease in purchase of treasury stock of ¥1.7 billion

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 26, 2013.

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 be unable 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 great deal of pulp for paper, petrochemical products, and other raw materials and fuels. The prices of these materials and fuels 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 if 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

	2013	2012	2011	2010
For the year:				
Net sales	**¥190,844**	¥200,905	¥212,733	¥189,348
Operating income	**10,564**	13,975	20,889	11,576
% of net sales	**5.5%**	7.0%	9.8%	6.1%
Income before income taxes	**10,836**	13,382	19,565	11,399
Net income	**7,681**	8,648	13,622	7,284
Return on equity	**5.6%**	6.6%	10.9%	6.2%
Return on assets	**5.2%**	6.5%	9.7%	6.1%
Per share data (yen):				
Net income	**¥ 102.83**	¥ 115.26	¥ 180.21	¥ 96.36
Net assets	**1,909.57**	1,766.60	1,715.78	1,596.37
Cash dividends	**34.00**	40.00	40.00	24.00
Depreciation and amortization	**¥ 10,141**	¥ 10,079	¥10,178	¥10,537
Purchases of property, plant and equipment	**(13,823)**	(8,760)	(8,237)	(7,777)
Net cash provided by operating activities	**19,619**	18,910	23,307	22,259
Net cash used in investing activities	**(13,966)**	(12,262)	(9,926)	(9,253)
Net cash used in financing activities	**(2,877)**	(5,099)	(2,820)	(3,454)
At year-end:				
Current assets	**¥138,505**	¥137,229	¥132,891	¥121,451
Current liabilities	**56,911**	62,075	60,465	58,654
Working capital	**81,593**	75,153	72,426	62,797
Cash and cash equivalents	**40,739**	36,036	35,188	25,387
Property, plant and equipment, net	**64,915**	62,273	61,888	63,337
Long-term debt, less current portion	**—**	—	—	54
% of shareholders' equity	**—**	—	—	0.0%
Total assets	**216,048**	210,203	206,188	195,656
Net assets	**143,569**	132,847	130,576	121,502
% of total assets	**66.0%**	62.8%	62.9%	61.7%
Number of shares outstanding	**76,564,240**	76,564,240	76,564,240	76,564,240
Number of employees	**4,270**	4,286	4,198	4,037
Segment information:				
Net sales:				
Printing and Industrial Materials Products	**¥82,785**	¥90,143	¥91,936	—
Electronic and Optical Products	**72,372**	73,925	81,193	—
Paper and Converted Products	**52,061**	53,225	55,317	—
Segment income:				
Printing and Industrial Materials Products	**2,380**	5,213	7,990	—
Electronic and Optical Products	**3,196**	3,942	6,732	—
Paper and Converted Products	**4,980**	4,846	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 onward have been presented.

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

2009	2008	2007	2006	2005	2004
¥194,901	¥202,297	¥192,723	¥180,334	¥171,689	¥158,947
8,498	14,894	14,798	13,618	12,370	10,298
4.4%	7.4%	7.7%	7.6%	7.2%	6.5%
5,215	13,191	14,298	13,214	11,838	12,182
3,391	9,308	10,238	9,011	7,759	7,778
2.9%	8.0%	9.5%	9.2%	9.0%	10.2%
3.0%	6.6%	7.7%	7.7%	7.1%	6.0%
¥ 44.86	¥ 123.15	¥ 135.44	¥ 118.34	¥ 108.76	¥ 111.90
1,497.58	1,598.30	1,489.87	1,370.85	1,226.28	1,149.19
20.00	24.00	18.00	16.00	14.00	12.00
¥11,286	¥ 9,011	¥ 7,701	¥ 6,823	¥ 6,216	¥ 5,503
(9,584)	(14,700)	(11,646)	(12,715)	(8,699)	(8,699)
12,979	17,739	13,734	17,005	11,163	9,475
(9,752)	(15,071)	(12,200)	(13,199)	(8,964)	(8,497)
(2,300)	(769)	(68)	(2,789)	(411)	(1,672)
¥ 95,937	¥120,028	¥117,531	¥104,433	¥ 97,510	¥ 90,437
43,655	67,631	67,950	57,748	54,816	58,109
52,282	52,397	49,581	46,685	42,694	32,328
15,370	17,315	15,550	13,766	9,191	6,254
67,010	73,711	68,377	63,176	56,411	53,879
107	201	280	347	429	622
0.1%	0.2%	0.3%	0.3%	0.5%	0.8%
172,854	204,852	198,526	181,158	169,590	162,708
113,930	121,635	113,397	104,362	92,768	80,347
65.5%	59.4%	57.1%	57.6%	54.7%	49.4%
76,564,240	76,564,240	76,564,240	76,564,240	76,564,240	70,817,980
3,987	3,802	3,708	3,537	3,421	3,171

—	—	—	—	—	—
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Consolidated Balance Sheets

LINTEC Corporation and its consolidated subsidiaries
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2013**	2012	**2013**
Current assets:			
Cash and deposits (Notes 9, 11)	**¥ 44,603**	¥ 40,907	**$ 474,248**
Trade notes and accounts receivable (Notes 4, 11)	**61,791**	64,765	**657,006**
Inventories (Note 3)	**27,531**	27,217	**292,735**
Deferred tax assets (Note 16)	**2,307**	2,189	**24,536**
Other	**2,530**	2,395	**26,906**
Allowance for doubtful accounts	**(259)**	(246)	**(2,757)**
Total current assets	**138,505**	137,229	**1,472,675**
Non-current assets:			
Property, plant and equipment (Notes 7, 10)**:**			
Buildings and structures	**61,424**	57,436	**653,105**
Machinery, equipment and vehicles	**109,006**	102,714	**1,159,030**
Land	**10,382**	9,238	**110,394**
Construction in progress	**1,023**	2,716	**10,881**
Other	**10,844**	10,252	**115,307**
	192,682	182,357	**2,048,720**
Accumulated depreciation	**(127,767)**	(120,083)	**(1,358,501)**
Property, plant and equipment, net	**64,915**	62,273	**690,218**
Intangible assets (Note 10):	**3,047**	2,345	**32,406**
Investments and other assets:			
Investment securities (Notes 11, 12)	**3,370**	2,379	**35,836**
Deferred tax assets (Note 16)	**5,047**	4,894	**53,669**
Other (Note 14)	**1,334**	1,256	**14,183**
Allowance for doubtful accounts	**(171)**	(175)	**(1,826)**
Total investments and other assets	**9,580**	8,354	**101,863**
Total non-current assets	**77,543**	72,973	**824,488**
Total assets	**¥ 216,048**	¥ 210,203	**$ 2,297,163**

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

LIABILITIES AND NET ASSETS	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Current liabilities:			
Trade notes and accounts payable (Notes 4, 11)	¥ 43,124	¥ 45,612	$ 458,527
Short-term borrowings (Notes 11, 23)	1,430	1,320	15,204
Accrued income taxes (Notes 11, 16)	1,931	1,223	20,537
Provision for director's bonuses	46	30	498
Other (Notes 11, 13)	10,378	13,888	110,355
Total current liabilities	56,911	62,075	605,123
Non-current liabilities:			
Accrued pension costs (Note 14)	14,136	13,914	150,304
Provision for environmental measures	132	132	1,410
Other	1,297	1,232	13,798
Total non-current liabilities	15,566	15,279	165,513
Commitments and contingent liabilities (Note 2)			
Net assets:			
Shareholders' equity (Note 22):			
Common stock:			
Authorized: 300,000,000 shares in 2013 and 2012			
Issued: 76,564,240 shares in 2013 and 2012	23,201	23,201	246,691
Capital surplus	26,830	26,830	285,278
Retained earnings	99,198	94,281	1,054,742
Less: treasury stock, at cost:			
1,869,676 shares in 2013 and 1,868,921 shares in 2012	(2,752)	(2,750)	(29,262)
Total shareholders' equity	146,478	141,561	1,557,449
Accumulated other comprehensive income			
Net unrealized holding gain on securities	213	117	2,267
Foreign currency translation adjustments	(3,843)	(9,561)	(40,868)
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(213)	(160)	(2,270)
Total accumulated other comprehensive income	(3,843)	(9,604)	(40,870)
Share subscription rights (Note 15)	113	94	1,206
Minority interests	822	796	8,741
Total net assets	143,569	132,847	1,526,526
Total liabilities and net assets	¥216,048	¥210,203	$2,297,163

Consolidated Statements of Income

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net sales	¥190,844	¥200,905	$2,029,179
Cost of sales	150,432	158,738	1,599,495
Gross profit	40,411	42,167	429,683
Selling, general and administrative expenses (Notes 5, 6)	29,847	28,192	317,354
Operating income	10,564	13,975	112,329
Non-operating income:			
Interest income	251	233	2,669
Dividends income	228	53	2,425
Rent income	50	52	539
Gain on sales of noncurrent assets	10	24	114
Foreign exchange gains	543	—	5,775
Other income	220	260	2,348
Total non-operating income	1,304	625	13,873
Non-operating expenses:			
Interest expenses	57	24	612
Loss on retirement of noncurrent assets	345	446	3,671
Compensation expenses	339	86	3,611
Foreign exchange losses	—	303	—
Other expenses	145	126	1,546
Total non-operating expenses	887	986	9,441
Ordinary income	10,981	13,613	116,761
Extraordinary gain:			
Subsidy	44	22	471
Total extraordinary gain	44	22	471
Extraordinary loss:			
Loss on valuation of investment securities (Notes 11, 12)	—	128	—
Loss on liquidation of subsidiaries	—	84	—
Loss on valuation of subsidiaries' stocks	—	28	—
Loss on valuation of membership	—	11	—
Loss on retirement of noncurrent assets (Note 7)	189	—	2,014
Total extraordinary losses	189	253	2,014
Income before income taxes	10,836	13,382	115,219
Income taxes (Note 16)**:**			
Current	3,419	3,689	36,353
Deferred	(256)	987	(2,728)
Total income taxes	3,162	4,677	33,624
Income before minority interests	7,673	8,704	81,594
Minority interests	(7)	56	(77)
Net income (Note 22)	¥ 7,681	¥ 8,648	$ 81,671

Consolidated Statements of Comprehensive Income

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Income before minority interests	¥ 7,673	¥ 8,704	$ 81,594
Other comprehensive income			
Net unrealized holding gain on securities (Note 8)	95	14	1,019
Foreign currency translation adjustments (Note 8)	5,750	(1,713)	61,147
Adjustment regarding pension obligations of consolidated overseas subsidiaries (Note 8)	(52)	(19)	(560)
Total other comprehensive income (Note 8)	5,794	(1,718)	61,607
Comprehensive income	¥13,468	¥ 6,986	$143,201
(Comprehensive income attributable to:)			
Shareholders of the parent	13,442	6,976	142,925
Minority interests	25	9	276

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, 2013 and 2012

	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	Total accumulated other comprehensive income	Share subscription rights	Minority interests	Total net assets
Balance as at April 1, 2011	76,564	¥23,201	¥26,830	¥88,638	¥(1,035)	¥137,634	¥102	¥(7,894)	¥(141)	¥(7,932)	¥88	¥786	¥130,576
Changes during the year:													
Cash dividends				(3,005)		(3,005)				—			(3,005)
Net income				8,648		8,648				—			8,648
Purchase of treasury stock					(1,719)	(1,719)				—			(1,719)
Disposal of treasury stock			0		3	4				—			4
Net changes in items other than shareholders' equity						—	14	(1,667)	(19)	(1,672)	5	9	(1,656)
Total changes during the year	—	—	0	5,642	(1,715)	3,927	14	(1,667)	(19)	(1,672)	5	9	2,271
Balance as at March 31, 2012	76,564	23,201	26,830	94,281	(2,750)	141,561	117	(9,561)	(160)	(9,604)	94	796	132,847
Changes during the year:													
Cash dividends				**(2,763)**		**(2,763)**				**—**			**(2,763)**
Net income				**7,681**		**7,681**				**—**			**7,681**
Purchase of treasury stock					**(1)**	**(1)**				**—**			**(1)**
Disposal of treasury stock			**0**		**0**	**0**				**—**			**0**
Net changes in items other than shareholders' equity						**—**	**95**	**5,717**	**(52)**	**5,760**	**19**	**25**	**5,805**
Total changes during the year	**—**	**—**	**0**	**4,917**	**(1)**	**4,916**	**95**	**5,717**	**(52)**	**5,760**	**19**	**25**	**10,722**
Balance as at March 31, 2013	**76,564**	**¥23,201**	**¥26,830**	**¥99,198**	**¥(2,752)**	**¥146,478**	**¥213**	**¥(3,843)**	**¥(213)**	**¥(3,843)**	**¥113**	**¥822**	**¥143,569**

	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	Total accumulated other comprehensive income	Share subscription rights	Minority interests	Total net assets
Balance as at April 1, 2012	76,564	$246,691	$285,278	$1,002,456	$(29,249)	$1,505,176	$1,248	$(101,662)	$(1,709)	$(102,124)	$1,003	$8,465	$1,412,520
Changes during the year:													
Cash dividends				**(29,385)**		**(29,385)**				**—**			**(29,385)**
Net income				**81,671**		**81,671**				**—**			**81,671**
Purchase of treasury stock					**(13)**	**(13)**				**—**			**(13)**
Disposal of treasury stock			**0**		**0**	**0**				**—**			**0**
Net changes in items other than shareholders' equity						**—**	**1,019**	**60,794**	**(560)**	**61,253**	**203**	**276**	**61,733**
Total changes during the year	**—**	**—**	**0**	**52,286**	**(13)**	**52,273**	**1,019**	**60,794**	**(560)**	**61,253**	**203**	**276**	**114,006**
Balance as at March 31, 2013	**76,564**	**$246,691**	**$285,278**	**$1,054,742**	**$(29,262)**	**$1,557,449**	**$2,267**	**$(40,868)**	**$(2,270)**	**$(40,870)**	**$1,206**	**$8,741**	**$1,526,526**

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes	¥ 10,836	¥ 13,382	$ 115,219
Depreciation and amortization	10,141	10,079	107,833
Amortization of goodwill	57	42	615
Amortization of negative goodwill	(11)	(11)	(118)
Increase (decrease) in accrued pension costs	161	75	1,716
Increase (decrease) in allowance for doubtful accounts	(1)	28	(15)
Interest and dividend income	(479)	(286)	(5,094)
Interest expenses	57	24	612
(Gain) loss on sales of property, plant and equipment	(8)	(4)	(92)
Loss on retirement of property, plant and equipment	432	362	4,594
Decrease (increase) in trade notes and accounts receivable	4,044	(2,008)	43,001
Decrease (increase) in inventories	853	59	9,069
Increase (decrease) in trade notes and accounts payable	(3,231)	1,488	(34,364)
(Gain) loss on sales of investment securities	(2)	0	(30)
Loss on valuation of investment securities	—	128	—
Loss on valuation of membership	0	11	6
Increase (decrease) in provision for environmental measures	—	(16)	—
Loss on valuation of subsidiaries' stocks	—	28	—
Loss on liquidation of subsidiaries	—	84	—
Other, net	(889)	1,162	(9,452)
Subtotal	21,960	24,631	233,500
Interest and dividend income received	495	259	5,263
Interest expenses paid	(57)	(24)	(612)
Income taxes (paid) refund	(2,778)	(5,955)	(29,544)
Net cash provided by operating activities	19,619	18,910	208,606
Cash flows from investing activities:			
Payments into time deposits	(8,286)	(7,991)	(88,110)
Proceeds from withdrawal of time deposits	9,916	5,136	105,437
Purchase of property, plant and equipment	(13,823)	(8,760)	(146,976)
Proceeds from sales of property, plant and equipment	10	70	110
Purchase of intangible assets	(788)	(636)	(8,388)
Purchase of investment securities	(2)	(2)	(27)
Proceeds from sales of investment securities	4	0	52
Purchase of investments in subsidiaries	(775)	—	(8,247)
Purchase of investments in capital of subsidiaries	(79)	—	(846)
Payments of loans receivable	(70)	(56)	(748)
Collection of loans receivable	160	43	1,710
Other, net	(231)	(65)	(2,462)
Net cash used in investing activities	(13,966)	(12,262)	(148,499)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	110	(146)	1,169
Cash dividends paid	(2,759)	(3,002)	(29,340)
Purchase of treasury stock	(1)	(1,719)	(13)
Repayments of lease obligation	(226)	(231)	(2,410)
Other, net	0	0	0
Net cash used in financing activities	(2,877)	(5,099)	(30,593)
Effect of exchange rate changes on cash and cash equivalents	1,927	(700)	20,497
Net increase in cash and cash equivalents	4,703	848	50,011
Cash and cash equivalents at beginning of year	36,036	35,188	383,161
Cash and cash equivalents at end of year (Note 9)	¥ 40,739	¥ 36,036	$ 433,172

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, 2013

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 ¥94.05=U.S.$1, the prevailing exchange rate as of March 31, 2013.

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, 2013 presentation.

(b) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 24 significant subsidiaries as of March 31, 2013, 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.

(e) Derivatives

Derivatives are stated at fair value.

(f) 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.

(g) 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	2 — 50 years
Machinery, equipment and vehicles	3 — 17 years

(h) 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 (5 years).

(i) Leases

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

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) Accounting for consumption taxes

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

(o) 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.
(p) Research and development costs
Research and development costs are charged to income when incurred.
(q) 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.
(r) 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.

(s) Accounting standards issued but not yet applied
• Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26, issued by ASBJ on May 17, 2012)
• Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, issued by ASBJ on May 17, 2012)
(1) Overview
Actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss shall be recognized within net assets, after adjusting for tax effects, and the funding deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits). In addition, the standard and guidance allows a choice for the method of attributing expected retirement benefits to periods of either the straight-line basis or the plan's benefit formula basis. Furthermore, the method for calculating the discount rate has been amended.
(2) Application schedule
The Company expects to apply the standard and guidance from the consolidated financial statements for the year ending March 31, 2014. The amendment of the method for attributing expected retirement benefits will, however, be adopted from the beginning of the year ending March 31, 2015.
(3) Effect of application
The effect of applying the standard and guidance is currently under assessment.

2. Commitments and Contingent Liabilities
The Company and its consolidated subsidiaries had unused lines of credit for short-term financing aggregating ¥30,488 million (U.S. $324,178 thousand) and ¥30,364 million at March 31, 2013 and 2012, respectively.

3. Inventories
Finished goods and merchandise, work in process, and raw materials and supplies as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Finished goods and merchandise	**¥ 8,406**	¥ 8,754	**$ 89,384**
Work in process	**11,294**	10,544	**120,086**
Raw materials and supplies	**7,831**	7,918	**83,264**
Total	**¥27,531**	¥27,217	**$292,735**

4. Notes Maturing as of the End of the Fiscal Year
Notes maturing as of the end of the fiscal year are settled on the clearing date. In addition, accounts receivable and payable with due date that is the last day of the fiscal year are also settled on the clearing date. As the last day of the current fiscal year was a non-business day of financial institutions, the following amounts of receivables and payables maturing as of March 31, 2013 and 2012 were included in the ending balance.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Trade notes and accounts receivable	**¥5,173**	¥4,616	**$55,009**
Trade notes and accounts payable	**8,323**	7,382	**88,499**

5. Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Transportation and warehousing expenses	**¥ 4,812**	¥ 4,762	**$ 51,165**
Provision for allowance for doubtful accounts	**86**	161	**924**
Salaries and allowances	**6,356**	5,929	**67,583**
Provision for retirement benefits	**545**	557	**5,796**
Provision for director's bonuses	**46**	30	**498**
Depreciation	**880**	878	**9,361**
Research and development expenses	**7,263**	6,154	**77,229**
Other	**9,856**	9,717	**104,795**
Total	**¥29,847**	¥28,192	**$317,354**

6. 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, 2013 and 2012 were ¥7,263 million (U.S.$77,229 thousand) and ¥6,154 million, respectively.

7. Loss on Retirement of Noncurrent Assets

Loss on retirement of noncurrent assets was principally related to retirement of buildings and structures for the year ended March 31, 2013.

8. Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Net unrealized holding gain on securities:			
Amount incurred during the fiscal year	**¥ 137**	¥ (119)	**$ 1,462**
Reclassification adjustment	**(2)**	128	**(30)**
Prior to deducting tax effect	**134**	9	**1,432**
Tax effect	**(38)**	5	**(412)**
Net unrealized holding gain on securities	**95**	14	**1,019**
Foreign currency translation adjustments:			
Amount incurred during the fiscal year	**5,750**	(1,713)	**61,147**
Reclassification adjustment	**—**	—	**—**
Prior to deducting tax effect	**5,750**	(1,713)	**61,147**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**5,750**	(1,713)	**61,147**
Adjustment regarding pension obligations of consolidated overseas subsidiaries:			
Amount incurred during the fiscal year	**(201)**	(46)	**(2,137)**
Reclassification adjustment	**116**	17	**1,241**
Prior to deducting tax effect	**(84)**	(29)	**(895)**
Tax effect	**31**	10	**335**
Adjustment regarding pension obligations of consolidated overseas subsidiaries	**(52)**	(19)	**(560)**
Total other comprehensive income	**¥5,794**	¥(1,718)	**$61,607**

9. 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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash and deposits	¥44,603	¥40,907	$474,248
Time deposits with maturity of more than 3 months	(3,863)	(4,871)	(41,075)
Cash and cash equivalents	¥40,739	¥36,036	$433,172

Assets and liabilities related to finance lease transactions newly recognized for the years ended March 31, 2013 and 2012, were ¥177 million (U.S. $1,883 thousand) and ¥115 million, respectively.

10. Leases

(Lessee'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, 2013 and 2012.

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, 2013 and 2012.

The minimum lease payments under noncancellable operating leases as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within 1 year	¥120	¥101	$1,278
Due after 1 year	48	125	510
Total	¥168	¥227	$1,788

11. 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 trade 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 1 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. In addition, the contract amounts of derivative transactions described below in Note 13, "Derivatives," does not represent the market risk associated with derivative transactions.

2. Estimated fair value and other matters related to financial instruments

Carrying value on the consolidated balance sheets as of March 31, 2013 and 2012 along with their fair value and the variance were shown in the following table.

	Millions of yen			Thousands of U.S. dollars		
				2013		
	Carrying value	Estimated fair value	Variance	Carrying value	Estimated fair value	Variance
(1) Cash and deposits	¥ 44,603	¥ 44,603	¥ —	$ 474,248	$ 474,248	$ —
(2) Trade notes and accounts receivable	61,791	61,791	—	657,006	657,006	—
(3) Investment securities						
Other securities	1,816	1,816	—	19,311	19,311	—
(4) Trade notes and accounts payable	(43,124)	(43,124)	—	(458,527)	(458,527)	—
(5) Short-term borrowings	(1,430)	(1,430)	—	(15,204)	(15,204)	—
(6) Accrued income taxes	(1,931)	(1,931)	—	(20,537)	(20,537)	—
(7) Derivative instruments	(15)	(15)	—	(170)	(170)	—

Note: Figures shown in parentheses are liability items.

	Millions of yen		
	2012		
	Carrying value	Estimated fair value	Variance
(1) Cash and deposits	¥ 40,907	¥ 40,907	¥ —
(2) Trade notes and accounts receivable	64,765	64,765	—
(3) Investment securities			
Other securities	1,680	1,680	—
(4) Trade notes and accounts payable	(45,612)	(45,612)	—
(5) Short-term borrowings	(1,320)	(1,320)	—
(6) Accrued income taxes	(1,223)	(1,223)	—
(7) Derivative instruments	(24)	(24)	—

Note: Figures shown in parentheses are liability items.

Note1: Method of computing the estimated fair value of financial instruments, securities and derivative instruments

(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) Trade 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) Derivative instruments

Please see Note 13, "Derivatives."

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
	Carrying value	Carrying value	Carrying value
Unlisted Stocks	¥1,554	¥698	$16,254

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 for held-to-maturity securities and receivables were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
	Within 1 year	Within 1 year	Within 1 year
Cash and deposits	¥ 44,570	¥ 40,643	$ 473,905
Trade notes and accounts receivable	61,791	64,765	657,006
Total	¥106,362	¥105,409	$1,130,911

12. Marketable and Investment Securities

The carrying value and acquisition cost of other securities as of March 31, 2013 and 2012 were as follows:

		Millions of yen			Thousands of U.S. dollars		
					2013		
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥1,370	¥ 908	¥ 462	$14,576	$ 9,660	$ 4,916
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥1,370	¥ 908	¥ 462	$14,576	$ 9,660	$ 4,916
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 445	¥ 590	¥(145)	$ 4,734	$ 6,278	$(1,543)
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥ 445	¥ 590	¥(145)	$ 4,734	$ 6,278	$(1,543)
Total		¥1,816	¥1,499	¥ 317	$19,311	$15,938	$ 3,372

	Description	Carrying value	Acquisition cost	Unrealized gain (loss)
		Millions of yen		
		2012		
Securities whose carrying value exceeds their acquisition cost	Stocks	¥ 922	¥ 618	¥ 304
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥ 922	¥ 618	¥ 304
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 757	¥ 879	¥(121)
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥ 757	¥ 879	¥(121)
Total		¥1,680	¥1,498	¥ 182

The Company wrote down by ¥128 million against other securities with a remarkable decline in the value of investment for the year ended March 31, 2012.

13. Derivatives

Derivative transactions to which the Company did not apply hedge accounting as of March 31, 2013 and 2012 were as follows:
(Currency related)

	Nature of transaction	Contract amounts Total	Contract amounts Over 1 year	Estimated Fair value	Unrealized gain (loss)
		Millions of yen			
		2013			
Off-market transactions	Forward exchange contracts to:				
	Sell : U.S. dollars (buy Japanese yen)	**¥313**	**¥—**	**¥ (5)**	**¥ (5)**
	Buy : Japanese yen (sell U.S. dollars)	**207**	**—**	**(10)**	**(10)**
Total		**¥521**	**¥—**	**¥(15)**	**¥(15)**

	Nature of transaction	Contract amounts Total	Contract amounts Over 1 year	Estimated Fair value	Unrealized gain (loss)
		Thousands of U.S. dollars			
		2013			
Off-market transactions	Forward exchange contracts to:				
	Sell : U.S. dollars (buy Japanese yen)	**$3,337**	**$—**	**$ (61)**	**$ (61)**
	Buy : Japanese yen (sell U.S. dollars)	**2,202**	**—**	**(108)**	**(108)**
Total		**$5,539**	**$—**	**$(170)**	**$(170)**

Note: Method of computing the estimated fair value is based on information provided by financial institutions at the end of the fiscal year.

	Nature of transaction	Contract amounts Total	Contract amounts Over 1 year	Estimated Fair value	Unrealized gain (loss)
		Millions of yen			
		2012			
Off-market transactions	Forward exchange contracts to:				
	Sell : U.S. dollars (buy Japanese yen)	¥ 831	¥—	¥(24)	¥(24)
	Buy : Japanese yen (sell Taiwan dollars)	369	—	0	0
	Buy : Japanese yen (sell U.S. dollars)	287	—	0	0
	Buy : Japanese yen (sell Thai Baht)	48	—	(0)	(0)
Total		¥1,537	¥—	¥(24)	¥(24)

Note: Method of computing the estimated fair value is based on information provided by financial institutions at the end of the fiscal year.

14. 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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Actuarial present value of projected benefit obligations	¥ (36,663)	¥ (32,396)	$(389,833)
Plan assets	18,165	15,809	193,147
Unfunded accrued pension costs	(18,498)	(16,586)	(196,685)
Unrecognized net actuarial loss	6,043	4,681	64,260
Unrecognized prior service cost	(1,681)	(1,965)	(17,879)
Net retirement benefit obligation recognized in the consolidated balance sheet	(14,136)	(13,870)	(150,304)
Prepaid pension costs	—	44	—
Accrued pension costs	¥ (14,136)	¥ (13,914)	$(150,304)

Components of pension and severance cost for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service cost	¥1,258	¥1,270	$13,376
Interest cost	667	662	7,092
Expected return on plan assets	(559)	(547)	(5,948)
Unrecognized net actuarial loss	540	534	5,749
Prior service cost	(244)	(304)	(2,603)
Other	109	93	1,168
Total	¥1,771	¥1,708	$18,836

Major assumptions at the beginning of each of the years ended March 31, 2013 and 2012 were as follows:

	2013	2012
Discount rate	Mainly 1.3%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 3.5%	Mainly 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

15. Stock Option Plan

Components of stock-based compensation expense for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cost of sales	¥ 3	¥—	$ 39
Selling, general and administrative expenses	15	9	163

The following table summarizes contents of stock options as of March 31, 2013:

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 fourth 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 sixth share subscription rights

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2011
Position and number of grantees	Directors, 8
Class and number of stocks	Common stock 7,600 shares
Date of grant	August 24, 2011
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, 2011 to August 24, 2031

The seventh share subscription rights

Name of Company	The Company
Date of approval of the Board of Directors	August 8, 2012
Position and number of grantees	Directors, 8 and Executive Officers, 12
Class and number of stocks	Common stock 15,900 shares
Date of grant	August 23, 2012
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director or executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 24, 2012 to August 23, 2032

The following tables summarize the scale and movement of stock options for the years ended March 31, 2013 and 2012:

(Non-vested stock options)

	The first share subscription rights	The second share subscription rights	The third share subscription rights	The fourth share subscription rights	The fifth share subscription rights	The sixth share subscription rights	The seventh share subscription rights
Stock options outstanding at April 1, 2011	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	7,600	—
Forfeitures	—	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	7,600	—
Stock options outstanding at March 31, 2012	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	—	15,900
Forfeitures	—	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	—	15,900
Stock options outstanding at March 31, 2013	**—**	**—**	**—**	**—**	**—**	**—**	**—**

(Vested stock options)

	The first share subscription rights	The second share subscription rights	The third share subscription rights	The fourth share subscription rights	The fifth share subscription rights	The sixth share subscription rights	The seventh share subscription rights
Stock options outstanding at April 1, 2011	6,000	5,500	9,800	15,000	14,100	—	—
Conversion from not exercisable stock options	—	—	—	—	—	7,600	—
Stock options exercised	—	—	500	800	1,400	—	—
Forfeitures	—	—	—	—	—	—	—
Stock options outstanding at March 31, 2012	6,000	5,500	9,300	14,200	12,700	7,600	—
Conversion from not exercisable stock options	—	—	—	—	—	—	15,900
Stock options exercised	—	—	—	—	—	—	—
Forfeitures	—	—	—	—	—	—	—
Stock options outstanding at March 31, 2013	**6,000**	**5,500**	**9,300**	**14,200**	**12,700**	**7,600**	**15,900**

The following table summarizes the price information of stock options as of March 31, 2013:

	The first share subscription rights	The second share subscription rights	The third share subscription rights	The fourth share subscription rights	The fifth share subscription rights	The sixth share subscription rights	The seventh share subscription rights
Exercise price	**¥ 1**	**¥ 1**	**¥ 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**	**1,303**	**1,203**

The fair value of stock options granted during the years ended March 31, 2013 and 2012 were valuated by using the Black Scholes option pricing model with the following assumptions:

	The sixth share subscription rights	The seventh share subscription rights
Volatility	**35.063%**	**35.560%**
Expected remaining period	**10 years**	**10 years**
Expected dividend	**¥ 40**	**¥ 40**
Risk free interest rate	**1.055%**	**0.867%**

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

16. Income Taxes

1. 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 38.01% and 40.69% for the years ended March 31, 2013 and 2012, respectively. 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, 2013 and 2012 differ from the statutory tax rate for the following reasons:

	2013	2012
Statutory tax rate	38.01%	40.69%
Effect of:		
Permanently non-deductible expenses for income tax purposes such as entertainment expenses	0.81	0.73
Permanently non-taxable income for income tax purposes such as dividend income	(9.32)	(7.54)
Municipal Tax	0.50	0.40
The difference of tax rates applied to foreign subsidiaries	(7.59)	(7.55)
Tax deduction in accordance with special tax measures	(3.53)	(3.32)
Decrease of valuation allowance for such as net operating loss carryforward	0.60	(2.10)
Consolidating adjustment of dividend income from consolidated subsidiaries	9.69	7.83
Effect of revised corporate tax rate	—	5.42
Other, net	0.01	0.39
Effective tax rate	29.18%	34.95%

2. The significant components of deferred tax assets and liabilities as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Accrued bonuses	¥ 775	¥ 786	$ 8,242
Accrued enterprise taxes	144	93	1,534
Operating loss carryforwards	122	193	1,299
Accrued pension costs	5,014	4,984	53,321
Research and development cost	585	561	6,220
Loss on valuation of inventories	343	267	3,654
Allowance for doubtful accounts	155	139	1,648
Unrealized gain	236	213	2,509
Other	790	569	8,401
Gross deferred tax assets	8,166	7,810	86,833
Valuation allowance	(178)	(176)	(1,900)
	7,987	7,634	84,933
Deferred tax liabilities:			
Revaluation of fixed assets in accordance with special tax measures	(165)	(169)	(1,755)
Net unrealized holding gain on securities	(104)	(65)	(1,107)
Depreciation expense of subsidiaries	(472)	(470)	(5,022)
Other	(340)	(259)	(3,616)
	(1,081)	(965)	(11,501)
Net deferred tax assets	¥ 6,906	¥6,669	$ 73,431

17. Business Combinations

There is no business combination for the year ended March 31, 2013.

18. Asset Retirement Obligations

There is no asset retirement obligation as of March 31, 2013 and 2012.

19. Rental Property

No specific disclosure for rental property has been made as of March 31, 2013 and 2012 because of its immateriality.

20. Segment Information

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 6 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 3 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 papers and films, Casting papers for carbon fiber 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 reportable segment for the years ended March 31, 2013 and 2012 are outlined as follows:

Millions of yen

	2013					
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥82,761	¥72,352	¥35,730	¥190,844	¥ —	¥190,844
Intra-segment sales and transfers	24	19	16,330	16,375	(16,375)	—
Total	¥82,785	¥72,372	¥52,061	¥207,219	¥(16,375)	¥190,844
Segment income	¥ 2,380	¥ 3,196	¥ 4,980	¥ 10,557	¥ 7	¥ 10,564
Others						
Depreciation and amortization	¥ 3,087	¥ 4,308	¥ 2,745	¥ 10,141	¥ —	¥ 10,141
Amortization of goodwill	¥ 57	¥ —	¥ —	¥ 57	¥ —	¥ 57

Thousands of U.S. dollars

	2013					
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	$879,969	$769,299	$379,910	$2,029,179	$ —	$2,029,179
Intra-segment sales and transfers	262	212	173,639	174,114	(174,114)	—
Total	$880,232	$769,511	$553,550	$2,203,293	$(174,114)	$2,029,179
Segment income	$ 25,310	$ 33,985	$ 52,953	$ 112,250	$ 79	$ 112,329
Others						
Depreciation and amortization	$ 32,833	$ 45,807	$ 29,192	$ 107,833	$ —	$ 107,833
Amortization of goodwill	$ 615	$ —	$ —	$ 615	$ —	$ 615

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.

	Millions of yen					
						2012
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥90,093	¥73,874	¥36,937	¥200,905	¥ —	¥200,905
Intra-segment sales and transfers	50	50	16,288	16,389	(16,389)	—
Total	¥90,143	¥73,925	¥53,225	¥217,294	¥(16,389)	¥200,905
Segment income	¥ 5,213	¥ 3,942	¥ 4,846	¥ 14,002	¥ (27)	¥ 13,975
Others						
Depreciation and amortization	¥ 3,305	¥ 3,978	¥ 2,795	¥ 10,079	¥ —	¥ 10,079
Amortization of goodwill	¥ 42	¥ —	¥ —	¥ 42	¥ —	¥ 42

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.

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			
								2013
	Japan	Asia	Others	Total	Japan	Asia	Others	Total
Sales	**¥126,500**	**¥54,953**	**¥9,390**	**¥190,844**	**$1,345,037**	**$584,297**	**$99,844**	**$2,029,179**
Property, plant and equipment	**51,436**	**11,635**	**1,843**	**64,915**	**546,902**	**123,714**	**19,600**	**690,218**

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

	Millions of yen			
				2012
	Japan	Asia	Others	Total
Sales	¥134,953	¥56,352	¥9,599	¥200,905
Property, plant and equipment	51,419	9,202	1,652	62,273

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

3. Information by principal customers

		Millions of yen		Thousands of U.S. dollars
		2013	2012	**2013**
Name of the customer	Related reportable segment	Sales		
Sumitomo Chemical Company, Limited	Electronic and Optical Products	**¥20,638**	¥26,359	**$219,447**

Information on impairment losses on noncurrent assets by reportable segment

There is no impairment loss on noncurrent assets for the years ended March 31, 2013 and 2012.

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

	Millions of yen				
					2013
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	**¥—**	**¥—**	**¥—**	**¥—**	**¥192**

	Thousands of U.S. dollars				
	2013				
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	**$—**	**$—**	**$—**	**$—**	**$2,048**

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.

	Millions of yen				
	2012				
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	¥—	¥—	¥—	¥—	¥170

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 years ended March 31, 2013 and 2012.

21. 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, 2013 and 2012. The transactions between the companies for the years were as follows:

	Millions of yen		Thousands of U.S. dollars
For the years	**2013**	2012	**2013**
Sales of fine & specialty paper products and converted products	**¥10,269**	¥ 10,774	**$109,191**
Purchase of stencil, chemicals and equipment	**6,159**	5,451	**65,490**

	Millions of yen		Thousands of U.S. dollars
At year-end	**2013**	2012	**2013**
Trade notes and accounts receivable	**¥4,679**	¥ 4,681	**$49,755**
Trade notes and accounts payable	**2,714**	2,056	**28,866**
Other liabilities	**5**	185	**61**

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

22. Amounts Per Share

The amounts per share of net assets and net income as of and for the years ended March 31, 2013 and 2012 were as follows:

	Yen		U.S. dollars
	2013	2012	**2013**
Net assets	**¥1,909.57**	¥ 1,766.60	**$20.30**
Net income (basic)	**102.83**	115.26	**1.09**
Net income (diluted)	**102.74**	115.18	**1.09**

The bases for calculation were as follows:
(1) Basic and diluted net income per share

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Net income (basic) per share:			
Net income	¥ 7,681	¥ 8,648	$81,671
Amount not attributable to common shareholders	—	—	—
Net income attributable to common shareholders	¥ 7,681	¥ 8,648	$81,671
Weighted-average number of shares issued during the year (thousand)	74,695	75,031	74,695
Net income (diluted) per share:			
Adjustment of net income related to dilutive securities	¥ —	¥ —	$ —
Adjustment of dilutive securities (thousand)	65	54	65
[Share subscription rights (thousand)]	[65]	[54]	[65]

(2) Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Total net assets	¥143,569	¥132,847	$1,526,526
Amount deducted from total net assets	935	890	9,948
[Share subscription rights]	[113]	[94]	[1,206]
[Minority interests]	[822]	[796]	[8,741]
Net assets attributable to shares of common stock	¥142,634	¥131,957	$1,516,578
Number of shares of common stock outstanding used in calculation of net assets per share (thousand)	74,694	74,695	74,694

23. 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 0.36% to 0.82% at March 31, 2013 and from 0.47% to 0.84% at March 31, 2012.

Short-term borrowings as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Short-term bank loans	¥1,430	¥1,320	$15,204
Current portion of long-term debt	—	—	—
	¥1,430	¥1,320	$15,204

Other interest-bearing debts as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Short-term lease obligation	¥212	¥204	$2,258
Long-term lease obligation	626	670	6,666

Planned repayment amounts after the balance sheet (March 31, 2013) date for long-term debt and lease obligation are as follows:

	Millions of yen				Thousands of U.S. dollars			
					2013			
	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Lease obligation	¥171	¥142	¥119	¥92	$1,820	$1,511	$1,269	$981

24. Subsequent Event

The following distribution of retained earnings was approved at a meeting of the board of directors held on May 9, 2013.

	Millions of yen	Thousands of U.S. dollars
		2013
Cash dividends (¥17 per share)	¥1,269	$13,501

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, Vice President 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, 2013 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 12 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, 2012.
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, 2013 was effective.

Report of Independent Auditors

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Independent Auditor's Report

The Board of Directors
LINTEC Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LINTEC Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LINTEC Corporation and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1(a).

Report on the Internal Control

We also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as at March 31, 2013 of LINTEC Corporation and its consolidated subsidiaries (the "Management's Report").

Management's Responsibility for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the Management's Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Management's Report based on our internal control audit. 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 from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about conclusions of management's assessment of internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including the degree of impact on the reliability of financial reporting. An internal control audit also includes examining 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our internal control audit opinion.

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 at March 31, 2013 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 26, 2013