FINANCIAL SECTION

Management's Discussion and Analysis

Revenues and Expenses

In the fiscal year under review, consolidated net sales increased 1.6% year-on-year, to ¥210.5 billion. This increase was attributable to a variety of factors including substantial growth in Advanced materials operations backed by the effects of demand for smartphones and other items.

Gross profit increased 7.0% year-on-year, to ¥53.6 billion, following such factors as higher sales volumes and lower prices for petrochemical raw materials and fuel, which counteracted the rise in the price of pulp resulted from yen depreciation. Operating income, however, only grew 4.8%, to ¥17.7 billion, due to higher general administrative expenses associated with the completion of new research center buildings. Profit before income taxes was ¥16.8 billion, down 4.3% year-on-year, as a result of the recording of foreign exchange losses and increased extraordinary loss. Income taxes were ¥6.0 billion following the application of tax effect accounting, and profit attributable to owners of parent for the fiscal year under review amounted to ¥10.9 billion, a year-on-year decrease of 6.5%.

Net income per share decreased from ¥161.63 in the previous fiscal year to ¥151.07, and ROE declined from 7.2% to 6.4%.

Performance by Operational Segment

Printing & Industrial Materials Products

In Printing & variable information products operations, sales of adhesive products for seals and labels in overseas markets decreased mainly due to the effects of an economic downturn in China and the ASEAN region, but sales remained solid in Japan, particularly with regard to sales of beverage-, medical-, and cosmetic-use products.

In Industrial & material operations, sales of window films were sluggish, due partly to the effects of an economic slowdown in China, while sales of motorcycle- and automobile-use adhesive products were steady, particularly in India.

As a result of the above, net sales in Printing and Industrial Materials Products were up 1.0% year-on-year, to ¥87.6 billion, and operating income decreased 3.2%, to ¥2.8 billion.

Electronic & Optical Products

In Advanced materials operations, sales of semiconductor-related adhesive tapes posted significant growth backed by the effects of demand for smartphones and other products, while sales of semiconductor-related equipment decreased. Multilayer ceramic capacitor-related tapes grew significantly thanks to the effects of demand for smartphones and automotive products.

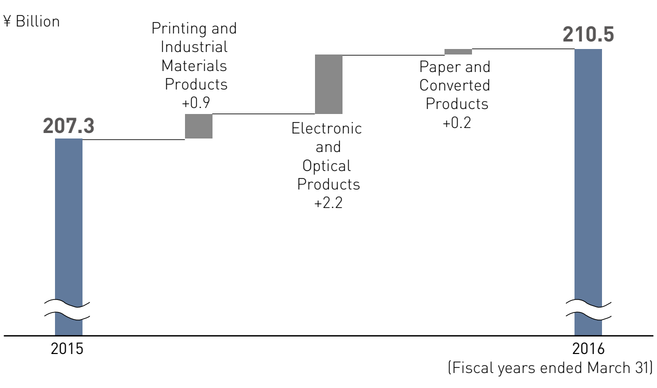
In Optical products operations, sales of LCD-related adhesive products were steady due to the effects of demand for medium- and small-sized applications for smartphones.

As a result of the above, net sales in Electronic and Optical Products were up 2.7% year-on-year, to ¥85.4 billion, and operating income increased 4.9%, to ¥10.6 billion.

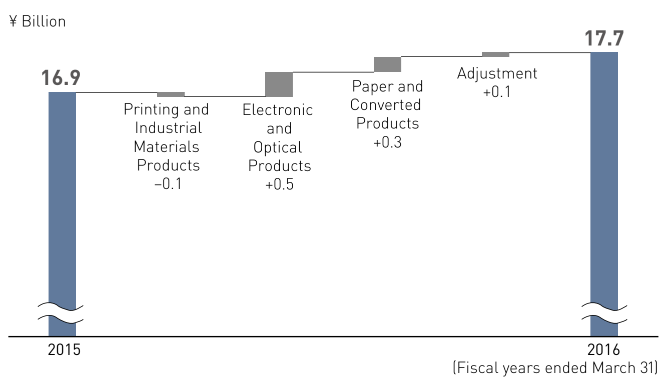
Paper & Converted Products

In Fine & specialty paper products operations, sales of color papers for envelopes, mainstay products, were steady and sales of oil resistant papers grew backed by the effects of demand for products for convenience stores and fast food restaurants.

Net Sales



Operating Income



In Converted products operations, sales of casting papers for carbon fiber composite materials were steady, centered on those for use for aircraft, while sales of release papers and films declined due to sluggish demand mainly for adhesive products, FPC cover lay films, and optical products.

As a result of the above, net sales in Paper and Converted Products were up 0.4% year-on-year, to ¥37.4 billion, and operating income increased 7.7%, to ¥4.3 billion.

Financial Condition

[Assets]

Total assets as of March 31, 2016, were ¥240.7 billion, an increase of ¥3.3 billion compared with the end of the previous fiscal year. The main reasons for this increase were as follows:

- Cash and deposits +¥3.7 billion
- Trade notes and accounts receivable –¥1.8 billion
- Inventories –¥1.1 billion
- Property, plant and equipment +¥3.4 billion
- Net defined benefit asset –¥1.8 billion
- Deferred tax assets +¥0.6 billion

[Liabilities]

Total liabilities as of March 31, 2016, were ¥68.6 billion, an increase of ¥2.8 billion compared with the end of the previous fiscal year. The main reasons for this increase were as follows:

- Accrued income taxes –¥1.1 billion
- Net defined benefit liability +¥3.6 billion

[Net Assets]

Net assets as of March 31, 2016, were ¥172.1 billion, an increase of ¥0.4 billion compared with the end of the previous fiscal year. The main reasons for this increase were as follows:

- Retained earnings +¥7.1 billion
- Foreign currency translation adjustments –¥3.4 billion
- Remeasurements of defined benefit plans –¥3.0 billion

Cash Flows

Cash and cash equivalents as of March 31, 2016, amounted to ¥60.3 billion, an increase of ¥4.3 billion, or 7.6%, compared with the end of the previous fiscal year.

[Cash Flows from Operating Activities]

Net cash provided by operating activities increased ¥4.4 billion year-on-year, to ¥19.9 billion. The principal movements were as follows:

- Increase in net defined benefit liability +¥5.5 billion
- Income taxes paid –¥1.6 billion

[Cash Flows from Investing Activities]

Net cash used in investing activities increased ¥4.8 billion year-on-year, to ¥9.9 billion. The principal movements were as follows:

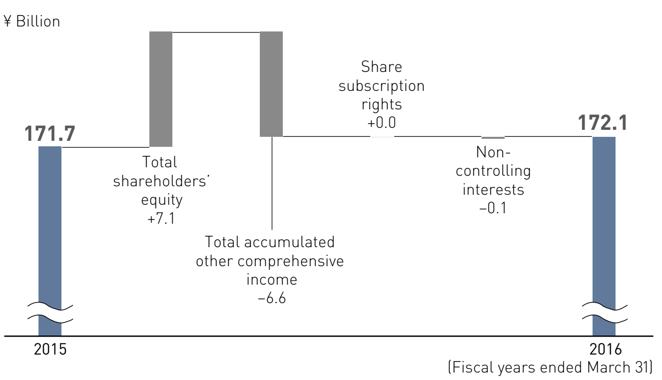
- Proceeds from withdrawal of time deposits –¥1.1 billion
- Purchase of property, plant and equipment –¥3.5 billion

[Cash Flows from Financing Activities]

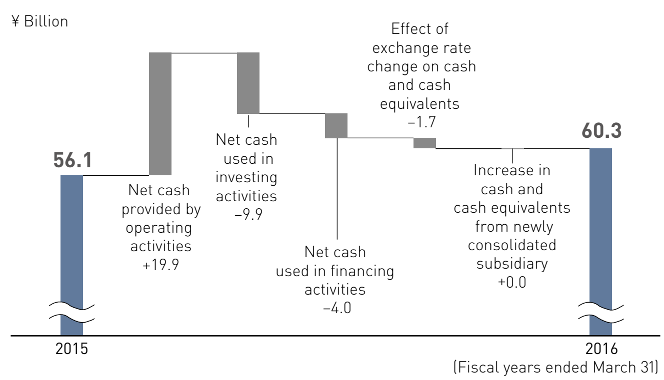
Net cash used in financing activities increased ¥0.9 billion year-on-year, to ¥4.0 billion. The principal movement was as follows:

- Cash dividends paid –¥0.7 billion

Net Assets



Cash Flows



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.

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.

Furthermore, global 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 large quantity of pulp for paper and petrochemical products as raw materials and fuel. 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 as such 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

	2016	2015	2014	2013
For the year:				
Net sales	**¥210,501**	¥207,255	¥203,242	¥190,844
Operating income	**17,692**	16,881	13,766	10,564
% of net sales	**8.4%**	8.1%	6.8%	5.5%
Profit before income taxes	**16,799**	17,555	12,883	10,836
Profit attributable to owners of parent	**10,899**	11,659	8,501	7,681
Return on equity	**6.4%**	7.2%	5.8%	5.6%
Return on assets	**7.4%**	7.8%	6.0%	5.2%
Per share data (yen):				
Net income	**¥ 151.07**	¥ 161.63	¥ 114.22	¥ 102.83
Net assets	**2,370.49**	2,363.81	2,100.87	1,909.57
Cash dividends	**54.00**	48.00	42.00	34.00
Depreciation and amortization	**¥ 8,800**	¥ 8,713	¥10,055	¥ 10,141
Purchase of property, plant and equipment	**(9,810)**	(6,299)	(5,508)	(13,823)
Net cash provided by operating activities	**19,928**	15,485	16,309	19,619
Net cash used in investing activities	**(9,898)**	(5,104)	(6,952)	(13,966)
Net cash used in financing activities	**(4,044)**	(3,135)	(8,020)	(2,877)
At year-end:				
Current assets	**¥163,647**	¥163,017	¥149,396	¥138,505
Current liabilities	**56,389**	57,058	54,820	56,911
Working capital	**107,258**	105,958	94,575	81,593
Cash and cash equivalents	**60,323**	56,050	44,992	40,739
Property, plant and equipment, net	**64,859**	61,503	61,456	64,915
Long-term debt, less current portion	**—**	—	—	—
% of shareholders' equity	**—**	—	—	—
Total assets	**240,720**	237,444	225,073	216,048
Net assets	**172,101**	171,674	152,610	143,569
% of total assets	**71.1%**	71.8%	67.3%	66.0%
Number of shares outstanding	**76,564,240**	76,564,240	76,564,240	76,564,240
Number of employees	**4,246**	4,413	4,223	4,270
Segment information:				
Net sales:				
Printing and Industrial Materials Products	**¥88,100**	¥86,826	¥86,310	¥82,785
Electronic and Optical Products	**85,895**	83,281	79,143	72,372
Paper and Converted Products	**54,576**	54,564	52,781	52,061
Segment income:				
Printing and Industrial Materials Products	**2,785**	2,878	2,290	2,380
Electronic and Optical Products	**10,562**	10,071	6,846	3,196
Paper and Converted Products	**4,303**	3,996	4,645	4,980

(Supplementary information)

1. 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.
2. Effective from the year ended March 31, 2016, the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued by ASBJ on September 13, 2013) has been applied, and the title "Net income" has been changed to "Profit attributable to owners of parent."

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

2012	2011	2010	2009	2008	2007
¥200,905	¥212,733	¥189,348	¥194,901	¥202,297	¥192,723
13,975	20,889	11,576	8,498	14,894	14,798
7.0%	9.8%	6.1%	4.4%	7.4%	7.7%
13,382	19,565	11,399	5,215	13,191	14,298
8,648	13,622	7,284	3,391	9,308	10,238
6.6%	10.9%	6.2%	2.9%	8.0%	9.5%
6.5%	9.7%	6.1%	3.0%	6.6%	7.7%
¥ 115.26	¥ 180.21	¥ 96.36	¥ 44.86	¥ 123.15	¥ 135.44
1,766.60	1,715.78	1,596.37	1,497.58	1,598.30	1,489.87
40.00	40.00	24.00	20.00	24.00	18.00
¥ 10,079	¥10,178	¥10,537	¥11,286	¥ 9,011	¥ 7,701
(8,760)	(8,237)	(7,777)	(9,584)	(14,700)	(11,646)
18,910	23,307	22,259	12,979	17,739	13,734
(12,262)	(9,926)	(9,253)	(9,752)	(15,071)	(12,200)
(5,099)	(2,820)	(3,454)	(2,300)	(769)	(68)
¥137,229	¥132,891	¥121,451	¥ 95,937	¥120,028	¥117,531
62,075	60,465	58,654	43,655	67,631	67,950
75,153	72,426	62,797	52,282	52,397	49,581
36,036	35,188	25,387	15,370	17,315	15,550
62,273	61,888	63,337	67,010	73,711	68,377
—	—	54	107	201	280
—	—	0.0%	0.1%	0.2%	0.3%
210,203	206,188	195,656	172,854	204,852	198,526
132,847	130,576	121,502	113,930	121,635	113,397
62.8%	62.9%	61.7%	65.5%	59.4%	57.1%
76,564,240	76,564,240	76,564,240	76,564,240	76,564,240	76,564,240
4,286	4,198	4,037	3,987	3,802	3,708
¥90,143	¥91,936	—	—	—	—
73,925	81,193	—	—	—	—
53,225	55,317	—	—	—	—
5,213	7,990	—	—	—	—
3,942	6,732	—	—	—	—
4,846	6,129	—	—	—	—

Consolidated Balance Sheet

LINTEC Corporation and its consolidated subsidiaries
March 31, 2016 and 2015

ASSETS	Millions of yen 2016	2015	Thousands of U.S. dollars (Note 1) 2016
Current assets:			
Cash and deposits (Notes 12, 14)	¥ 65,733	¥ 62,059	$ 583,363
Trade notes and accounts receivable (Note 14)	62,331	64,094	553,176
Inventories (Note 3)	31,066	32,142	275,702
Deferred tax assets (Note 19)	1,121	1,879	9,949
Other (Notes 14, 16)	3,538	2,944	31,404
Allowance for doubtful accounts	(143)	(103)	(1,273)
Total current assets	163,647	163,017	1,452,322
Non-current assets:			
Property, plant and equipment (Notes 6, 10, 13):			
Buildings and structures	69,970	64,993	620,967
Machinery, equipment and vehicles	116,352	113,258	1,032,589
Land	10,184	10,263	90,387
Construction in progress	2,864	3,635	25,425
Other	12,070	11,688	107,117
	211,442	203,839	1,876,488
Accumulated depreciation	(146,583)	(142,335)	(1,300,881)
Property, plant and equipment, net	64,859	61,503	575,607
Intangible assets (Note 13):	2,357	2,538	20,921
Investments and other assets:			
Investment securities (Notes 14, 15)	3,126	3,313	27,742
Net defined benefit asset (Notes 7, 8, 17)	—	1,823	—
Deferred tax assets (Note 19)	4,978	3,578	44,179
Other	1,854	1,887	16,456
Allowance for doubtful accounts	(103)	(217)	(914)
Total investments and other assets	9,855	10,384	87,464
Total non-current assets	77,072	74,427	683,993
Total assets	¥ 240,720	¥ 237,444	$ 2,136,316

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

LIABILITIES AND NET ASSETS	Millions of yen 2016	2015	Thousands of U.S. dollars (Note 1) 2016
Current liabilities:			
Trade notes and accounts payable (Note 14)	**¥ 39,683**	¥ 40,674	**$ 352,177**
Short-term borrowings (Notes 14, 26)	**1,695**	1,695	**15,042**
Accrued income taxes (Notes 14, 19)	**2,272**	3,413	**20,172**
Provision for directors' bonuses	**93**	111	**833**
Other (Notes 14, 16, 26)	**12,644**	11,164	**112,212**
Total current liabilities	**56,389**	57,058	**500,438**
Non-current liabilities:			
Provision for environmental measures	**137**	140	**1,223**
Net defined benefit liability (Notes 7, 8, 17)	**11,476**	7,853	**101,851**
Other (Note 26)	**614**	717	**5,452**
Total non-current liabilities	**12,228**	8,711	**108,527**
Total liabilities	**68,618**	65,770	**608,965**
Commitments and contingent liabilities (Note 2)			
Net assets:			
Shareholders' equity (Note 25):			
Common stock:			
Authorized: 300,000,000 shares in 2016 and 2015			
Issued: 76,564,240 shares in 2016 and 2015	**23,201**	23,201	**205,904**
Capital surplus	**26,829**	26,830	**238,101**
Retained earnings	**123,713**	116,638	**1,097,921**
Less: treasury stock, at cost:			
4,411,475 shares in 2016 and 4,428,615 shares in 2015	**(7,712)**	(7,741)	**(68,442)**
Total shareholders' equity	**166,032**	158,928	**1,473,484**
Accumulated other comprehensive income			
Net unrealized holding gain on securities	**701**	832	**6,226**
Foreign currency translation adjustments	**7,812**	11,256	**69,337**
Remeasurements of defined benefit plans (Notes 7, 8, 17)	**(3,509)**	(503)	**(31,143)**
Total accumulated other comprehensive income	**5,005**	11,586	**44,420**
Share subscription rights (Note 18)	**169**	166	**1,502**
Non-controlling interests	**895**	992	**7,943**
Total net assets	**172,101**	171,674	**1,527,350**
Total liabilities and net assets	**¥240,720**	¥237,444	**$2,136,316**

Consolidated Statement of Income

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Net sales	¥210,501	¥207,255	$1,868,139
Cost of sales	156,877	157,122	1,392,239
Gross profit	53,624	50,133	475,899
Selling, general and administrative expenses (Notes 4, 5)	35,932	33,251	318,888
Operating income	17,692	16,881	157,011
Non-operating income:			
Interest income	308	335	2,733
Dividend income	59	55	524
Rent income	58	55	523
Gain on sales of noncurrent assets	7	45	63
Foreign exchange gains	—	1,487	—
Other income	318	369	2,830
Total non-operating income	752	2,349	6,676
Non-operating expenses:			
Interest expenses	18	21	167
Loss on retirement of noncurrent assets	357	388	3,170
Compensation expenses	129	753	1,153
Foreign exchange losses	124	—	1,105
Other expenses	189	166	1,684
Total non-operating expenses	820	1,329	7,281
Ordinary income	17,623	17,901	156,405
Extraordinary gain:			
Gain on sales of noncurrent assets (Note 6)	11	259	103
Gain on liquidation of subsidiaries	—	69	—
Total extraordinary gain	11	329	103
Extraordinary loss:			
Special retirement expenses (Note 7)	438	—	3,893
Loss on abolishment of retirement benefit plan (Note 8)	265	—	2,354
Loss on temporary suspension of production (Note 9)	131	—	1,170
Impairment loss (Note 10)	—	674	—
Total extraordinary losses	835	674	7,418
Profit before income taxes	16,799	17,555	149,090
Income taxes (Note 19):			
Current	5,339	5,851	47,389
Deferred	689	48	6,122
Total income taxes	6,029	5,899	53,511
Profit	10,769	11,656	95,578
Profit (loss) attributable to non-controlling interests	(129)	(2)	(1,147)
Profit attributable to owners of parent (Note 25)	¥ 10,899	¥ 11,659	$ 96,726

Consolidated Statement of Comprehensive Income

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Profit	¥10,769	¥11,656	$ 95,578
Other comprehensive income (Note 11)			
Net unrealized holding gain on securities	(130)	476	(1,161)
Foreign currency translation adjustments	(3,443)	5,885	(30,556)
Remeasurements of defined benefit plans (Notes 7, 8, 17)	(2,975)	595	(26,406)
Total other comprehensive income	(6,549)	6,958	(58,124)
Comprehensive income	¥ 4,220	¥18,614	$ 37,454
(Comprehensive income attributable to:)			
Owners of parent	4,318	18,552	38,322
Non-controlling interests	(97)	62	(868)

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

Consolidated Statement of Changes in Net Assets

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share subscription rights	Non-controlling interests	Total net assets
Balance as at April 1, 2014	76,564	¥23,201	¥26,830	¥104,771	¥(7,754)	¥147,048	¥355	¥5,236	¥(1,110)	¥4,482	¥148	¥930	¥152,610
Cumulative effects of changes in accounting policies				2,725		2,725							2,725
Restated balance		23,201	26,830	107,497	(7,754)	149,774	355	5,236	(1,110)	4,482	148	930	155,336
Changes during the year:													
Cash dividends				(3,101)		(3,101)							(3,101)
Profit attributable to owners of parent				11,659		11,659							11,659
Purchase of treasury stock					(2)	(2)							(2)
Disposal of treasury stock			(0)		15	15							15
Change of scope of consolidation				583		583							583
Net changes in items other than shareholders' equity							476	6,020	606	7,104	18	62	7,184
Total changes during the year	—	—	(0)	9,140	12	9,153	476	6,020	606	7,104	18	62	16,337
Balance as at March 31, 2015	76,564	¥23,201	¥26,830	¥116,638	¥(7,741)	¥158,928	¥832	¥11,256	¥(503)	¥11,586	¥166	¥992	¥171,674
Cumulative effects of changes in accounting policies						**—**							**—**
Restated balance		**23,201**	**26,830**	**116,638**	**(7,741)**	**158,928**	**832**	**11,256**	**(503)**	**11,586**	**166**	**992**	**171,674**
Changes during the year:													
Cash dividends				**(3,823)**		**(3,823)**							**(3,823)**
Profit attributable to owners of parent				**10,899**		**10,899**							**10,899**
Purchase of treasury stock					**(2)**	**(2)**							**(2)**
Disposal of treasury stock			**(0)**		**31**	**30**							**30**
Change of scope of consolidation						**—**							**—**
Net changes in items other than shareholders' equity							**(130)**	**(3,443)**	**(3,006)**	**(6,580)**	**2**	**(97)**	**(6,676)**
Total changes during the year	**—**	**—**	**(0)**	**7,075**	**29**	**7,103**	**(130)**	**(3,443)**	**(3,006)**	**(6,580)**	**2**	**(97)**	**427**
Balance as at March 31, 2016	**76,564**	**¥23,201**	**¥26,829**	**¥123,713**	**¥(7,712)**	**¥166,032**	**¥701**	**¥7,812**	**¥(3,509)**	**¥5,005**	**¥169**	**¥895**	**¥172,101**

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share subscription rights	Non-controlling interests	Total net assets
Balance as at April 1, 2015	76,564	$205,904	$238,108	$1,035,126	$(68,700)	$1,410,439	$7,387	$99,900	$(4,464)	$102,824	$1,479	$8,811	$1,523,555
Cumulative effects of changes in accounting policies						**—**							**—**
Restated balance		**205,904**	**238,108**	**1,035,126**	**(68,700)**	**1,410,439**	**7,387**	**99,900**	**(4,464)**	**102,824**	**1,479**	**8,811**	**1,523,555**
Changes during the year:													
Cash dividends				**(33,932)**		**(33,932)**							**(33,932)**
Profit attributable to owners of parent				**96,726**		**96,726**							**96,726**
Purchase of treasury stock					**(23)**	**(23)**							**(23)**
Disposal of treasury stock			**(7)**		**280**	**273**							**273**
Change of scope of consolidation						**—**							**—**
Net changes in items other than shareholders' equity							**(1,161)**	**(30,563)**	**(26,678)**	**(58,404)**	**22**	**(868)**	**(59,250)**
Total changes during the year	**—**	**—**	**(7)**	**62,794**	**257**	**63,044**	**(1,161)**	**(30,563)**	**(26,678)**	**(58,404)**	**22**	**(868)**	**3,794**
Balance as at March 31, 2016	**76,564**	**$205,904**	**$238,101**	**$1,097,921**	**$(68,442)**	**$1,473,484**	**$6,226**	**$69,337**	**$(31,143)**	**$44,420**	**$1,502**	**$7,943**	**$1,527,350**

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

Consolidated Statement of Cash Flows

LINTEC Corporation and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Cash flows from operating activities:			
Profit before income taxes	¥16,799	¥ 17,555	$149,090
Depreciation and amortization	8,800	8,713	78,102
Amortization of goodwill	71	76	636
Increase (decrease) in net defined benefit liability	788	(4,671)	7,000
Increase (decrease) in allowance for doubtful accounts	(72)	(57)	(646)
Interest and dividend income	(367)	(391)	(3,258)
Interest expenses	18	21	167
Loss (gain) on sales of property, plant and equipment	(9)	(300)	(85)
Loss on retirement of property, plant and equipment	163	325	1,455
Decrease (increase) in trade notes and accounts receivable	966	1,449	8,577
Decrease (increase) in inventories	582	(30)	5,170
Increase (decrease) in trade notes and accounts payable	(1,485)	(2,090)	(13,185)
Loss (gain) on sales of investment securities	(0)	(0)	(0)
Increase (decrease) in provision for environmental measures	(2)	7	(21)
Impairment loss	—	674	—
Loss (gain) on liquidation of subsidiaries	—	(69)	—
Special retirement expenses	438	—	3,893
Loss on abolishment of retirement benefit plan	265	—	2,354
Other, net	(792)	(1,125)	(7,029)
Subtotal	26,166	20,086	232,221
Interest and dividend income received	382	397	3,390
Interest expenses paid	(18)	(21)	(167)
Income taxes (paid) refund	(6,534)	(4,976)	(57,990)
Special retirement expenses paid	(66)	—	(593)
Net cash provided by operating activities	19,928	15,485	176,860
Cash flows from investing activities:			
Payments into time deposits	(9,653)	(10,353)	(85,668)
Proceeds from withdrawal of time deposits	9,957	11,084	88,370
Purchase of property, plant and equipment	(9,810)	(6,299)	(87,069)
Proceeds from sales of property, plant and equipment	26	472	231
Purchase of intangible assets	(455)	(195)	(4,044)
Purchase of investment securities	(15)	(12)	(139)
Proceeds from sales of investment securities	0	0	0
Purchase of shares of subsidiaries	—	(0)	—
Proceeds from liquidation of subsidiaries	—	105	—
Payments of loans receivable	(5)	(2)	(50)
Collection of loans receivable	2	34	19
Other, net	56	61	501
Net cash used in investing activities	(9,898)	(5,104)	(87,849)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	—	185	—
Cash dividends paid	(3,824)	(3,103)	(33,942)
Purchase of treasury stock	(2)	(2)	(23)
Repayments of lease obligations	(217)	(214)	(1,926)
Other, net	0	0	0
Net cash used in financing activities	(4,044)	(3,135)	(35,891)
Effect of exchange rate change on cash and cash equivalents	(1,712)	2,363	(15,196)
Net increase (decrease) in cash and cash equivalents	4,273	9,608	37,922
Cash and cash equivalents at beginning of year	56,050	44,992	497,432
Increase in cash and cash equivalents from newly consolidated subsidiary	0	1,449	0
Cash and cash equivalents at end of year (Note 12)	¥60,323	¥ 56,050	$535,354

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, 2016

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 Act 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 ¥112.68=U.S.$1, the prevailing exchange rate as of March 31, 2016. This translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate of exchange.

As permitted under the Financial Instruments and Exchange Act 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, 2016 presentation.

(b) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 33 significant subsidiaries as of March 31, 2016, but exclude subsidiaries whose total assets, net sales, profit and retained earnings 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.

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. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates and the resulting translation gains or losses are included in statement 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 rates during the fiscal year.

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

(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 sheet 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 sheet by writing them down based on the decrease in their profitability.

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

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 on or 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)

Capitalized costs of software for internal use are amortized using the straight-line method over estimated lives (5 years).

(i) Leased assets

Leased assets arising from finance lease transactions which transfer ownership to the lessees 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 lessees 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 directors' bonuses

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

(l) Accounting method for retirement benefits

(1) Method of attributing expected retirement benefits to periods
In calculating retirement benefit obligations, the benefit formula basis is used to attribute expected retirement benefits to periods through the end of the fiscal year.

(2) Method of amortizing actuarial gain and loss and prior service cost
Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized 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 having maturities within three months from acquisition, 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) Changes in accounting principles
The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) from this consolidated fiscal year. Under the adopted accounting standards, differences arising from the change in the Company's ownership interest in subsidiaries are recorded as capital surplus as long as the Company retains control over its subsidiaries, and acquisition-related costs are recorded as expenses in the fiscal year in which such costs are incurred. For business combinations which occur on or after the beginning of this consolidated fiscal year, adjustments of the provisional allocation of acquisition costs for a business combination shall be reflected in the consolidated financial statements for the fiscal year in which the business combination occurred. Furthermore, the title "Net income" has been changed to "Profit attributable to owners of parent," and the title "Minority interests" has been changed to "Non-controlling interests." To reflect these changes in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

In accordance with the transitional treatment set forth in Article 58-2 (4) of the "Accounting Standard for Business Combinations," Article 44-5 (4) of the "Accounting Standard for Consolidated Financial Statements," and Article 57-4 (4) of the "Accounting Standard for Business Divestitures," the aforementioned accounting standards have been applied prospectively from the beginning of this consolidated fiscal year.

In addition, there was no applicable event for the year ended March 31, 2016, and no impact on the consolidated financial statements and amounts per share as well.

The Company has applied the "Revised Practical Solution on Accounting for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18, March 26, 2015) from this consolidated fiscal year. In accordance with the transitional treatment set forth in the PITF, the Company has selected amortization treatment as in the past in which amortization is based on the remaining amortization period for goodwill in the consolidated financial statements. In addition, this adoption does not affect the consolidated financial statements and amounts per share.

2. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had unused lines of credit for short-term financing aggregating ¥22,208 million (U.S. $197,094 thousand) and ¥22,286 million at March 31, 2016 and 2015, respectively.

3. Inventories

Finished goods and merchandise, work in process, and raw materials and supplies as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Finished goods and merchandise	¥10,956	¥10,714	$ 97,239
Work in process	11,513	11,678	102,175
Raw materials and supplies	8,596	9,749	76,288
Total	¥31,066	¥32,142	$275,702

4. Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Transportation and warehousing expenses	¥ 5,274	¥ 5,250	$ 46,806
Provision for allowance for doubtful accounts	48	15	431
Salaries and allowances	8,011	7,430	71,098
Retirement benefit expenses	284	396	2,521
Provision for directors' bonuses	93	111	833
Depreciation	1,068	1,059	9,482
Research and development expenses	7,644	6,771	67,838
Other	13,507	12,215	119,876
Total	¥35,932	¥33,251	$318,888

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, 2016 and 2015 were ¥7,644 million (U.S.$67,838 thousand) and ¥6,771 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, 2016 and sales of land for the year ended March 31, 2015.

7. Special Retirement Expenses

The Company has recognized special retirement expenses for downsizing of consolidated subsidiaries in the U.S. for the year ended March 31, 2016.

8. Loss on Abolishment of Retirement Benefit Plan

The Company has recognized settlement loss for partial settlement of a retirement benefit plan of consolidated subsidiaries in the U.S. for the year ended March 31, 2016.

9. Loss on Temporary Suspension of Production

The Company has recognized extraordinary loss for temporary suspension of production at a manufacturing plant operated by a subsidiary in Indonesia due to a labor strike for the year ended March 31, 2016.

10. Impairment Loss on Property, Plant and Equipment

The Company has recognized impairment loss on the following classes of assets for the year ended March 31, 2015:

Major use	Location	Category	Millions of yen
Company housing for employees	Kumagaya city, Saitama	Buildings and structures	¥ 46
		Land	197
		Other	0
		Subtotal	243
Pressure-sensitive adhesive related products manufacturing equipment	Massachusetts State, U.S.A.	Machinery, equipment and vehicles	417
		Other	13
		Subtotal	430
Total			¥674

(1) Circumstances leading to the recognition of impairment loss

- The impairment loss for the company housing has been recognized because the asset has been idled and the market price in real estate has been declined. That asset is planned to be sold since it is not planned to be used in the future.
- The impairment loss for the pressure-sensitive adhesive related products manufacturing equipment has been recognized because the asset has decreased in profitability.

(2) Method of calculating recoverable amounts

The recoverable amounts used for the measurement of the impairment losses above are the net realizable value.

- The recoverable amount of land for the company housing is based on the appraisal value after deduction of the estimated cost of the disposal. The recoverable amounts of other assets are the nominal value.
- The recoverable amounts of the assets above for the pressure-sensitive adhesive related products manufacturing equipment are based on a third-party appraisal value.

11. Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net unrealized holding gain on securities:			
Amount incurred during the fiscal year	¥ (202)	¥ 642	$ (1,799)
Reclassification adjustment	(0)	(0)	(0)
Prior to deducting tax effect	(202)	642	(1,799)
Tax effect	71	(165)	637
Net unrealized holding gain on securities	(130)	476	(1,161)
Foreign currency translation adjustments:			
Amount incurred during the fiscal year	(3,443)	5,885	(30,556)
Reclassification adjustment	—	—	—
Prior to deducting tax effect	(3,443)	5,885	(30,556)
Tax effect	—	—	—
Foreign currency translation adjustments	(3,443)	5,885	(30,556)
Remeasurements of defined benefit plans:			
Amount incurred during the fiscal year	(4,656)	755	(41,322)
Reclassification adjustment	381	202	3,385
Prior to deducting tax effect	(4,274)	958	(37,936)
Tax effect	1,299	(362)	11,530
Remeasurements of defined benefit plans	(2,975)	595	(26,406)
Total other comprehensive income	¥(6,549)	¥6,958	$(58,124)

12. Cash and Cash Equivalents

Reconciliation between cash and cash equivalents in the consolidated statement of cash flows and cash and deposits in the consolidated balance sheet as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash and deposits	¥65,733	¥62,059	$583,363
Time deposits with maturity of more than 3 months	(5,409)	(6,009)	(48,008)
Cash and cash equivalents	¥60,323	¥56,050	$535,354

Assets and liabilities related to finance lease transactions newly recognized for the years ended March 31, 2016 and 2015 were ¥105 million (U.S. $931 thousand) and ¥186 million, respectively.

13. 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, 2016 and 2015, and are depreciated in the same way as the owned property, plant and equipment.

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, 2016 and 2015. These leased assets are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

The minimum lease payments under noncancellable operating leases as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within 1 year	¥312	¥241	$2,773
Due after 1 year	343	273	3,046
Total	¥655	¥514	$5,820

14. 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 they are periodically confirmed the market value.

All of the trade payables – trade notes and accounts payable – are due within 1 year.

The Group 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 derivative 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 16, "Derivatives," do 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 sheet as of March 31, 2016 and 2015 along with their fair value and the variance were shown in the following table.

	Millions of yen			Thousands of U.S. dollars		
	2016					
	Carrying value	Estimated fair value	Variance	Carrying value	Estimated fair value	Variance
(1) Cash and deposits	¥ 65,733	¥ 65,733	¥ —	$ 583,363	$ 583,363	$ —
(2) Trade notes and accounts receivable	62,331	62,331	—	553,176	553,176	—
(3) Investment securities						
Other securities	2,469	2,469	—	21,913	21,913	—
(4) Trade notes and accounts payable	(39,683)	(39,683)	—	(352,177)	(352,177)	—
(5) Short-term borrowings	(1,695)	(1,695)	—	(15,042)	(15,042)	—
(6) Accrued income taxes	(2,272)	(2,272)	—	(20,172)	(20,172)	—
(7) Derivative instruments	4	4	—	36	36	—

Note: i. Figures shown in parentheses are liability items.
ii. The value of assets and liabilities arising from derivative instruments is shown by net value.

	Millions of yen		
	2015		
	Carrying value	Estimated fair value	Variance
(1) Cash and deposits	¥ 62,059	¥ 62,059	¥ —
(2) Trade notes and accounts receivable	64,094	64,094	—
(3) Investment securities			
Other securities	2,656	2,656	—
(4) Trade notes and accounts payable	(40,674)	(40,674)	—
(5) Short-term borrowings	(1,695)	(1,695)	—
(6) Accrued income taxes	(3,413)	(3,413)	—
(7) Derivative instruments	(3)	(3)	—

Notes: i. Figures shown in parentheses are liability items.

Note 1: 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 16, "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
	2016	2015	2016
	Carrying value	Carrying value	Carrying value
Unlisted stocks	¥656	¥656	$5,828

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
	2016	2015	2016
	Within 1 year	Within 1 year	Within 1 year
Cash and deposits	¥ 65,711	¥ 62,005	$ 583,166
Trade notes and accounts receivable	62,331	64,094	553,176
Total	¥128,043	¥126,100	$1,136,343

15. Marketable and Investment Securities

The carrying value and acquisition cost of other securities as of March 31, 2016 and 2015 were as follows:

		Millions of yen			Thousands of U.S. dollars		
		2016					
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥2,143	¥1,018	¥1,124	$19,021	$ 9,037	$ 9,983
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥2,143	¥1,018	¥1,124	$19,021	$ 9,037	$ 9,983
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 325	¥ 495	¥ (169)	$ 2,892	$ 4,400	$(1,507)
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥ 325	¥ 495	¥ (169)	$ 2,892	$ 4,400	$(1,507)
Total		¥2,469	¥1,514	¥ 955	$21,913	$13,438	$ 8,475

		Millions of yen		
		2015		
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥2,163	¥ 976	¥1,187
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥2,163	¥ 976	¥1,187
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 492	¥ 522	¥ (29)
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥ 492	¥ 522	¥ (29)
Total		¥2,656	¥1,498	¥1,157

16. Derivatives

Derivative transactions to which the Company did not apply hedge accounting as of March 31, 2016 and 2015 were as follows:
(Currency related)

		Millions of yen			
		2016			
		Contract amounts		Estimated	Unrealized gain
	Nature of transaction	Total	Over 1 year	Fair value	(loss)
Off-market transactions	Forward exchange contracts to:				
	Sell : U.S. dollars (buy Japanese yen)	¥422	¥ —	¥ 5	¥ 5
	Buy : Korean won (sell U.S. dollars)	114	—	(1)	(1)
	Buy : Korean won (sell Japanese yen)	30	—	(0)	(0)
Total		¥567	¥ —	¥ 4	¥ 4

		Thousands of U.S. dollars			
		2016			
		Contract amounts		Estimated	Unrealized gain
	Nature of transaction	Total	Over 1 year	Fair value	(loss)
Off-market transactions	Forward exchange contracts to:				
	Sell : U.S. dollars (buy Japanese yen)	$3,748	$ —	$ 52	$ 52
	Buy : Korean won (sell U.S. dollars)	1,017	—	(14)	(14)
	Buy : Korean won (sell Japanese yen)	273	—	(0)	(0)
Total		$5,039	$ —	$ 36	$ 36

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

		Millions of yen			
		2015			
		Contract amounts		Estimated	Unrealized gain
	Nature of transaction	Total	Over 1 year	Fair value	(loss)
Off-market transactions	Forward exchange contracts to:				
	Sell : U.S. dollars (buy Japanese yen)	¥305	¥ —	¥(1)	¥(1)
	Buy : Korean won (sell U.S. dollars)	112	—	(1)	(1)
	Buy : Korean won (sell Japanese yen)	33	—	(0)	(0)
Total		¥451	¥ —	¥(3)	¥(3)

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

17. Retirement Benefits

The Company has defined benefit plans of a corporate pension fund plan under the Japanese Defined Benefit Corporate Pension Law and lump-sum payment plan.

Domestic consolidated subsidiaries have lump-sum payment plans and certain foreign consolidated subsidiaries have defined contribution plans and lump-sum payment plans.

The following summarizes information related to retirement benefits for the years ended March 31, 2016 and 2015.

1. Defined benefit plans

(1) Reconciliation statement for the beginning balance and the ending balance of retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit obligations at beginning of year	¥33,518	¥36,788	$297,467
Cumulative effects of changes in accounting policies	—	(4,235)	—
Restated balance	33,518	32,552	297,467
Service cost	1,352	1,539	12,007
Interest cost	426	430	3,784
Actuarial gains (losses)	3,971	203	35,243
Retirement benefits paid	(1,390)	(1,511)	(12,341)
Abolishment of retirement benefit plan	(1,330)	—	(11,805)
Increase (decrease) from foreign currency translation	(46)	247	(416)
Other	48	57	428
Retirement benefit obligations at end of year	¥36,549	¥33,518	$324,369

Note: For some of the consolidated subsidiaries, the simplified method is used to calculate retirement benefit obligations.

(2) Reconciliation statement for the beginning balance and the ending balance of plan assets

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Plan assets at beginning of year	¥27,488	¥20,779	$243,953
Expected return on plan assets	733	711	6,505
Actuarial gains (losses)	(802)	1,018	(7,122)
Contributions from the employer	536	5,561	4,761
Retirement benefits paid	(1,336)	(776)	(11,864)
Abolishment of retirement benefit plan	(1,361)	—	(12,085)
Increase (decrease) from foreign currency translation	6	195	54
Other	(189)	—	(1,685)
Plan assets at end of year	¥25,073	¥27,488	$222,517

Note: "Contributions from the employer" for the year ended March 31, 2015 includes contribution of ¥5,000 million to retirement benefit trust.

(3) Reconciliation statement for the ending balance of retirement benefit obligations and plan assets and net defined benefit liability or asset recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit obligations of a funded pension plan	¥ 35,867	¥ 32,818	$ 318,311
Plan assets	(25,073)	(27,488)	(222,517)
	10,793	5,330	95,793
Retirement benefit obligations of an unfunded pension plan	682	699	6,058
Net amount of liabilities and assets recorded in the consolidated balance sheet	¥ 11,476	¥ 6,029	$ 101,851
Net defined benefit liability	¥ 11,476	¥ 7,853	$ 101,851
Net defined benefit asset	—	(1,823)	—
Net amount of liabilities and assets recorded in the consolidated balance sheet	¥ 11,476	¥ 6,029	$ 101,851

(4) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Service cost	**¥1,352**	¥1,539	**$12,007**
Interest cost	**426**	430	**3,784**
Expected return on plan assets	**(733)**	(711)	**(6,505)**
Amortization of actuarial losses (gains)	**400**	487	**3,555**
Amortization of prior service cost	**(284)**	(284)	**(2,524)**
Other	**(7)**	—	**(64)**
Retirement benefit expenses for the defined benefit plans	**¥1,155**	¥1,460	**$10,253**
Special retirement expenses	**¥ 438**	¥ —	**$ 3,893**
Loss on abolishment of retirement benefit plan	**265**	—	**2,354**

Notes: i. Retirement benefit expenses of consolidated subsidiaries using the simplified method are included in service cost.
ii. Employee's contributions to the corporate pension fund are not included in the retirement benefit expenses for the defined benefit plans.
iii. "Special retirement expenses" and "Loss on abolishment of retirement benefit plan" are recognized in extraordinary loss.

(5) Remeasurements of defined benefit plans
Breakdown of items (before tax effect) recorded in other comprehensive income of remeasurements of defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Prior service cost	**¥ 284**	¥ 284	**$ 2,524**
Actuarial losses (gains)	**3,990**	(1,242)	**35,412**
Total	**¥4,274**	¥ (958)	**$37,936**

(6) Remeasurements of defined benefit plans
Breakdown of items (before tax effect) recorded in accumulated other comprehensive income of remeasurements of defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Unrecognized prior service cost	**¥ (828)**	¥(1,112)	**$ (7,351)**
Unrecognized actuarial losses (gains)	**5,886**	1,895	**52,236**
Total	**¥5,057**	¥ 782	**$44,884**

(7) Items related to plan assets
1. Breakdown of major items
The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 was as follows:

	2016	2015
Bonds	**56.8%**	52.6%
Stocks	**20.0%**	20.1%
Cash on hand and in banks	**20.4%**	24.8%
Other	**2.8%**	2.5%
Total	**100.0%**	100.0%

2. Method for determining the long-term expected rate of return on plan assets
In determining the long-term expected rate of return on plan assets, estimates are considered based on the current and expected allocation of plan assets and the long-term current and expected rate of return from the various assets comprising the plan assets.

(8) Major actuarial assumptions as of March 31, 2016 and 2015 were as follows:

	2016	2015
Discount rate	**Mainly 0.5%**	Mainly 1.3%
Long-term expected rate of return on plan assets	**Mainly 3.5%**	Mainly 3.5%
Expected rates of pay raises	**Mainly 2.8%**	Mainly 2.8%

2. Defined contribution plan
Some of the consolidated subsidiaries contributed ¥171 million (U.S. $1,521 thousand) and ¥144 million, for the years ended March 31, 2016 and 2015 to the defined contribution plans, respectively.

18. Stock Option Plan

Components of stock-based compensation expense for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cost of sales	¥ 4	¥ 3	$ 42
Selling, general and administrative expenses	28	29	253

The following table summarizes contents of stock options as of March 31, 2016:

The 2006 plan

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 2007 plan

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 2008 plan

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 2009 plan

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 2010 plan

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 2011 plan

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 2012 plan

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 2013 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 7, 2013
Position and number of grantees	Directors, 10 and Executive Officers, 12
Class and number of stocks	Common stock 22,000 shares
Date of grant	August 22, 2013
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 23, 2013 to August 22, 2033

The 2014 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 6, 2014
Position and number of grantees	Directors, 10 and Executive Officers, 12
Class and number of stocks	Common stock 18,300 shares
Date of grant	August 21, 2014
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 22, 2014 to August 21, 2034

The 2015 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 6, 2015
Position and number of grantees	Directors, 11 and Executive Officers, 12
Class and number of stocks	Common stock 14,600 shares
Date of grant	August 21, 2015
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 22, 2015 to August 21, 2035

The following tables summarize the scale and movement of stock options for the years ended March 31, 2016 and 2015:

(Non-vested stock options) (unit: shares)

	The 2006 plan	The 2007 plan	The 2008 plan	The 2009 plan	The 2010 plan	The 2011 plan	The 2012 plan	The 2013 plan	The 2014 plan	The 2015 plan
Stock options outstanding at April 1, 2015	—	—	—	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	—	—	—	—	14,600
Forfeitures	—	—	—	—	—	—	—	—	—	—
Conversion to vested stock options	—	—	—	—	—	—	—	—	—	14,600
Stock options outstanding at March 31, 2016	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

(Vested stock options) (unit: shares)

	The 2006 plan	The 2007 plan	The 2008 plan	The 2009 plan	The 2010 plan	The 2011 plan	The 2012 plan	The 2013 plan	The 2014 plan	The 2015 plan
Stock options outstanding at April 1, 2015	4,900	4,500	7,900	12,000	10,900	7,600	14,500	22,000	18,300	—
Conversion from non-vested stock options	—	—	—	—	—	—	—	—	—	14,600
Stock options exercised	1,600	1,600	2,700	4,300	3,700	800	900	1,400	1,100	—
Forfeitures	—	—	—	—	—	—	—	—	—	—
Stock options outstanding at March 31, 2016	**3,300**	**2,900**	**5,200**	**7,700**	**7,200**	**6,800**	**13,600**	**20,600**	**17,200**	**14,600**

The following table summarizes the price information of stock options as of March 31, 2016:

	The 2006 plan	The 2007 plan	The 2008 plan	The 2009 plan	The 2010 plan	The 2011 plan	The 2012 plan	The 2013 plan	The 2014 plan	The 2015 plan
Exercise price	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**
Average market price of the stock at the time of exercise	**2,546**	**2,546**	**2,510**	**2,510**	**2,510**	**2,746**	**2,746**	**2,746**	**2,746**	**—**
Fair value at the date of grant	**2,788**	**1,947**	**1,481**	**1,726**	**1,474**	**1,303**	**1,203**	**1,595**	**1,825**	**2,283**

The fair value of stock options granted during the year ended March 31, 2016 was valued by using the Black Scholes option pricing model with the following assumptions:

	The 2015 plan
Volatility	**35.883%**
Expected remaining period	**10 years**
Expected dividend per share	**¥ 48**
Risk free interest rate	**0.360%**

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

19. 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 33.06% and 35.64% for the years ended March 31, 2016 and 2015, 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 statement of income for the years ended March 31, 2016 and 2015 differ from the statutory tax rate for the following reasons:

	2016	2015
Statutory tax rate	33.06%	35.64%
Effect of:		
Permanently non-deductible expenses for income tax purposes such as entertainment expenses	0.40	0.39
Permanently non-taxable income for income tax purposes such as dividend income	(10.49)	(10.66)
Municipal Tax	0.34	0.31
The difference of tax rates applied to foreign subsidiaries	(8.77)	(7.36)
Tax deduction in accordance with special tax measures	(2.93)	(2.38)
Decrease of valuation allowance for such as net operating loss carryforward	5.52	2.05
Consolidating adjustment of dividend income from consolidated subsidiaries	13.95	10.95
Effect of revised corporate tax rate	1.53	2.83
Other, net	3.28	1.83
Effective tax rate	35.89%	33.60%

2. The significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Accrued bonuses	¥ 698	¥ 740	$ 6,201
Accrued enterprise taxes	135	182	1,205
Operating loss carryforwards	720	413	6,390
Net defined benefit liability	3,462	2,421	30,726
Retirement benefit trust	1,348	1,616	11,970
Research and development cost	497	498	4,415
Loss on valuation of inventories	269	246	2,393
Allowance for doubtful accounts	121	102	1,082
Unrealized gain	371	435	3,300
Excess depreciation expense	385	299	3,422
Other	575	613	5,107
Gross deferred tax assets	8,587	7,570	76,215
Valuation allowance	(912)	(406)	(8,096)
	7,675	7,163	68,118
Deferred tax liabilities:			
Revaluation of fixed assets in accordance with special tax measures	(192)	(208)	(1,708)
Net unrealized holding gain on securities	(253)	(325)	(2,249)
Depreciation expense of subsidiaries	(211)	(274)	(1,873)
Dividend income from consolidated subsidiaries	(846)	(435)	(7,515)
Net defined benefit asset	—	(595)	—
Other	(97)	(62)	(865)
	(1,601)	(1,902)	(14,211)
Net deferred tax assets	¥ 6,074	¥ 5,260	$ 53,906

Note: The net deferred tax assets as of March 31, 2016 and 2015 were included in the following items on the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Current assets-Deferred tax assets	¥1,121	¥1,879	$ 9,949
Noncurrent assets-Deferred tax assets	4,978	3,578	44,179
Current liabilities-Other	14	17	128
Noncurrent liabilities-Other	10	178	94

3. Adjustments of deferred tax assets and liabilities due to the change of statutory tax rate
In accordance with the establishment in the national assembly on March 29, 2016, of the "Act for Partial Revision of the Income Tax Act" and the "Act for Partial Revision of the Local Tax Act," the statutory effective tax rate used to calculate the Company's deferred tax assets and liabilities (limited to settlements made after April 1, 2016) was changed from 32.3% to 30.9% for taxable items between April 1, 2016 and March 31, 2018, and to 30.6% for taxable items after April 1, 2018.

Due to the change, the net amount of deferred tax assets decreased by ¥327 million (U.S. $2,909 thousand), deferred income taxes increased by ¥257 million (U.S. $2,282 thousand), net unrealized holding gain on securities increased by ¥13 million (U.S. $123 thousand), and remeasurements of defined benefit plans decreased by ¥84 million (U.S. $750 thousand) for the year ended March 31, 2016.

20. Business Combinations

There is no business combination for the year ended March 31, 2016.

21. Asset Retirement Obligations

There is no asset retirement obligation as of March 31, 2016 and 2015.

22. Rental Property

No specific disclosure for rental property has been made as of March 31, 2016 and 2015 because of its immateriality.

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

2. Method of calculating sales and income (loss), 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, 2016 and 2015 are outlined as follows:

Millions of yen

2016	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	**¥87,638**	**¥85,422**	**¥37,440**	**¥210,501**	**¥ —**	**¥210,501**
Intra-segment sales and transfers	**461**	**473**	**17,135**	**18,070**	**(18,070)**	**—**
Total	**¥88,100**	**¥85,895**	**¥54,576**	**¥228,572**	**¥(18,070)**	**¥210,501**
Segment income	**¥ 2,785**	**¥10,562**	**¥ 4,303**	**¥ 17,651**	**¥ 40**	**¥ 17,692**
Others						
Depreciation and amortization	**¥ 2,974**	**¥ 3,068**	**¥ 2,757**	**¥ 8,800**	**¥ —**	**¥ 8,800**
Amortization of goodwill	**¥ 71**	**¥ —**	**¥ —**	**¥ 71**	**¥ —**	**¥ 71**

Thousands of U.S. dollars

2016	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	**$777,766**	**$758,098**	**$332,274**	**$1,868,139**	**$ —**	**$1,868,139**
Intra-segment sales and transfers	**4,095**	**4,200**	**152,072**	**160,369**	**(160,369)**	**—**
Total	**$781,862**	**$762,298**	**$484,347**	**$2,028,508**	**$(160,369)**	**$1,868,139**
Segment income	**$ 24,723**	**$ 93,737**	**$ 38,194**	**$ 156,655**	**$ 356**	**$ 157,011**
Others						
Depreciation and amortization	**$ 26,397**	**$ 27,235**	**$ 24,470**	**$ 78,102**	**$ —**	**$ 78,102**
Amortization of goodwill	**$ 636**	**$ —**	**$ —**	**$ 636**	**$ —**	**$ 636**

Notes: i. Segment income adjustments show elimination of the amount of intra-segment transactions.
ii. Segment income is adjusted to be reported as operating income in the consolidated statement of income.
iii. The amounts to be written off as depreciation and amortization of goodwill are allocated among the business segment on the basis of reasonable criteria.
iv. 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

2015	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥86,764	¥83,207	¥37,283	¥207,255	¥ —	¥207,255
Intra-segment sales and transfers	61	73	17,281	17,417	(17,417)	—
Total	¥86,826	¥83,281	¥54,564	¥224,672	¥(17,417)	¥207,255
Segment income	¥ 2,878	¥10,071	¥ 3,996	¥ 16,946	¥ (64)	¥ 16,881
Others						
Depreciation and amortization	¥ 2,919	¥ 3,155	¥ 2,638	¥ 8,713	¥ —	¥ 8,713
Amortization of goodwill	¥ 76	¥ —	¥ —	¥ 76	¥ —	¥ 76

Notes: i. Segment income adjustments show elimination of the amount of intra-segment transactions.
ii. Segment income is adjusted to be reported as operating income in the consolidated statement of income.
iii. The amounts to be written off as depreciation and amortization of goodwill are allocated among the business segment on the basis of reasonable criteria.
iv. 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			
								2016
	Japan	Asia	Others	Total	Japan	Asia	Others	Total
Sales	¥128,239	¥70,301	¥11,960	¥210,501	$1,138,084	$623,906	$106,148	$1,868,139
Property, plant and equipment	50,303	12,914	1,641	64,859	446,427	114,614	14,564	575,607

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

	Millions of yen			
				2015
	Japan	Asia	Others	Total
Sales	¥126,914	¥69,593	¥10,747	¥207,255
Property, plant and equipment	45,945	13,901	1,655	61,503

Note: 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
		2016	2015	2016
Name of the customer	Related reportable segment		Sales	
Sumitomo Chemical Company, Limited	Electronic and Optical Products	¥—	¥21,383	$—

Since there are no outside customers that make up more than 10% of net sales on the consolidated statement of income for the year ended March 31, 2016, it has been omitted.

Information on impairment losses on noncurrent assets by reportable segment

There is no impairment loss on noncurrent assets for the year ended March 31, 2016.

	Millions of yen				
					2015
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Impairment loss	¥—	¥—	¥—	¥—	¥674

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

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Millions of yen, 2016					
Unamortized amount of goodwill	**¥—**	**¥—**	**¥—**	**¥—**	**¥22**

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Thousands of U.S. dollars, 2016					
Unamortized amount of goodwill	**$—**	**$—**	**$—**	**$—**	**$200**

Notes: i. Since the Company and its consolidated subsidiaries disclose the same information of the amount of amortization of goodwill in the reportable segment information section, it has been omitted.
ii. 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.

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Millions of yen, 2015					
Unamortized amount of goodwill	¥—	¥—	¥—	¥—	¥93

Notes: i. Since the Company and its consolidated subsidiaries disclose the same information of the amount of amortization of goodwill in the reportable segment information section, it has been omitted.
ii. 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, 2016 and 2015.

24. Related Party Transactions

The Company and its consolidated subsidiaries have transactions with NP Trading Co., Ltd., a subsidiary of Nippon Paper Industries Co., Ltd. The transactions between the companies for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
For the year	**2016**	2015	**2016**
Sales of fine & specialty paper products and converted products	**¥11,578**	¥11,431	**$102,756**
Purchase of stencil, chemicals and equipment	**5,053**	4,969	**44,852**

	Millions of yen		Thousands of U.S. dollars
At year-end	**2016**	2015	**2016**
Trade notes and accounts receivable	**¥4,085**	¥ 4,034	**$36,256**
Trade notes and accounts payable	**1,979**	1,804	**17,568**
Other liabilities	**33**	47	**296**

These related party transactions are carried out on an arm's-length basis similar to third party transactions.

25. Amounts Per Share

The amounts per share of net assets and net income as of and for the years ended March 31, 2016 and 2015 were as follows:

	Yen		U.S. dollars
	2016	2015	**2016**
Net assets	**¥2,370.49**	¥2,363.81	**$21.04**
Net income (basic)	**151.07**	161.63	**1.34**
Net income (diluted)	**150.86**	161.41	**1.34**

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net income (basic) per share:			
Profit attributable to owners of parent	¥10,899	¥11,659	$96,726
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shares	¥10,899	¥11,659	$96,726
Weighted-average number of common shares issued during the year (thousand)	72,144	72,134	72,144
Net income (diluted) per share:			
Adjustment of profit attributable to owners of parent related to dilutive securities	¥ —	¥ —	$ —
Adjustment of dilutive securities (thousand)	102	98	102
[Share subscription rights (thousand)]	[102]	[98]	[102]

(2) Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Total net assets	¥172,101	¥171,674	$1,527,350
Amount deducted from total net assets	1,064	1,159	9,445
[Share subscription rights]	[169]	[166]	[1,502]
[Non-controlling interests]	[895]	[992]	[7,943]
Net assets attributable to common shares	¥171,037	¥170,514	$1,517,904
Number of shares of common stock outstanding used in calculation of net assets per share (thousand)	72,152	72,135	72,152

26. Short-Term Borrowings, Long-Term Debts 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 0.27% to 0.66% at March 31, 2016 and from 0.33% to 0.68% at March 31, 2015.

Short-term borrowings as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Short-term bank loans	¥1,695	¥1,695	$15,042
Current portion of long-term debt	—	—	—
	¥1,695	¥1,695	$15,042

Other interest-bearing debts as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Short-term lease obligation	¥196	¥199	$1,740
Long-term lease obligation	349	471	3,098

Planned repayment amounts after the balance sheet date (March 31, 2016) for long-term debt and lease obligation are as follows:

	Millions of yen				Thousands of U.S. dollars			
								2016
	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	¥164	¥118	¥61	¥4	$1,457	$1,054	$545	$38

27. Subsequent Event

The following distribution of retained earnings was approved at a meeting of the board of directors held on May 10, 2016.

	Millions of yen	Thousands of U.S. dollars
		2016
Cash dividends (¥27 per share)	¥1,948	$17,289

Management's Report on Internal Control over Financial Reporting

Basic Framework of Internal Control over Financial Reporting

Hiroyuki Nishio, Representative Director, President, CEO and COO 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, 2016 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 16 consolidated subsidiaries. We excluded 18 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 2 consolidated subsidiaries 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, 2015. 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, 2016 was effective.

Report of Independent Auditors

Building a better working world

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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, 2016, 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, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

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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, 2016 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, 2016 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 22, 2016

Investor Information

As of March 31, 2016

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Phone: +81-3-5248-7711 Fax: +81-3-5248-7760
URL: http://www.lintec-global.com/

Established
October 15, 1934

Fiscal Year-End
March 31

Net Assets
¥172,101 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
4,246 (Consolidated)
2,535 (Parent company only)

Major Shareholders

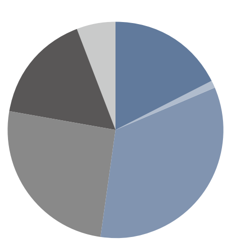
Nippon Paper Industries Co., Ltd.	30.12%
Japan Trustee Services Bank Ltd. (Trust Account)	3.20%
National Mutual Insurance Federation of Agricultural Cooperatives	3.18%
Ichigo Trust	2.49%
Tamie Shoji	2.49%

Major Subsidiaries * Consolidated Subsidiary

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

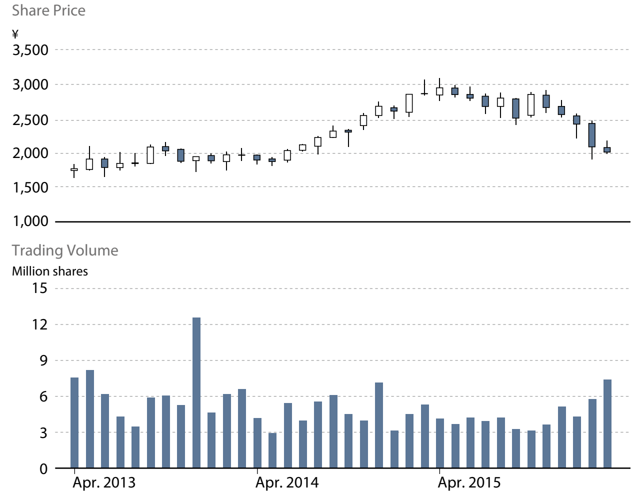
Overseas
- LINTEC USA HOLDING, INC.*
- MADICO, INC.*
- LINTEC OF AMERICA, INC.*
- LINTEC EUROPE B.V.*
- LINTEC ADVANCED TECHNOLOGIES (EUROPE) GMBH*
- LINTEC (SUZHOU) TECH CORPORATION*
- LINTEC (TIANJIN) INDUSTRY CO., LTD.*
- LINTEC PRINTING & TECHNOLOGY (TIANJIN) CORPORATION*
- LINTEC ADVANCED TECHNOLOGIES (SHANGHAI), INC.*
- LINTEC SPECIALITY FILMS (TAIWAN), INC.*
- LINTEC HI-TECH (TAIWAN), INC.*
- LINTEC ADVANCED TECHNOLOGIES (TAIWAN), INC.*
- LINTEC KOREA, INC.*
- LINTEC SPECIALITY FILMS (KOREA), INC.*
- LINTEC ADVANCED TECHNOLOGIES (KOREA), INC.*
- LINTEC ASIA PACIFIC REGIONAL HEADQUARTERS PRIVATE LIMITED*
- LINTEC SINGAPORE PRIVATE LIMITED*
- PT. LINTEC INDONESIA*
- PT. LINTEC JAKARTA*
- LINTEC (THAILAND) CO., LTD.*
- LINTEC BKK PTE LIMITED*
- LINTEC INDUSTRIES (MALAYSIA) SDN. BHD.*
- LINTEC INDUSTRIES (SARAWAK) SDN. BHD.*
- LINTEC KUALA LUMPUR SDN. BHD.*
- LINTEC ADVANCED TECHNOLOGIES (MALAYSIA) SDN. BHD.*
- LINTEC VIETNAM CO., LTD.*
- LINTEC HANOI VIETNAM CO., LTD.*
- LINTEC ADVANCED TECHNOLOGIES (PHILIPPINES), INC.*
- LINTEC PHILIPPINES (PEZA), INC.*
- LINTEC INDIA PRIVATE LIMITED*

Ownership and Distribution of Shares



Financial Institutions	17.54%
Securities Companies	1.23%
Other Companies	33.66%
Overseas Companies	25.43%
Individuals and Other	16.38%
Treasury Stock	5.76%

Share Price / Trading Volume



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Linking your dreams

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