



# FINANCIAL SECTION

Management's Discussion and Analysis .....	51
Operating Risks .....	53
Financial Summary .....	54
Consolidated Balance Sheet .....	56
Consolidated Statement of Income .....	58
Consolidated Statement of Comprehensive Income...	58
Consolidated Statement of Changes in Net Assets....	59
Consolidated Statement of Cash Flows .....	60
Notes to Consolidated Financial Statements.....	61
Management's Report on Internal Control over Financial Reporting .....	84
Report of Independent Auditors.....	85

# Management's Discussion and Analysis

## Revenues and Expenses

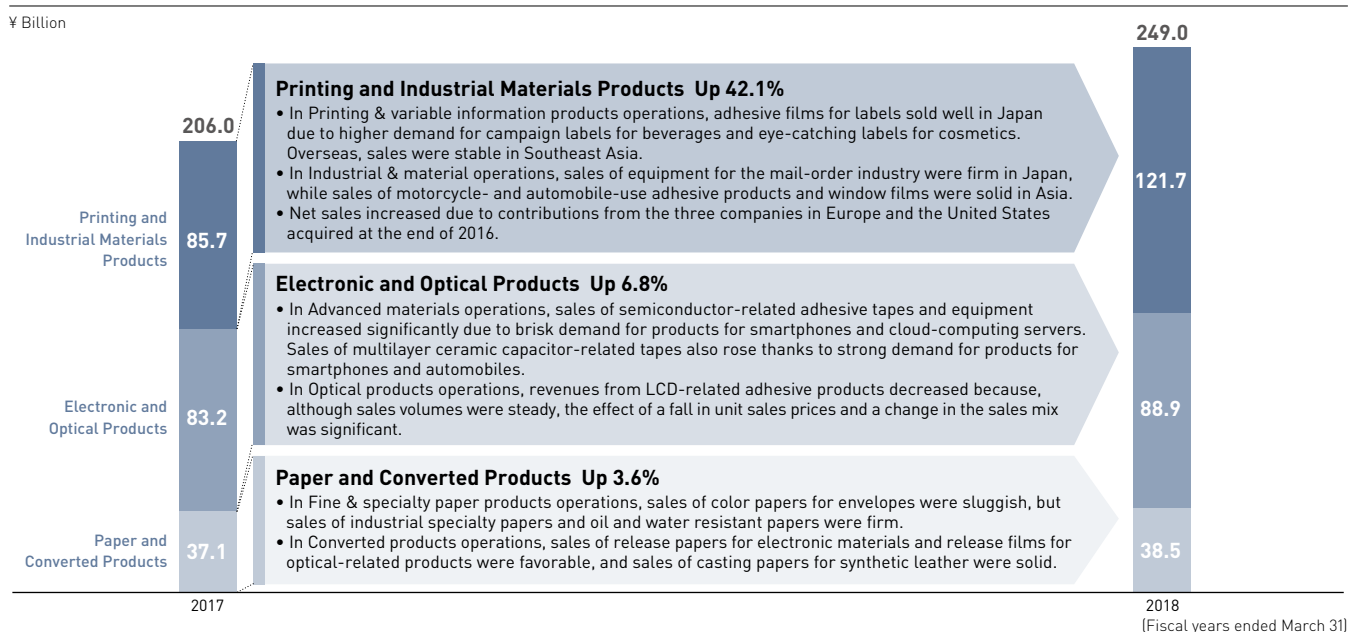
In the fiscal year under review, consolidated net sales increased 20.9% year on year, to ¥249.0 billion, due to the three companies in Europe and the United States that were acquired at the end of 2016 and a favorable performance by businesses related to semiconductors and electronic components.

Although net sales increased 20.9%, gross profit rose 18.8% year on year, to ¥62.8 billion, due to an increase in fuel and raw material prices. Operating income was up 21.1% year on year, to ¥20.1 billion, as growth in sales volume and cost reduction effects outweighed the amortization of goodwill of subsidiaries that the Company acquired.

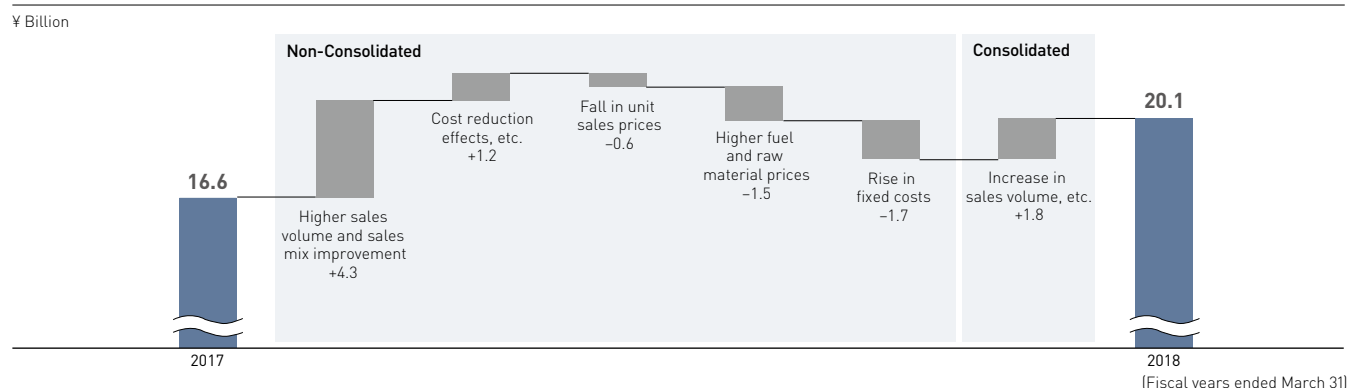
Profit before income taxes rose 8.2% year on year, to ¥16.7 billion, reflecting the recording in extraordinary loss of provision for business structure improvement and goodwill impairment loss, both of which were related to U.S. subsidiaries. Income taxes following the application of tax effect accounting increased 31.6% year on year, to ¥5.5 billion, due to the absence of the previous fiscal year's positive tax effect. Profit attributable to owners of parent declined 1.7%, to ¥11.3 billion.

Net income per share decreased from ¥158.69 in the previous fiscal year to ¥156.02, and ROE declined from 6.6% to 6.2%.

## Net Sales by Segment



## Operating Income Factor Analysis



## Management's Discussion and Analysis

## Financial Position

## Assets

Total assets as of March 31, 2018, were ¥292.7 billion, an increase of ¥18.5 billion from the end of the previous fiscal year. The main changes were as follows:

• Cash and deposits	+¥13.6 billion
• Trade notes and accounts receivable	+¥5.8 billion
• Inventories	+¥3.9 billion
• Property, plant and equipment	+¥1.5 billion
• Goodwill	-¥5.4 billion

## Liabilities

Total liabilities as of March 31, 2018, were ¥106.3 billion, an increase of ¥10.8 billion from the end of the previous fiscal year. The main changes were as follows:

• Trade notes and accounts payable	+¥9.6 billion
• Short-term loans payable	+¥1.7 billion
• Long-term loans payable	-¥3.4 billion

## Net Assets

Net assets as of March 31, 2018, were ¥186.4 billion, an increase of ¥7.7 billion from the end of the previous fiscal year. The main changes were as follows:

• Retained earnings	+¥6.5 billion
• Foreign currency translation adjustments	+¥1.2 billion

## Cash Flows

Cash and cash equivalents as of March 31, 2018, amounted to ¥55.0 billion, an increase of ¥13.8 billion year on year.

## Cash Flows from Operating Activities

Cash flows from operating activities increased ¥2.5 billion year on year, to a cash inflow of ¥26.8 billion. The principal movements were as follows:

• Profit before income taxes	+¥1.3 billion
• Depreciation and amortization	+¥1.6 billion
• Amortization of goodwill	+¥3.1 billion
• Trade notes and accounts receivable	-¥3.7 billion
• Inventories	-¥4.5 billion
• Trade notes and accounts payable	+¥5.5 billion
• Impairment loss	+¥1.0 billion

## Cash Flows from Investing Activities

Cash flows from investing activities increased ¥40.8 billion year on year, to a cash outflow of ¥7.5 billion. The principal movements were as follows:

• Payments into time deposit	+¥3.3 billion
• Proceeds from withdrawal of time deposits	-¥4.1 billion
• Purchase of property, plant and equipment	+¥5.0 billion
• Purchase of shares and membership interests of subsidiaries resulting in change in scope of consolidation	+¥36.6 billion

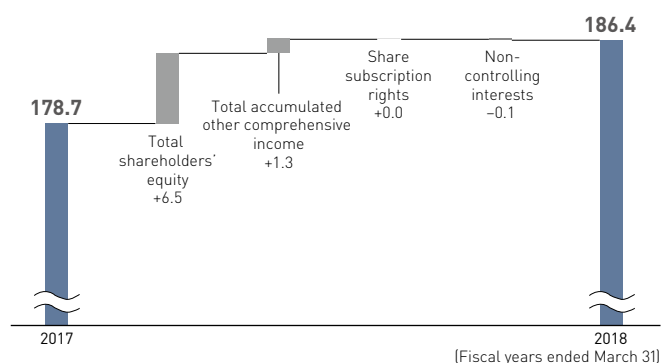
## Cash Flows from Financing Activities

Cash flows from financing activities decreased ¥11.6 billion year on year, to a cash outflow of ¥6.4 billion. The principal movements were as follows:

• Short-term loans payable	+¥3.4 billion
• Proceeds from long-term loans payable	-¥20.9 billion
• Repayments of long-term loans payable	+¥6.2 billion

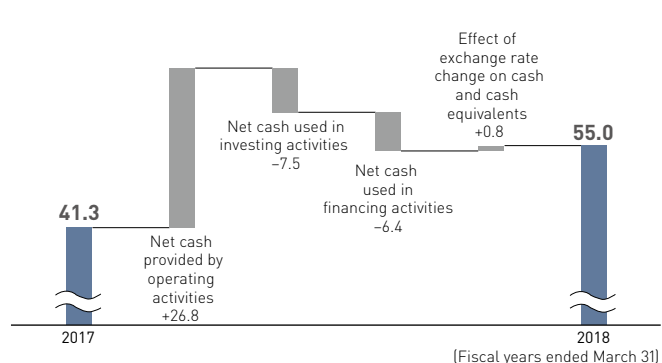
## Net Assets

¥ Billion



## Cash Flows

¥ Billion



## Operating Risks

The following is a summary of risks that could affect the LINTEC Group's operations. This summary provides specific examples of major risks that are anticipated, but it does not include all risks.

### 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 electronics-related products business. Future market 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

	2018	2017	2016	2015
<b>For the year:</b>				
Net sales	¥ 249,030	¥205,975	¥210,501	¥207,255
Operating income	20,095	16,595	17,692	16,881
% of net sales	8.1%	8.1%	8.4%	8.1%
Profit before income taxes	16,666	15,398	16,799	17,555
Profit attributable to owners of parent	11,257	11,450	10,899	11,659
Return on equity	6.2%	6.6%	6.4%	7.2%
Return on assets	6.5%	6.1%	7.4%	7.8%
Per share data (yen):				
Net income	¥ 156.02	¥ 158.69	¥ 151.07	¥ 161.63
Net assets	2,573.69	2,465.43	2,370.49	2,363.81
Cash dividends	66.00	66.00	54.00	48.00
Depreciation and amortization	¥ 9,031	¥ 7,466	¥ 8,800	¥ 8,713
Purchase of property, plant and equipment	(8,084)	(13,049)	(9,810)	(6,299)
Net cash provided by operating activities	26,819	24,361	19,928	15,485
Net cash used in investing activities	(7,532)	(48,378)	(9,898)	(5,104)
Net cash provided by (used in) financing activities	(6,363)	5,257	(4,044)	(3,135)
<b>At year-end:</b>				
Current assets	¥175,077	¥151,449	¥163,647	¥163,017
Current liabilities	77,858	64,401	56,389	57,058
Working capital	97,218	87,048	107,258	105,958
Cash and cash equivalents	55,042	41,284	60,323	56,050
Property, plant and equipment, net	75,336	73,871	64,859	61,503
Long-term debt, less current portion	14,395	17,795	—	—
% of shareholders' equity	8.0%	10.3%	—	—
Total assets	292,735	274,199	240,720	237,444
Net assets	186,420	178,690	172,101	171,674
% of total assets	63.4%	64.9%	71.1%	71.8%
Number of shares outstanding	76,564,240	76,564,240	76,564,240	76,564,240
Number of employees	4,794	4,760	4,246	4,413
<b>Segment information:</b>				
Net sales:				
Printing and Industrial Materials Products	¥121,691	¥85,721	¥88,100	¥86,826
Electronic and Optical Products	88,882	83,278	85,895	83,281
Paper and Converted Products	38,456	52,632	54,576	54,564
Segment income:				
Printing and Industrial Materials Products	3,040	1,672	2,785	2,878
Electronic and Optical Products	11,972	9,155	10,562	10,071
Paper and Converted Products	4,996	5,767	4,303	3,996

(Supplementary information)

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

Since it is impracticable to restate segment information of the fiscal years of 2010 and before complying revised accounting standards for segment information, only reportable segment information for the year ended March 31, 2011 onward have been presented.

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

	2014	2013	2012	2011	2010	2009
	¥203,242	¥190,844	¥200,905	¥212,733	¥189,348	¥194,901
	13,766	10,564	13,975	20,889	11,576	8,498
	6.8%	5.5%	7.0%	9.8%	6.1%	4.4%
	12,883	10,836	13,382	19,565	11,399	5,215
	8,501	7,681	8,648	13,622	7,284	3,391
	5.8%	5.6%	6.6%	10.9%	6.2%	2.9%
	6.0%	5.2%	6.5%	9.7%	6.1%	3.0%
	¥ 114.22	¥ 102.83	¥ 115.26	¥ 180.21	¥ 96.36	¥ 44.86
	2,100.87	1,909.57	1,766.60	1,715.78	1,596.37	1,497.58
	42.00	34.00	40.00	40.00	24.00	20.00
	¥10,055	¥ 10,141	¥ 10,079	¥10,178	¥10,537	¥11,286
	(5,508)	(13,823)	(8,760)	(8,237)	(7,777)	(9,584)
	16,309	19,619	18,910	23,307	22,259	12,979
	(6,952)	(13,966)	(12,262)	(9,926)	(9,253)	(9,752)
	(8,020)	(2,877)	(5,099)	(2,820)	(3,454)	(2,300)
	¥149,396	¥138,505	¥137,229	¥132,891	¥121,451	¥ 95,937
	54,820	56,911	62,075	60,465	58,654	43,655
	94,575	81,593	75,153	72,426	62,797	52,282
	44,992	40,739	36,036	35,188	25,387	15,370
	61,456	64,915	62,273	61,888	63,337	67,010
	—	—	—	—	54	107
	—	—	—	—	0.0%	0.1%
	225,073	216,048	210,203	206,188	195,656	172,854
	152,610	143,569	132,847	130,576	121,502	113,930
	67.3%	66.0%	62.8%	62.9%	61.7%	65.5%
	76,564,240	76,564,240	76,564,240	76,564,240	76,564,240	76,564,240
	4,223	4,270	4,286	4,198	4,037	3,987
	¥86,310	¥82,785	¥90,143	¥91,936	—	—
	79,143	72,372	73,925	81,193	—	—
	52,781	52,061	53,225	55,317	—	—
	2,290	2,380	5,213	7,990	—	—
	6,846	3,196	3,942	6,732	—	—
	4,645	4,980	4,846	6,129	—	—

OVERVIEW

STRATEGY

ESG

FINANCIAL INFORMATION

## Consolidated Balance Sheet

LINTEC Corporation and its consolidated subsidiaries  
March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
<b>ASSETS</b>	<b>2018</b>	2017	<b>2018</b>
<b>Current assets:</b>			
Cash and deposits (Notes 12, 14)	¥ 58,614	¥ 45,060	\$ 551,721
Trade notes and accounts receivable (Notes 5, 14)	72,590	66,801	683,269
Inventories (Note 3)	38,506	34,584	362,443
Deferred tax assets (Note 19)	1,483	1,614	13,962
Other (Notes 14, 16)	3,991	3,503	37,573
Allowance for doubtful accounts	(109)	(114)	(1,028)
Total current assets	<b>175,077</b>	151,449	<b>1,647,941</b>
<b>Non-current assets:</b>			
<b>Property, plant and equipment (Notes 4, 8, 9, 13):</b>			
Buildings and structures	73,701	71,545	693,725
Machinery, equipment and vehicles	125,066	124,185	1,177,203
Land	11,083	11,057	104,326
Construction in progress	5,087	2,163	47,891
Other	12,548	12,511	118,111
	<b>227,487</b>	221,463	<b>2,141,257</b>
Accumulated depreciation	(152,150)	(147,592)	(1,432,143)
Property, plant and equipment, net	<b>75,336</b>	73,871	<b>709,114</b>
<b>Intangible assets:</b>			
Goodwill	29,189	34,558	274,745
Other (Note 13)	3,285	4,000	30,929
Total intangible assets	<b>32,474</b>	38,559	<b>305,675</b>
<b>Investments and other assets:</b>			
Investment securities (Notes 14, 15)	2,743	3,102	25,824
Deferred tax assets (Note 19)	5,047	5,063	47,514
Other	2,153	2,256	20,270
Allowance for doubtful accounts	(98)	(105)	(923)
Total investments and other assets	<b>9,846</b>	10,318	<b>92,686</b>
Total non-current assets	<b>117,658</b>	122,749	<b>1,107,476</b>
<b>Total assets</b>	<b>¥ 292,735</b>	¥ 274,199	<b>\$ 2,755,417</b>

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

		Millions of yen	Thousands of U.S. dollars (Note 1)
<b>LIABILITIES AND NET ASSETS</b>	<b>2018</b>	2017	<b>2018</b>
<b>Current liabilities:</b>			
Trade notes and accounts payable (Notes 5, 14)	¥ 54,678	¥ 45,057	\$ 514,673
Short-term loans payable (Notes 14, 26)	2,351	641	22,129
Current portion of long-term loans payable (Notes 14, 16, 26)	2,986	3,051	28,109
Accrued income taxes (Notes 14, 19)	2,889	3,098	27,200
Provision for directors' bonuses	89	90	846
Provision for business structure improvement	39	—	367
Other (Notes 14, 16, 26)	14,823	12,460	139,527
Total current liabilities	77,858	64,401	732,854
<b>Non-current liabilities:</b>			
Long-term loans payable (Notes 14, 16, 26)	14,395	17,795	135,497
Provision for environmental measures	132	135	1,243
Net defined benefit liability (Note 17)	13,006	12,362	122,422
Other (Note 26)	922	814	8,685
Total non-current liabilities	28,456	31,107	267,849
Total liabilities	106,314	95,508	1,000,704
<b>Commitments and contingent liabilities (Note 2)</b>			
<b>Net assets:</b>			
<b>Shareholders' equity (Note 25):</b>			
Common stock:			
Authorized: 300,000,000 shares in 2018 and 2017			
Issued: 76,564,240 shares in 2018 and 2017	23,201	23,201	218,385
Capital surplus	26,829	26,829	252,532
Retained earnings	137,743	131,247	1,296,526
Less: treasury stock, at cost:			
4,410,239 shares in 2018 and 4,412,515 shares in 2017	(7,711)	(7,714)	(72,581)
Total shareholders' equity	180,062	173,563	1,694,864
<b>Accumulated other comprehensive income</b>			
Net unrealized holding gain on securities	657	775	6,188
Foreign currency translation adjustments	8,139	6,938	76,615
Remeasurements of defined benefit plans (Note 17)	(3,157)	(3,392)	(29,718)
Total accumulated other comprehensive income	5,639	4,320	53,085
Share subscription rights (Note 18)	214	186	2,022
<b>Non-controlling interests</b>	503	619	4,740
Total net assets	186,420	178,690	1,754,713
<b>Total liabilities and net assets</b>	¥292,735	¥274,199	\$2,755,417



## Consolidated Statement of Income

LINTEC Corporation and its consolidated subsidiaries  
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Net sales</b>	¥249,030	¥205,975	\$2,344,033
<b>Cost of sales</b>	186,206	153,115	1,752,699
Gross profit	62,823	52,859	591,333
<b>Selling, general and administrative expenses</b> (Notes 6, 7)	42,727	36,264	402,182
Operating income	20,095	16,595	189,151
<b>Non-operating income:</b>			
Interest income	220	218	2,071
Dividend income	272	91	2,565
Rent income	16	43	150
Gain on sales of non-current assets	61	20	575
Insurance income	10	226	94
Other income	266	274	2,510
Total non-operating income	846	875	7,967
<b>Non-operating expenses:</b>			
Interest expenses	226	73	2,134
Loss on retirement of non-current assets	730	785	6,871
Compensation expenses	128	107	1,214
Foreign exchange losses	1,012	473	9,532
Other expenses	454	345	4,274
Total non-operating expenses	2,552	1,786	24,027
Ordinary income	18,389	15,684	173,092
<b>Extraordinary gain:</b>			
Gain on sales of investment securities (Note 15)	343	190	3,233
Gain on sales of non-current assets (Note 8)	—	121	—
Gain on liquidation of subsidiaries	—	17	—
Total extraordinary gain	343	329	3,233
<b>Extraordinary loss:</b>			
Impairment loss (Note 9)	1,041	34	9,804
Provision for business structure improvement (Note 10)	1,024	—	9,642
Loss on liquidation of subsidiaries	—	568	—
Loss on sales of investment securities (Note 15)	—	13	—
Total extraordinary losses	2,066	615	19,447
Profit before income taxes	16,666	15,398	156,879
<b>Income taxes</b> (Note 19):			
Current	5,410	5,383	50,924
Deferred	107	(1,191)	1,011
Total income taxes	5,517	4,192	51,935
<b>Profit</b>	11,149	11,206	104,943
<b>Profit (loss) attributable to non-controlling interests</b>	(108)	(244)	(1,017)
<b>Profit attributable to owners of parent</b> (Note 25)	¥ 11,257	¥ 11,450	\$ 105,960

## Consolidated Statement of Comprehensive Income

LINTEC Corporation and its consolidated subsidiaries  
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Profit	¥11,149	¥11,206	\$104,943
<b>Other comprehensive income</b> (Note 11)			
Net unrealized holding gain on securities	(117)	73	(1,108)
Foreign currency translation adjustments	1,194	(907)	11,240
Remeasurements of defined benefit plans (Note 17)	234	118	2,211
Total other comprehensive income	1,311	(716)	12,343
Comprehensive income	¥12,460	¥10,489	\$117,286
(Comprehensive income attributable to:)			
Owners of parent	12,576	10,765	118,375
Non-controlling interests	(115)	(275)	(1,088)

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, 2018 and 2017

	Thousands												Millions of yen
	Shareholders' equity						Accumulated other comprehensive income						Total net assets
	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	
<b>Balance as at April 1, 2016</b>	76,564	¥23,201	¥26,829	¥123,713	¥(7,712)	¥166,032	¥ 701	¥7,812	¥(3,509)	¥5,005	¥169	¥ 895	¥172,101
Changes during the year:													
Cash dividends				(4,329)		(4,329)							(4,329)
Profit attributable to owners of parent				11,450		11,450							11,450
Purchase of treasury stock					(2)	(2)							(2)
Disposal of treasury stock			0		0	0							0
Change of scope of consolidation				413		413							413
Net changes in items other than shareholders' equity							73	(874)	116	(684)	17	(275)	(942)
<b>Total changes during the year</b>	—	—	0	7,533	(2)	7,531	73	(874)	116	(684)	17	(275)	6,589
<b>Balance as at March 31, 2017</b>	76,564	¥23,201	¥26,829	¥131,247	¥(7,714)	¥173,563	¥ 775	¥6,938	¥(3,392)	¥4,320	¥186	¥ 619	¥178,690
Changes during the year:													
Cash dividends				(4,762)		(4,762)							(4,762)
Profit attributable to owners of parent				11,257		11,257							11,257
Purchase of treasury stock					(1)	(1)							(1)
Disposal of treasury stock			(0)		4	4							4
Change of scope of consolidation													
Net changes in items other than shareholders' equity							(117)	1,201	235	1,318	28	(115)	1,231
<b>Total changes during the year</b>	—	—	(0)	6,495	3	6,498	(117)	1,201	235	1,318	28	(115)	7,729
<b>Balance as at March 31, 2018</b>	76,564	¥23,201	¥26,829	¥137,743	¥(7,711)	¥180,062	¥ 657	¥8,139	¥(3,157)	¥5,639	¥214	¥ 503	¥186,420

	Thousands												Thousands of U.S. dollars (Note 1)
	Shareholders' equity						Accumulated other comprehensive income						Total net assets
	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	
<b>Balance as at April 1, 2017</b>	76,564	\$218,385	\$252,534	\$1,235,389	\$(72,613)	\$1,633,695	\$ 7,296	\$65,308	\$(31,934)	\$40,671	\$1,759	\$ 5,829	\$1,681,955
Changes during the year:													
Cash dividends				(44,823)		(44,823)							(44,823)
Profit attributable to owners of parent				105,960		105,960							105,960
Purchase of treasury stock					(11)	(11)							(11)
Disposal of treasury stock			(1)		44	42							42
Change of scope of consolidation													
Net changes in items other than shareholders' equity							(1,108)	11,307	2,215	12,414	263	(1,088)	11,589
<b>Total changes during the year</b>	—	—	(1)	61,137	32	61,168	(1,108)	11,307	2,215	12,414	263	(1,088)	72,758
<b>Balance as at March 31, 2018</b>	76,564	\$218,385	\$252,534	\$1,296,526	\$(72,581)	\$1,694,864	\$ 6,188	\$76,615	\$(29,718)	\$53,085	\$2,022	\$ 4,740	\$1,754,713

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, 2018 and 2017

	Millions of yen	Thousands of U.S. dollars (Note 1)	
	2018	2017	
<b>Cash flows from operating activities:</b>		<b>2018</b>	
Profit before income taxes	¥16,666	¥ 15,398	\$156,879
Depreciation and amortization	9,031	7,466	85,007
Amortization of goodwill	3,427	315	32,259
Increase (decrease) in net defined benefit liability	751	947	7,075
Increase (decrease) in allowance for doubtful accounts	(20)	(24)	(188)
Interest and dividend income	(492)	(310)	(4,637)
Interest expenses	226	73	2,134
Increase (decrease) in provision for business structure improvement	38	—	364
Loss (gain) on sales of property, plant and equipment	(56)	(132)	(527)
Loss on retirement of property, plant and equipment	374	482	3,527
Decrease (increase) in trade notes and accounts receivable	(5,229)	(1,565)	(49,224)
Decrease (increase) in inventories	(3,682)	812	(34,663)
Increase (decrease) in trade notes and accounts payable	8,967	3,470	84,411
Loss (gain) on sales of investment securities	(343)	(177)	(3,233)
Increase (decrease) in provision for environmental measures	(3)	(2)	(29)
Loss (gain) on liquidation of subsidiaries	—	551	—
Impairment loss	1,041	34	9,804
Other, net	1,444	1,789	13,594
Subtotal	32,143	29,128	302,554
Interest and dividend income received	477	325	4,495
Interest expenses paid	(233)	(16)	(2,194)
Income taxes (paid) refund	(5,568)	(4,809)	(52,411)
Special retirement expenses paid	—	(265)	—
Net cash provided by operating activities	26,819	24,361	252,444
<b>Cash flows from investing activities:</b>			
Payments into time deposits	(7,631)	(10,897)	(71,835)
Proceeds from withdrawal of time deposits	8,098	12,164	76,230
Purchase of property, plant and equipment	(8,084)	(13,049)	(76,097)
Proceeds from sales of property, plant and equipment	132	181	1,242
Purchase of intangible assets	(123)	(199)	(1,162)
Purchase of investment securities	(4)	(5)	(41)
Proceeds from sales of investment securities	536	361	5,049
Proceeds from liquidation of subsidiaries	—	24	—
Payments of loans receivable	(24)	(2)	(229)
Collection of loans receivable	6	4	58
Purchase of shares and membership interests of subsidiaries resulting in change in scope of consolidation (Note 12)	(308)	(36,909)	(2,900)
Other, net	(129)	(50)	(1,217)
Net cash used in investing activities	(7,532)	(48,378)	(70,903)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term loans payable	1,692	(1,748)	15,933
Proceeds from long-term loans payable	—	20,850	—
Repayments of long-term loans payable	(3,059)	(9,253)	(28,797)
Cash dividends paid	(4,762)	(4,328)	(44,831)
Purchase of treasury stock	(1)	(2)	(11)
Repayments of lease obligations	(232)	(258)	(2,190)
Other, net	0	0	0
Net cash provided by (used in) financing activities	(6,363)	5,257	(59,897)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>834</b>	<b>35</b>	<b>7,855</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,757</b>	<b>(18,723)</b>	<b>129,498</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>41,284</b>	<b>60,323</b>	<b>388,600</b>
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	<b>—</b>	<b>(315)</b>	<b>—</b>
<b>Cash and cash equivalents at end of year (Note 12)</b>	<b>¥55,042</b>	<b>¥ 41,284</b>	<b>\$518,098</b>

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, 2018

## 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 ¥106.24=U.S.\$1, the prevailing exchange rate as of March 31, 2018. 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, 2018 presentation.

### (b) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 40 significant subsidiaries as of March 31, 2018, 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 useful 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 is computed by the straight-line method over the useful lives of the respective assets.

The significant useful lives are summarized as follows:

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

### (h) Intangible assets (Excluding leased assets)

Capitalized costs of software for internal use are amortized using the straight-line method over useful 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 collectibility 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) Hedge accounting****(1) Hedge accounting method**

The exceptional accounting treatment (the "Tokurei-shori") is applied with respect to interest rate swaps that meet the requirements to hedge the cash flow volatility of certain foreign currency-denominated loans. The Tokurei-shori and the designated hedge accounting (the "Furiate-shori") are applied with respect to interest rate and currency swaps that meet the requirements to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated loans.

**(2) Hedging instruments and hedged items**

- ① Hedging instruments.....Interest rate swaps  
Hedging items.....Foreign currency-denominated loans
- ② Hedging instruments.....Interest rate and currency swaps  
Hedging items.....Foreign currency-denominated loans

**2. Commitments and Contingent Liabilities**

The Company and its consolidated subsidiaries had unused lines of credit for short-term financing aggregating ¥26,521 million (U.S. \$249,636 thousand) and ¥23,194 million at March 31, 2018 and 2017, respectively.

**3. Inventories**

Merchandise and finished goods, work in process, and raw materials and supplies as of March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Merchandise and finished goods	¥14,421	¥13,031	\$135,746
Work in process	12,575	11,951	118,367
Raw materials and supplies	11,508	9,601	108,330
Total	¥38,506	¥34,584	\$362,443

**4. Reduction Entry**

Reduction entry amounts and details deducted from the acquisition cost of property, plant and equipment as of March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Buildings and structures	¥19	¥—	\$181
Machinery, equipment and vehicles	36	—	340
Total	¥55	¥—	\$522

**(3) Hedging policy**

In accordance with the internal regulation, risk of fluctuations in interest rates and foreign exchange is hedged.

**(4) Method of evaluating the effectiveness of hedges**

The evaluation of effectiveness is omitted for interest rate swaps accounted for under the Tokurei-shori and for interest rate and currency swaps accounted for under the Tokurei-shori and Furiate-shori.

**(t) Accounting standards issued but not yet applied**

- Accounting Standard for Revenue Recognition [ASBJ Statement No. 29, issued on March 30, 2018]
- Guidance on Accounting Standard for Revenue Recognition [ASBJ Guidance No. 30, issued on March 30, 2018]

**(1) Overview**

This is a comprehensive accounting standard for revenue recognition. Revenue is recognized using the following five steps.

Step 1: Identify the contract with a customer.

Step 2: Identify the separate performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the separate performance obligations in the contract.

Step 5: Recognize revenue when the entity satisfies a performance obligation.

**(2) Application schedule**

These accounting standards will be adopted from the beginning of the year ending March 31, 2022.

**(3) Effect of application**

The amount of the impact was still being assessed when these consolidated financial statements were prepared.

## 5. Notes Maturing as of the End of the Fiscal Year

Notes maturing as of the end of the fiscal year are settled on the clearing date. In addition, accounts receivable and payable with due date that is the last day of the fiscal year are also settled on the clearing date. As the last day of the current fiscal year was a non-business day of financial institutions, the following amounts of receivables and payables maturing as of March 31, 2018 and 2017 were included in the ending balance.

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Trade notes and accounts receivable	¥4,988	¥—	\$46,954
Trade notes and accounts payable	8,521	—	80,214

## 6. Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Transportation and warehousing expenses	¥ 5,309	¥ 5,125	\$ 49,978
Provision for allowance for doubtful accounts	(4)	(12)	(44)
Salaries and allowances	9,358	7,743	88,086
Retirement benefit expenses	321	423	3,029
Provision for directors' bonuses	85	95	800
Depreciation and amortization	1,350	1,092	12,714
Research and development expenses	7,925	7,639	74,600
Other	18,381	14,156	173,017
Total	¥42,727	¥36,264	\$402,182

## 7. 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, 2018 and 2017 were ¥7,925 million (U.S.\$74,600 thousand) and ¥7,639 million, respectively.

## 8. Gain on Sales of Noncurrent Assets

Gain on sales of noncurrent assets was related to sales of land for the year ended March 31, 2017.

## 9. Impairment Loss

The Company has recognized impairment loss on the following classes of assets for the years ended March 31, 2018 and 2017:

Major use	Location	Category	Millions of yen	Thousands of U.S. dollars
			2018	2018
—	Kentucky State, U.S.A.	Goodwill	¥1,041	\$9,804

The Companies categorize goodwill into groups mainly based on each company in consolidated subsidiaries for the goodwill impairment testing.

VDI, LLC recognized an impairment loss of ¥1,041 million for the goodwill as future operating results are expected to be lower than the business plan at the time of acquisition of VDI, LLC.

The recoverable amount of the goodwill is measured at the value in use determined by future cash flows discounted at 18.0%.

Major use	Location	Category	Millions of yen
			2017
Pressure-sensitive adhesive related products manufacturing equipment	Massachusetts State, U.S.A.	Machinery, equipment and vehicles	¥34

(1) Circumstances leading to the recognition of impairment loss

The impairment loss above has been recognized because the asset has decreased in profitability.

(2) Method of calculating recoverable amounts

The recoverable amounts of the assets above are the net realizable value and based on a third-party appraisal value.

## 10. Provision for Business Structure Improvement

The Company has recognized provision for business structure improvement for a management rationalization of MADICO, INC., its wholly owned consolidated subsidiary in the U.S. for the year ended March 31, 2018 and the loss is mainly related to the special retirement expenses.

## 11. Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net unrealized holding gain on securities:			
Amount incurred during the fiscal year	¥ 172	¥ 340	\$ 1,625
Reclassification adjustment	(343)	(177)	(3,233)
Prior to deducting tax effect	(170)	163	(1,608)
Tax effect	53	(89)	499
Net unrealized holding gain on securities	(117)	73	(1,108)
Foreign currency translation adjustments:			
Amount incurred during the fiscal year	1,194	(453)	11,240
Reclassification adjustment	—	(454)	—
Prior to deducting tax effect	1,194	(907)	11,240
Tax effect	—	—	—
Foreign currency translation adjustments	1,194	(907)	11,240
Remeasurements of defined benefit plans:			
Amount incurred during the fiscal year	153	(229)	1,448
Reclassification adjustment	185	397	1,741
Prior to deducting tax effect	338	167	3,190
Tax effect	(103)	(49)	(978)
Remeasurements of defined benefit plans	234	118	2,211
Total other comprehensive income	¥1,311	¥(716)	\$12,343

## 12. Cash and Cash Equivalents

1. 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, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash and deposits	¥58,614	¥45,060	\$551,721
Time deposits with maturity of more than 3 months	(3,572)	(3,775)	(33,622)
Cash and cash equivalents	¥55,042	¥41,284	\$518,098

2. Information on assets and liabilities of newly acquired consolidated subsidiaries through acquisition of shares or membership interests

There are no assets and liabilities of newly acquired consolidated subsidiaries through acquisition of shares or membership interests for the year ended March 31, 2018.

Assets and liabilities of newly acquired consolidated subsidiaries through acquisition of shares or membership interests for the year ended March 31, 2017 was as follows:

(1) Assets and liabilities of VDI, LLC (a newly acquired consolidated subsidiary through acquisition of membership interests) at the inception of its consolidation, the acquisition cost of its membership interest and the related expenditures (net) for the acquisition were as follows:

	Millions of yen	
	2017	
Current assets	¥ 473	
Non-current assets	1,713	
Goodwill	1,839	
Current liabilities	(222)	
Non-current liabilities	(1,102)	
Acquisition cost of membership interests	¥ 2,701	
Cash and cash equivalents	(95)	
Net expenditures for acquisition	¥ 2,605	

(2) Assets and liabilities of MACtac Americas, LLC (another newly acquired consolidated subsidiary through acquisition of membership interests) at the inception of its consolidation, the acquisition cost of its membership interest and the related expenditures (net) for the acquisition were as follows:

	Millions of yen
	2017
Current assets	¥ 9,066
Non-current assets	6,820
Goodwill	30,889
Current liabilities	(4,794)
Non-current liabilities	(7,564)
Acquisition cost of membership interests	¥34,417
Cash and cash equivalents	(775)
Accrued amount of the acquisition cost of membership interests	(301)
Net expenditures for acquisition	¥33,340

(3) Assets and liabilities of Lintec Graphic Films Limited (the other newly acquired consolidated subsidiary through acquisition of shares) at the inception of its consolidation, the acquisition cost of its shares and the related expenditures (net) for the acquisition were as follows:

	Millions of yen
	2017
Current assets	¥ 378
Non-current assets	144
Goodwill	733
Current liabilities	(171)
Non-current liabilities	(59)
Acquisition cost of shares	¥1,024
Cash and cash equivalents	(61)
Net expenditures for acquisition	¥ 963

3. Assets and liabilities related to finance lease transactions newly recognized for the years ended March 31, 2018 and 2017 were ¥138 million (U.S.\$1,308 thousand) and ¥183 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, 2018 and 2017, 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, 2018 and 2017. 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, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Due within 1 year	¥ 629	¥ 419	\$ 5,928
Due after 1 year	1,458	595	13,728
Total	¥2,088	¥1,015	\$19,656



#### 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 loans.

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 short-term loans payable are raised mainly for business activities and capital investments.

The long-term loans payable are raised for corporate acquisitions. Interest rate swaps and interest rate and currency swaps are used to manage exposure to market risks from changes in interest rates and foreign currency exchange rate of the long-term loans payable.

The Group is exposed to liquidity risk from its business-related obligations and loans 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. Executive officer 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. Fair value and other matters related to financial instruments

Carrying value on the consolidated balance sheet as of March 31, 2018 and 2017 along with their fair value and the variance were shown in the following table.

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Variance	Carrying value	Fair value	Variance
						<b>2018</b>
(1) Cash and deposits	¥ 58,614	¥ 58,614	¥ —	\$ 551,721	\$ 551,721	\$ —
(2) Trade notes and accounts receivable	72,590	72,590	—	683,269	683,269	—
(3) Investment securities						
Other securities	2,160	2,160	—	20,335	20,335	—
(4) Trade notes and accounts payable	(54,678)	(54,678)	—	(514,673)	(514,673)	—
(5) Short-term loans payable	(2,351)	(2,351)	—	(22,129)	(22,129)	—
(6) Accrued income taxes	(2,889)	(2,889)	—	(27,200)	(27,200)	—
(7) Long-term loans payable	(17,381)	(17,223)	(157)	(163,607)	(162,123)	(1,484)
(8) Derivatives	9	9	—	85	85	—

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

ii. The current portion of long-term loans payable is included in long-term loans payable.

iii. The value of assets and liabilities arising from derivatives is shown by net value.

	Millions of yen		
	Carrying value	Fair value	Variance
			<b>2017</b>
(1) Cash and deposits	¥ 45,060	¥ 45,060	¥—
(2) Trade notes and accounts receivable	66,801	66,801	—
(3) Investment securities			
Other securities	2,519	2,519	—
(4) Trade notes and accounts payable	(45,057)	(45,057)	—
(5) Short-term loans payable	(641)	(641)	—
(6) Accrued income taxes	(3,098)	(3,098)	—
(7) Long-term loans payable	(20,847)	(20,888)	41
(8) Derivatives	(37)	(37)	—

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

ii. The current portion of long-term loans payable is included in long-term loans payable.

iii. The value of assets and liabilities arising from derivatives is shown by net value.

Note 1: Method of computing the fair value of financial instruments, securities and derivatives

(1) Cash and deposits; (2) Trade notes and accounts receivable  
 Since these items are settled in a short period of time and have 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 loans payable; (6) Accrued income taxes

Since these items are settled in a short period of time and have fair values that are virtually the same as the carrying value on the ledger, the carrying value has been used.

(7) Long-term loans payable

The fair value of long-term loans payable is measured as the net present value of estimated cash flows by discounting the amount of principal and interest value using the assumed interest rate applied to a new similar loan. The fair value of long-term loans payable with variable interest rates hedged by interest rate swaps subject to the special treatment or interest rate and currency swaps subject to the total treatment are calculated based on the net present value of the total amount of principle and interest, accounted for together with the interest rate swap or interest rate and currency swap transactions, discounted by the interest rate rationally estimated for a similar loan.

(8) Derivatives

Please see Note 16, "Derivatives."

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

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
	Carrying value	Carrying value	Carrying value
Unlisted stocks	¥583	¥583	\$5,488

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
	2018	2017	2018
	Within 1 year	Within 1 year	Within 1 year
Cash and deposits	¥ 58,591	¥ 45,038	\$ 551,505
Trade notes and accounts receivable	72,590	66,801	683,269
Total	¥131,182	¥111,839	\$1,234,774

Note 4: Planned redemption amounts after the balance sheet date for borrowings were as follows:

	Millions of yen					
	2018					
	Within 1 year	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 5 years
Short-term loans payable	¥2,351	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of long-term loans payable	2,986	—	—	—	—	—
Long-term loans payable	—	2,986	9,177	1,168	531	531
Total	¥5,337	¥2,986	¥9,177	¥1,168	¥531	¥531

	Thousands of U.S. dollars					
	2018					
	Within 1 year	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 5 years
Short-term loans payable	\$22,129	\$ —	\$ —	\$ —	\$ —	\$ —
Current portion of long-term loans payable	28,109	—	—	—	—	—
Long-term loans payable	—	28,109	86,388	11,000	5,000	5,000
Total	\$50,238	\$28,109	\$86,388	\$11,000	\$5,000	\$5,000

	Millions of yen					
	2017					
	Within 1 year	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 5 years
Short-term loans payable	¥ 641	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of long-term loans payable	3,051	—	—	—	—	—
Long-term loans payable	—	3,058	3,058	9,321	1,234	1,121
Total	¥3,693	¥3,058	¥3,058	¥9,321	¥1,234	¥1,121

## 15. Marketable and Investment Securities

1. The carrying value and acquisition cost of other securities as of March 31, 2018 and 2017 were as follows:

		Millions of yen			Thousands of U.S. dollars		
					2018		
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥1,754	¥ 796	¥957	\$16,511	\$ 7,501	\$9,009
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥1,754	¥ 796	¥957	\$16,511	\$ 7,501	\$9,009
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 406	¥ 415	¥ (9)	\$ 3,824	\$ 3,914	\$ (90)
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥ 406	¥ 415	¥ (9)	\$ 3,824	\$ 3,914	\$ (90)
Total		¥2,160	¥1,212	¥947	\$20,335	\$11,416	\$8,919

		Millions of yen		
		2017		
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥2,180	¥ 975	¥1,205
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥2,180	¥ 975	¥1,205
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 338	¥ 425	¥ (86)
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥ 338	¥ 425	¥ (86)
Total		¥2,519	¥1,400	¥1,118

2. Other securities sold during the years ended March 31, 2018 and 2017 were as follows:

		Millions of yen			Thousands of U.S. dollars		
					2018		
Description		Sales amount	Aggregate gains	Aggregate losses	Sales amount	Aggregate gains	Aggregate losses
Stocks		¥536	¥343	¥ 0	\$5,049	\$3,233	\$ 0
Bonds		—	—	—	—	—	—
Other		—	—	—	—	—	—
Total		¥536	¥343	¥ 0	\$5,049	\$3,233	\$ 0

		Millions of yen		
		2017		
Description		Sales amount	Aggregate gains	Aggregate losses
Stocks		¥361	¥190	¥13
Bonds		—	—	—
Other		—	—	—
Total		¥361	¥190	¥13

## 16. Derivatives

1. Derivatives to which the Company did not apply hedge accounting as of March 31, 2018 and 2017 were as follows:  
(Currency related)

		Millions of yen		
		2018		
Nature of transaction		Contract amounts		Unrealized gain (loss)
		Total	Over 1 year	
Off-market transactions	Forward exchange contracts to:			
	Sell: U.S. dollars (buy Japanese yen)	¥607	¥—	¥ 2
	Sell: U.S. dollars (buy Korean won)	107	—	3
	Sell: Japanese yen (buy Korean won)	62	—	(0)
	Sell: U.S. dollars (buy Singapore dollars)	71	—	3
Total		¥848	¥—	¥ 9

		Thousands of U.S. dollars		
		2018		
Nature of transaction		Contract amounts		Unrealized gain (loss)
		Total	Over 1 year	
Off-market transactions	Forward exchange contracts to:			
	Sell: U.S. dollars (buy Japanese yen)	\$5,719	\$—	\$25
	Sell: U.S. dollars (buy Korean won)	1,011	—	34
	Sell: Japanese yen (buy Korean won)	586	—	(3)
	Sell: U.S. dollars (buy Singapore dollars)	671	—	29
Total		\$7,989	\$—	\$85

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

		Millions of yen		
		2017		
Nature of transaction		Contract amounts		Unrealized gain (loss)
		Total	Over 1 year	
Off-market transactions	Forward exchange contracts to:			
	Sell: U.S. dollars (buy Japanese yen)	¥ 919	¥—	¥(14)
	Sell: U.S. dollars (buy Korean won)	58	—	(2)
	Sell: India rupee (buy Japanese yen)	345	—	(19)
Total		¥1,323	¥—	¥(37)

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

2. Derivatives to which the Company applied hedge accounting as of March 31, 2018 and 2017 were as follows:  
(Interest rate related)

		Millions of yen			
		2018			
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori for interest rate swaps	Interest rate swaps Variable rate receipt / Fixed rate payment	Long-term loans payable	¥2,018	¥1,806	¥(Note)

		Thousands of U.S. dollars			
		2018			
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori for interest rate swaps	Interest rate swaps Variable rate receipt / Fixed rate payment	Long-term loans payable	\$19,000	\$17,000	\$(Note)

Note: Interest rate swaps subject to the Tokurei-shori for interest rate swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate swaps is included in the fair value of the long-term loans payable.

		Millions of yen			
		2017			
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori for interest rate swaps	Interest rate swaps Variable rate receipt / Fixed rate payment	Long-term loans payable	¥2,355	¥2,131	¥(Note)

Note: Interest rate swaps subject to the Tokurei-shori for interest rate swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate swaps is included in the fair value of the long-term loans payable.

(Interest rate and currency related)

			Millions of yen		
			<b>2018</b>		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori and Furiate-shori for interest rate and currency swaps	Interest rate and currency swaps Variable rate receipt / Fixed rate payment U.S.\$ receipt / Japanese ¥ payment	Long-term loans payable	¥5,993	¥5,405	¥(Note)

			Thousands of U.S. dollars		
			<b>2018</b>		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori and Furiate-shori for interest rate and currency swaps	Interest rate and currency swaps Variable rate receipt / Fixed rate payment U.S.\$ receipt / Japanese ¥ payment	Long-term loans payable	\$56,415	\$50,883	\$(Note)

Note: Interest rate and currency swaps subject to the Tokurei-shori and Furiate-shori for interest rate and currency swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate and currency swaps is included in the fair value of the long-term loans payable.

			Millions of yen		
			<b>2017</b>		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori and Furiate-shori for interest rate and currency swaps	Interest rate and currency swaps Variable rate receipt / Fixed rate payment U.S.\$ receipt / Japanese ¥ payment	Long-term loans payable	¥6,581	¥5,993	¥(Note)

Note: Interest rate and currency swaps subject to the Tokurei-shori and Furiate-shori for interest rate and currency swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate and currency swaps is included in the fair value of the long-term loans payable.

## 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, 2018 and 2017.

### 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
	<b>2018</b>	2017	<b>2018</b>
Retirement benefit obligations at beginning of year	¥36,965	¥36,549	\$347,939
Service cost	1,795	1,754	16,903
Interest cost	189	187	1,778
Actuarial gains (losses)	(89)	(4)	(846)
Retirement benefits paid	(1,575)	(1,570)	(14,828)
Increase (decrease) from foreign currency translation	45	(26)	426
Other	68	75	641
Retirement benefit obligations at end of year	¥37,398	¥36,965	\$352,015

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
	2018	2017	2018
Plan assets at beginning of year	¥24,603	¥25,073	\$231,579
Expected return on plan assets	732	726	6,899
Actuarial gains (losses)	63	(239)	598
Contributions from the employer	510	521	4,805
Retirement benefits paid	(1,518)	(1,479)	(14,289)
Plan assets at end of year	¥24,391	¥24,603	\$229,592

## (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
	2018	2017	2018
Retirement benefit obligations of a funded pension plan	¥ 36,565	¥ 36,244	\$ 344,179
Plan assets	(24,391)	(24,603)	(229,592)
	12,173	11,641	114,586
Retirement benefit obligations of an unfunded pension plan	832	721	7,836
Net amount of liabilities and assets recorded in the consolidated balance sheet	¥ 13,006	¥ 12,362	\$ 122,422
Net defined benefit liability	¥ 13,006	¥ 12,362	\$ 122,422
Net defined benefit asset	—	—	—
Net amount of liabilities and assets recorded in the consolidated balance sheet	¥ 13,006	¥ 12,362	\$ 122,422

## (4) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service cost	¥1,795	¥1,754	\$16,903
Interest cost	189	187	1,778
Expected return on plan assets	(732)	(726)	(6,899)
Amortization of actuarial losses (gains)	462	681	4,354
Amortization of prior service cost	(277)	(283)	(2,612)
Other	0	(25)	1
Retirement benefit expenses for the defined benefit plans	¥1,437	¥1,587	\$13,526

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. Other than the above retirement benefit costs in defined benefit pension plan, MADICO, INC. records special retirement expenses amount to ¥866 million as "Provision for business structure improvement" in Extraordinary loss for the year ended March 31, 2018.

## (5) Remeasurements of defined benefit plans recorded in other comprehensive income

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
	2018	2017	2018
Prior service cost	¥ 277	¥ 283	\$ 2,612
Actuarial losses (gains)	(616)	(451)	(5,803)
Total	¥(338)	¥(167)	\$(3,190)

## (6) Remeasurements of defined benefit plans recorded in accumulated other comprehensive income

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
	2018	2017	2018
Unrecognized prior service cost	¥ (267)	¥ (545)	\$ (2,517)
Unrecognized actuarial losses (gains)	4,818	5,434	45,351
Total	¥4,550	¥4,889	\$42,834

## (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, 2018 and 2017 was as follows:

	2018	2017
Bonds	69.6%	52.9%
Stocks	14.8%	22.9%
Alternatives	6.6%	15.9%
Cash and deposits	5.5%	5.1%
Other	3.5%	3.2%
Total	100.0%	100.0%

Note: Alternatives are mainly investments on hedge funds.

## 2. Method for determining the expected long-term rate of return on plan assets

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

## (8) Major actuarial assumptions as of March 31, 2018 and 2017 were as follows:

	2018	2017
Discount rate	Mainly 0.5%	Mainly 0.5%
Expected long-term rate of return on plan assets	Mainly 3.5%	Mainly 3.5%
Expected salary increase rate	Mainly 2.8%	Mainly 2.8%

**2. Defined contribution plans**

Some of the consolidated subsidiaries contributed ¥272 million (U.S. \$2,561 thousand) and ¥160 million, for the years ended March 31, 2018 and 2017 to the defined contribution plans, respectively.

## 18. Stock Option Plan

Components of stock-based compensation expense for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cost of sales	¥ 1	¥ 2	\$ 17
Selling, general and administrative expenses	30	15	289

The following table summarizes contents of stock options as of March 31, 2018:

### 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 2016 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2016
Position and number of grantees	Directors, 11 and Executive Officers, 12
Class and number of stocks	Common stock 12,200 shares
Date of grant	August 24, 2016
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 25, 2016 to August 24, 2036

## The 2017 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 7, 2017
Position and number of grantees	Directors, 11 and Executive Officers, 12
Class and number of stocks	Common stock 14,400 shares
Date of grant	August 22, 2017
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, 2017 to August 22, 2037

The following tables summarize the scale and movement of stock options for the years ended March 31, 2018 and 2017:

**(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	The 2016 plan	The 2017 plan
Stock options outstanding at April 1, 2017	—	—	—	—	—	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	—	—	—	—	—	—	14,400
Forfeitures	—	—	—	—	—	—	—	—	—	—	—	—
Conversion to vested stock options	—	—	—	—	—	—	—	—	—	—	—	14,400
<b>Stock options outstanding at March 31, 2018</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**(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	The 2016 plan	The 2017 plan
Stock options outstanding at April 1, 2017	3,300	2,900	5,200	7,700	7,200	6,800	13,600	20,600	17,200	14,600	12,200	—
Conversion from non-vested stock options	—	—	—	—	—	—	—	—	—	—	—	14,400
Stock options exercised	—	—	—	—	—	—	500	600	600	500	500	—
Forfeitures	—	—	—	—	—	—	—	—	—	—	—	—
<b>Stock options outstanding at March 31, 2018</b>	<b>3,300</b>	<b>2,900</b>	<b>5,200</b>	<b>7,700</b>	<b>7,200</b>	<b>6,800</b>	<b>13,100</b>	<b>20,000</b>	<b>16,600</b>	<b>14,100</b>	<b>11,700</b>	<b>14,400</b>

The following table summarizes the price information of stock options as of March 31, 2018:

	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	The 2016 plan	The 2017 plan
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	—	—	—	—	3,054	3,054	3,054	3,054	3,054	—
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	1,445	2,261

The fair value of stock options granted during the year ended March 31, 2018 was valued by using the Black-Scholes option pricing model with the following assumptions:

	The 2017 plan
Volatility	34.909%
Expected remaining period	10 years
Expected dividend per share	¥66
Risk free interest rate	0.048%

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 30.86% for the years ended March 31, 2018 and 2017, 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, 2018 and 2017 differ from the statutory tax rate for the following reasons:

	2018	2017
Statutory tax rate	30.86%	30.86%
Effect of:		
Permanently non-deductible expenses for income tax purposes such as entertainment expenses	0.35	0.39
Permanently non-taxable income for income tax purposes such as dividend income	(11.88)	(16.68)
Municipal tax	0.35	0.37
The difference of tax rates applied to foreign subsidiaries	(6.25)	(5.14)
Tax deduction in accordance with special tax measures	(2.62)	(3.28)
Decrease of valuation allowance for such as net operating loss carryforward	5.06	1.56
Consolidated adjustments of dividend income from consolidated subsidiaries	12.51	18.12
The impairment loss on goodwill	2.12	—
Other, net	2.61	1.03
Effective tax rate	33.11%	27.23%

2. The significant components of deferred tax assets and liabilities as of March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Deferred tax assets:			
Accrued bonuses	¥ 739	¥ 699	\$ 6,963
Accrued enterprise taxes	157	170	1,477
Operating loss carryforwards	995	1,107	9,365
Net defined benefit liability	3,904	3,736	36,754
Retirement benefit trust	909	1,141	8,560
Research and development cost	609	562	5,735
Loss on valuation of inventories	180	269	1,702
Allowance for doubtful accounts	133	138	1,252
Unrealized gain	356	350	3,354
Excess of depreciation expense	275	331	2,593
Other	751	680	7,071
Gross deferred tax assets	9,012	9,188	84,832
Valuation allowance	(1,206)	(959)	(11,351)
	7,806	8,229	73,480
Deferred tax liabilities:			
Revaluation of fixed assets in accordance with special tax measures	(181)	(187)	(1,711)
Net unrealized holding gain on securities	(290)	(343)	(2,731)
Depreciation expense of subsidiaries	(125)	(508)	(1,178)
Dividend income from consolidated subsidiaries	(654)	(460)	(6,158)
Other	(36)	(75)	(341)
	(1,287)	(1,575)	(12,120)
Net deferred tax assets	¥ 6,518	¥ 6,654	\$ 61,360

Note: The net deferred tax assets as of March 31, 2018 and 2017 were included in the following items on the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Current assets-Deferred tax assets	¥1,483	¥1,614	\$13,962
Noncurrent assets-Deferred tax assets	5,047	5,063	47,514
Current liabilities-Other	9	10	86
Noncurrent liabilities-Other	3	13	30

**20. Business Combinations**

No specific disclosure for business combination has been made for the year ended March 31, 2018 because of its immateriality.

**21. Asset Retirement Obligations**

There is no asset retirement obligation as of March 31, 2018 and 2017.

**22. Rental Property**

No specific disclosure for rental property has been made as of March 31, 2018 and 2017 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, Labeling machines, Automobile-use adhesive products, Industrial-use adhesive tapes, Window films, Films for outdoor signs and advertising, Interior finishing mounting films
Electronic and Optical Products	Semiconductor-related adhesive tapes, Semiconductor-related equipment, Multilayer ceramic capacitor-related tapes, LCD- and OLED display-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 adhesive products, 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, 2018 and 2017 are outlined as follows:

Millions of yen

	2018					
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥121,691	¥88,882	¥38,456	¥249,030	¥ —	¥249,030
Intra-segment sales and transfers	57	88	15,571	15,717	(15,717)	—
Total	¥121,748	¥88,970	¥54,027	¥264,747	¥(15,717)	¥249,030
Segment income	¥ 3,040	¥11,972	¥ 4,996	¥ 20,009	¥ 86	¥ 20,095
Others						
Depreciation and amortization	¥ 3,863	¥ 3,049	¥ 2,118	¥ 9,031	¥ —	¥ 9,031
Amortization of goodwill	¥ 3,427	¥ —	¥ —	¥ 3,427	¥ —	¥ 3,427

Thousands of U.S. dollars

	2018					
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	\$1,145,438	\$836,620	\$361,974	\$2,344,033	\$ —	\$2,344,033
Intra-segment sales and transfers	539	832	146,569	147,942	(147,942)	—
Total	\$1,145,978	\$837,452	\$508,544	\$2,491,975	\$(147,942)	\$2,344,033
Segment income	\$ 28,622	\$112,692	\$ 47,027	\$ 188,341	\$ 810	\$ 189,151
Others						
Depreciation and amortization	\$ 36,362	\$ 28,706	\$ 19,938	\$ 85,007	\$ —	\$ 85,007
Amortization of goodwill	\$ 32,259	\$ —	\$ —	\$ 32,259	\$ —	\$ 32,259

- 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

	2017					
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥85,661	¥83,205	¥37,108	¥205,975	¥ —	¥205,975
Intra-segment sales and transfers	60	73	15,523	15,657	(15,657)	—
Total	¥85,721	¥83,278	¥52,632	¥221,633	¥(15,657)	¥205,975
Segment income	¥ 1,672	¥ 9,155	¥ 5,767	¥ 16,595	¥ (0)	¥ 16,595
Others						
Depreciation and amortization	¥ 2,706	¥ 2,748	¥ 2,011	¥ 7,466	¥ —	¥ 7,466
Amortization of goodwill	¥ 315	¥ —	¥ —	¥ 315	¥ —	¥ 315

- 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
					2018
	Japan	Asia	U.S.A.	Others	Total
Sales	¥130,408	¥70,880	¥39,295	¥8,445	¥249,030

					Thousands of U.S. dollars
					2018
	Japan	Asia	U.S.A.	Others	Total
Sales	\$1,227,488	\$667,174	\$369,873	\$79,497	\$2,344,033

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

					Millions of yen
					2017
	Japan	Asia	U.S.A.	Others	Total
Sales	¥128,203	¥65,142	¥8,076	¥4,552	¥205,975

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

## (Changes in presentation)

Sales of "U.S.A.," which was included in "Others" in the previous consolidated fiscal year, is separately presented in this consolidated fiscal year due to its increased quantitative materiality. To reflect this change in presentation, ¥12,629 million presented as "Others" in the consolidated statement of income of the previous fiscal year has been reclassified into ¥8,076 million of "U.S.A." and ¥4,552 million of "Others."

					Millions of yen
					2018
	Japan	Asia	U.S.A.	Others	Total
Property, plant and equipment	¥55,143	¥10,570	¥9,173	¥448	¥75,336

					Thousands of U.S. dollars
					2018
	Japan	Asia	U.S.A.	Others	Total
Property, plant and equipment	\$519,044	\$99,499	\$86,348	\$4,221	\$709,114

					Millions of yen
					2017
	Japan	Asia	U.S.A.	Others	Total
Property, plant and equipment	¥54,155	¥11,119	¥8,129	¥466	¥73,871

## 3. Information by principal customers

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, 2018, the information has been omitted.

			Millions of yen
			2017
Name of the customer	Related reportable segment	Sales	
Sumitomo Chemical Company, Limited	Electronic and Optical Products	¥22,210	

### Information on impairment losses on noncurrent assets by reportable segment

					Millions of yen	
					2018	
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation	
Impairment loss	¥—	¥—	¥—	¥—	¥1,041	

					Thousands of U.S. dollars	
					2018	
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation	
Impairment loss	\$—	\$—	\$—	\$—	\$9,804	

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.

					Millions of yen	
					2017	
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation	
Impairment loss	¥—	¥—	¥—	¥—	¥34	

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

					Millions of yen	
					2018	
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation	
Unamortized amount of goodwill	¥—	¥—	¥—	¥—	¥29,189	

					Thousands of U.S. dollars	
					2018	
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation	
Unamortized amount of goodwill	\$—	\$—	\$—	\$—	\$274,745	

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.

					Millions of yen	
					2017	
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation	
Unamortized amount of goodwill	¥—	¥—	¥—	¥—	¥34,558	

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, 2018 and 2017.



#### 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, 2018 and 2017 were as follows:

For the year	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Sales of fine & specialty paper products and converted products	¥11,364	¥11,422	\$106,971
Purchase of stencil, chemicals and equipment	4,907	4,665	46,196

At year-end	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Trade notes and accounts receivable	¥4,976	¥3,941	\$46,842
Trade notes and accounts payable	2,357	1,835	22,189
Other liabilities	12	3	118

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, 2018 and 2017 were as follows:

	Yen		U.S. dollars
	2018	2017	2018
Net assets	¥2,573.69	¥2,465.43	\$24.23
Net income (basic)	156.02	158.69	1.47
Net income (diluted)	155.76	158.46	1.47

The bases for calculation were as follows:

(1) Basic and diluted net income per share

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net income (basic) per share:			
Profit attributable to owners of parent	¥11,257	¥11,450	\$105,960
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shares	¥11,257	¥11,450	\$105,960
Weighted-average number of common shares issued during the year (thousand)	72,151	72,152	72,151
Net income (diluted) per share:			
Adjustment of profit attributable to owners of parent related to dilutive securities	¥ —	¥ —	\$ —
Adjustment of dilutive securities (thousand)	119	106	119
[Share subscription rights (thousand)]	[119]	[106]	[119]

(2) Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Total net assets	¥186,420	¥178,690	\$1,754,713
Amount deducted from total net assets	718	806	6,763
[Share subscription rights]	[214]	[186]	[2,022]
[Non-controlling interests]	[503]	[619]	[4,740]
Net assets attributable to common shares	¥185,702	¥177,884	\$1,747,949
Number of shares of common stock outstanding used in calculation of net assets per share (thousand)	72,154	72,151	72,154

## 26. Short-Term loans payable, Long-Term loans payable 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 1.00% to 2.07% at March 31, 2018 and from 0.51% to 2.05% at March 31, 2017.

Short-term and long-term loans payable as of March 31, 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Short-term loans payable	¥ 2,351	¥ 641	\$ 22,129
Current portion of long-term loans payable	2,986	3,051	28,109
Long-term loans payable	14,395	17,795	135,497
	¥19,732	¥21,488	\$185,736

Other interest-bearing debts as of March 31, 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Short-term lease obligation	¥188	¥201	\$1,774
Long-term lease obligation	216	277	2,040

Planned repayment amounts after the balance sheet date (March 31, 2018) for long-term loans payable and lease obligation are as follows:

	Millions of yen				Thousands of U.S. dollars			
	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
Long-term loans payable	¥2,986	¥9,177	¥1,168	¥531	\$28,109	\$86,388	\$11,000	\$5,000
Lease obligation	122	50	29	12	1,154	476	281	120

## 27. Subsequent Event

The following distribution of retained earnings was approved at a meeting of the board of directors held on May 9, 2018.

	Millions of yen	Thousands of U.S. dollars
		2018
Cash dividends (¥33 per share)	¥2,381	\$22,412

## 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 Yoichi Shibano, Executive Officer and 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 (the "Company") and consolidated subsidiaries 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 internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2018 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 the Company and its 22 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 business locations 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, 2017. 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, 2018 was effective.



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

Tel: +81 3 3503 1100  
Fax: +81 3 3503 1197  
www.shinnihon.or.jp

## 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, 2018, 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, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

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

### *Report on the Internal Control*

We also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as at March 31, 2018 of LINTEC Corporation and its consolidated subsidiaries (the "Management's Report").

A member firm of Ernst & Young Global Limited



#### *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, 2018 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 21, 2018

**Head Office**

23-23, Honcho, Itabashi-ku, Tokyo 173-0001, Japan  
 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**

¥186,420 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**

4,794 (Consolidated)  
 2,558 (Parent company only)

**Major Shareholders**

Nippon Paper Industries Co., Ltd.	30.12%
Japan Trustee Services Bank, Ltd. (Trust Account)	5.12%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.60%
National Mutual Insurance Federation of Agricultural Cooperatives	3.12%
Tamie Shoji	2.49%

**Major Subsidiaries** \* Consolidated Subsidiary

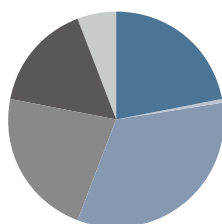
**Domestic**

- LINTEC COMMERCE, INC.\*
- LINTEC SIGN SYSTEM, INC.\*
- SHONAN LINTEC KAKO, INC.\*
- LINTEC SERVICES, INC.
- LINTEC CUSTOMER SERVICE, INC.
- PRINTEC, INC.
- TOKYO LINTEC KAKO, INC.

**Overseas**

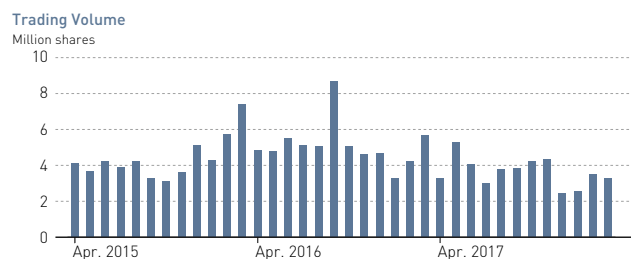
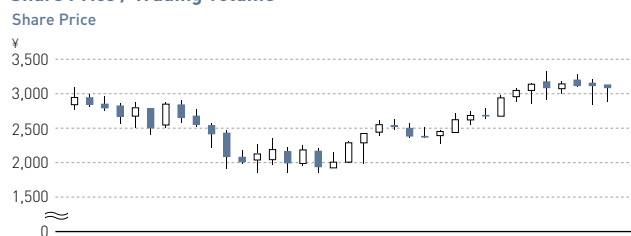
- LINTEC USA HOLDING, INC.\*
- LINTEC OF AMERICA, INC.\*
- MACTAC AMERICAS, LLC\*
- MADICO, INC.\*
- VDI, LLC\*
- MACTAC MEXICO, S.A. DE C.V.\*
- MACTAC CANADA ULC\*
- LINTEC EUROPE B.V.\*
- LINTEC EUROPE (UK) LIMITED\*
- LINTEC ADVANCED TECHNOLOGIES (EUROPE) GMBH\*
- LINTEC (SUZHOU) TECH CORPORATION\*
- 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 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	22.12%
Securities Companies	0.60%
Other Companies	33.17%
Overseas Companies	22.43%
Individuals and Other	15.92%
Treasury Stock	5.76%

**Share Price / Trading Volume**





**LINTEC Corporation**  
*Linking your dreams*

LINTEC Corporation  
23-23, Honcho, Itabashi-ku,  
Tokyo 173-0001, Japan  
[www.lintec-global.com/](http://www.lintec-global.com/)