

Financial Review

Year ended March 31, 2017



MITSUBOSHI BELTING LTD.



mitsubishi BELTING LTD.

To Give Attentive Consideration

History

1919

October 1919 Mitsuboshi Shokai was established to manufacture cotton belts at the present Kobe Plant site.

1920

March 1920 Main products were shifted from cotton belts to rubber belts.

1930

October 1932 The business was incorporated as Mitsuboshi Shokai Co., Ltd.
June 1935 The company name was changed to Mitsuboshi Chotai Co., Ltd.
March 1936 Manufacture of conveyor belts began.
June 1937 Tokyo Branch opened.

1940

October 1940 Manufacture of V-belt began.
January 1947 Manufacture of bicycle tires and tubes began.
November 1947 Shikoku Plant was built and manufacture of flat belts began.
November 1948 Osaka Branch opened.

1950

June 1955 Nagoya Branch opened.
May 1957 Manufacture of timing belts began.
July 1958 Listed on Osaka Securities Exchange.

1960

May 1961 The company name was changed to Mitsuboshi Belting Ltd.
June 1961 Listed on Nagoya Stock Exchange.
January 1962 Nagoya Plant was built.

May 1962 Listed on Tokyo Stock Exchange.
July 1963 Manufacture of waterproofing sheet began.
April 1965 Manufacture of automobile interior components began.

1970

July 1973 Manufacture of automobile exterior components began.
February 1977 MBL (Europe) B.V. was established in Netherlands.
July 1977 Mitsuboshi Belting (Singapore) Pte. Ltd. was established in Singapore.
September 1977 Kanagawa Plant was established through the transfer of manufacturing facilities for automotive components from Mitsuboshi Belting Kanagawa Manufacturing Co., Ltd.

1980

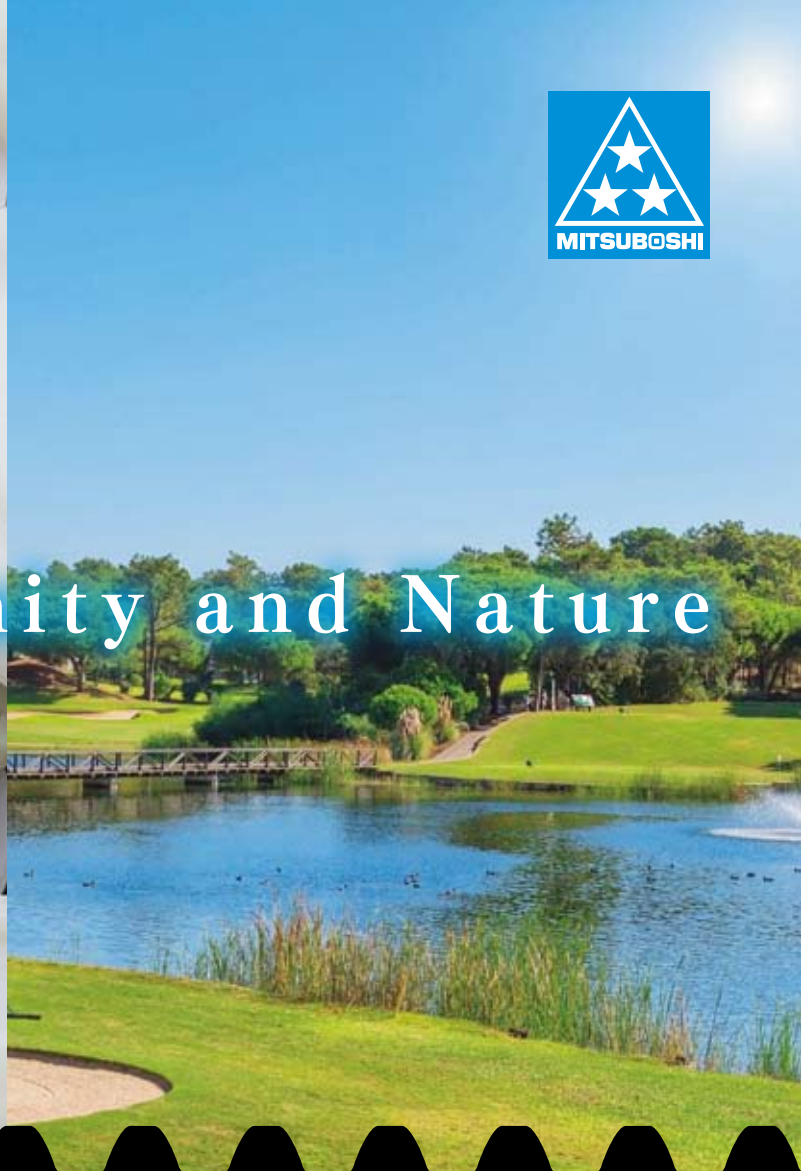
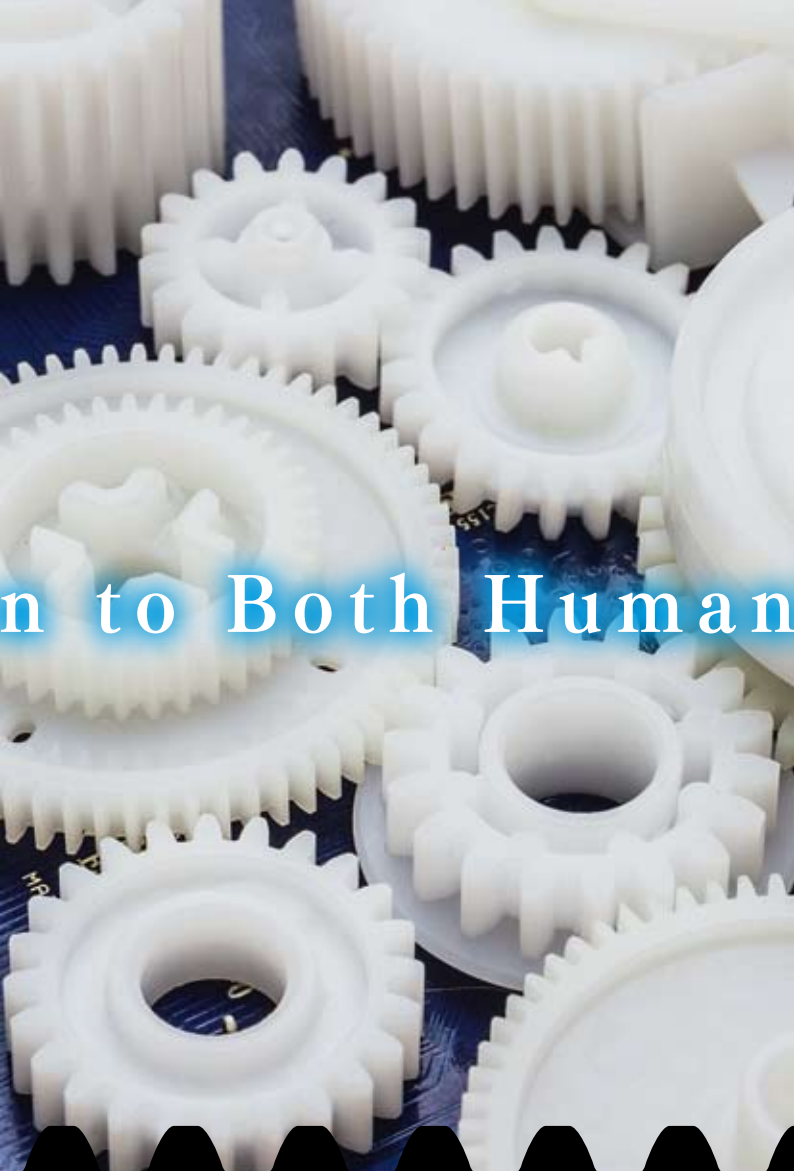
April 1980 Manufacture of engineering structural foams began.
October 1982 Manufacture of ChemiFlex products from polyurethane materials began.
September 1986 Shiga Plant was built; cord treatment for power transmission belt began.
December 1987 Mitsuboshi Belting (Thailand) Co., Ltd. was established.
February 1988 MBL Antriebstechnik Deutschland GmbH was established in Germany.
March 1988 Production plant was built for MBL (USA) CORPORATION.
September 1988 PT. Mitsuboshi Belting Indonesia was established.

1990

May 1990 MBL International (Asia) Pte. Ltd. was established in Singapore. Completed construction of a plant at P.T. Mitsuboshi Belting (Indonesia).
October 1992 Head Office was moved to Harborland Center Building, Kobe.
January 1995 The Great Hanshin Earthquake damaged part of Head Office and the Kobe Plant.
November 1996 P.T. SEIWA INDONESIA was established as a subsidiary of Mitsuboshi Belting (Singapore) Pte. Ltd.
February 1999 Mitsuboshi Belting Giken Co., Ltd. was established in Ayabe City, Kyoto, for the purpose of developing and testing production systems.
October 1999 Held ceremony to commemorate 80th anniversary of establishment.



Contribution to Both Humanity and Nature



2000

- January 2000 Head offices were placed in Kobe and Tokyo.
- April 2000 Techno Research Center was established adjacent to the Kobe head office.
- June 2000 MBL International (Asia) Pte Ltd in Singapore changed its business purpose and was renamed MITSUBOSHI OVERSEAS HEADQUARTERS LIMITED.
- November 2000 Head Office was moved to Nagata Ward, Kobe
- August 2001 MOI Tech Europe Sp.z o.o. was established in Poland.
- November 2001 Stars Technologies Industrial Limited was established in Thailand.
- June 2002 MBL Shanghai International Trading Co., Ltd. was established in China.
- January 2003 Domestic sales agencies were consolidated into Mitsuboshi Belting Sales Co., Ltd.
- October 2003 Operating officer system was introduced.
- April 2004 SUZHOU MITSUBOSHI BELTING CO., LTD. was established in China.
- October 2004 Automotive components division was split to Mitsuboshi Belting Kaseihin Co., Ltd.
- September 2006 All stocks of Mitsuboshi Belting Kaseihin Co., Ltd. were handed over to International Automotive Components Group Japan, LLC.
- October 2007 Ayabe Production System Development Center started its operation with the integrated production system from raw materials to finished products.

2010

- December 2010 MITSUBOSHI BELTING-INDIA PRIVATE LIMITED was established.
- August 2012 Mitsuboshi Belting VIETNAM Co., Ltd. was established.
- January 2015 Held an advertising pillar lighting ceremony to commemorate the 20th anniversary of the earthquake.
- February 2015 Released Smart Tension, a simple belt tension measurement app for smartphones.

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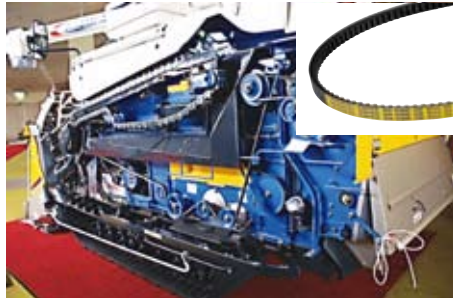
| Product Line

Power Transmission Belts and Related Products



V-Ribbed Belt for Automobile Serpentine Drives

A single belt drives seven pulleys for the automobile fan, air compressor, alternator, and power steering pump.



Belt for Agricultural Machinery

Due to improved abrasion and shock resistance, these belts have superior durability in order to match the demand for increasing sizes of agricultural machines.



Variable-Speed Belt

The belt for a 400cc motorcycle. Quiet and smooth shifting.



Power-Saving V-Belts / Energy-Saving V-Belts

These belts have improved flexibility and deformation resistance. Thus, the loss of transmission power due to belt slippage during rotation has been reduced.



Belt for Bicycle (with carbon cord)

We developed this belt which satisfies both fit performance as chains and comfort of belt-drive bicycles by using new materials and compound.



Timing Belt in Oil

This belt can be used under oily environment in the same way as chains, and it enables the reduction of friction loss, which is effective to improve fuel efficiency.



Giga Torque GX

This belt uses carbon fiber cord in pursuit of strength and flexibility. This rubber timing belt has world's most efficient high power transmission properties. It is being used for industrial machines and equipment, drag racing car.



Pulleys/Couplings

Our high-precision pulleys, coupling and our transmission belts are the best combination for best performance in any industrial application.



New Products



Crawler belt for rescue robot

We provides Crawler belt with excellent performance and durability on rough road.



Alternator Dumper Pulley

Alternator Dumper Pulley absorbs the rotation fluctuation of automotive engine.

Conveyor Belts and Systems and Related Products



Baggage conveyance Light Conveyor

Our light conveyor belt "LOGISTAR" has high transport capacity to convey any luggages, enables to reduce noises made at logistic sites requiring high speed operation.



Non Shrink Belt

Our Light conveyor belts bring safety and hygiene to light-duty conveyance: food products conveyance and food production.



Blue-colored Light Conveyor Belt

We use the blue color for light conveyor belt, since natural foods do not have this color. It is suitable for checking on clean-up and detection of foreign matter and residue.



High Luminous Transmittance Belt

This belt's light transmittance is 96%. It is suitable for food and medical supplies inspection lines.



Round Conveyor

Capable of smoothly transferring even with small objects. This conveyor belt is light-weight, saves space, and low noise.

Waterproof and Pond Liner Materials



Waterproofing Membrane

A 5-million-ton agricultural and industrial reservoir serving a population of 380,000 on the Atsumi Peninsula, Aichi Prefecture.



NEO-HARDFOAM Waterproofing System

Waterproofing system with durable EPDM rubber membrane and rigid polyurethane foam insulation.



Metal roofing repair system

Combination of EPDM rubber membrane and resin capping covers existing metal roofing.

Engineering Structural Foam



Automatic Teller Machine(ATM)

A resin molding product that is made by using our structural foam injection molding technology is used for the exterior part which is required for strength.

Metal Conductive Paste



"MDot" Heat-hardened type silver conductive paste

These nanoparticles are sintered at low temperatures and have consistent excellent electrical properties in resin films.



"CUX" Sintering type copper conductive paste

As one example of products for the vehicle application, Our product is used in circuit protection parts used for a car navigation system.

Global Network



MBL (USA) CORPORATION



Mitsuboshi Belting Ltd.



MBL Antriebstechnik Deutschland GmbH



MITSUBOSHI POLAND Sp.z o.o.



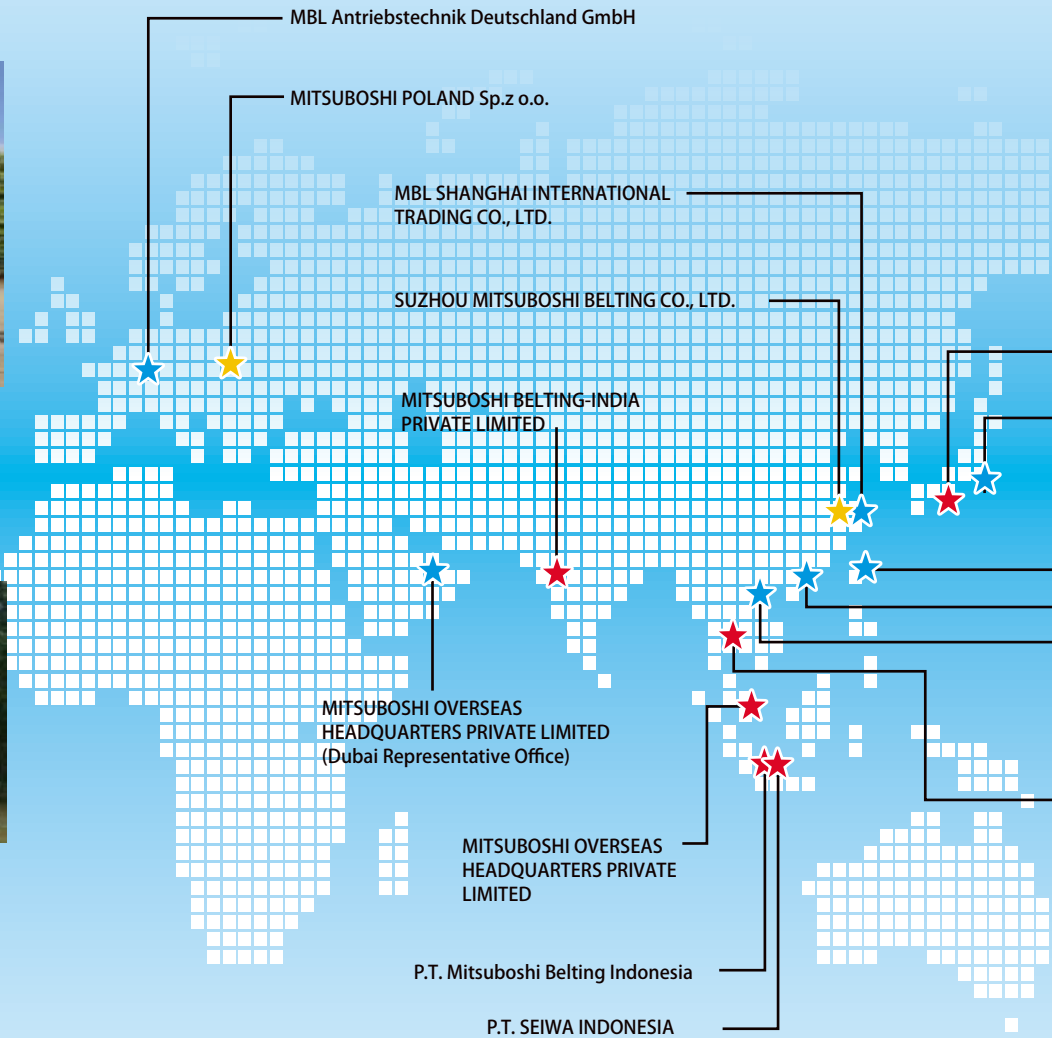
MITSUBOSHI BELTING-INDIA PRIVATE LIMITED



MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED



P.T. SEIWA INDONESIA

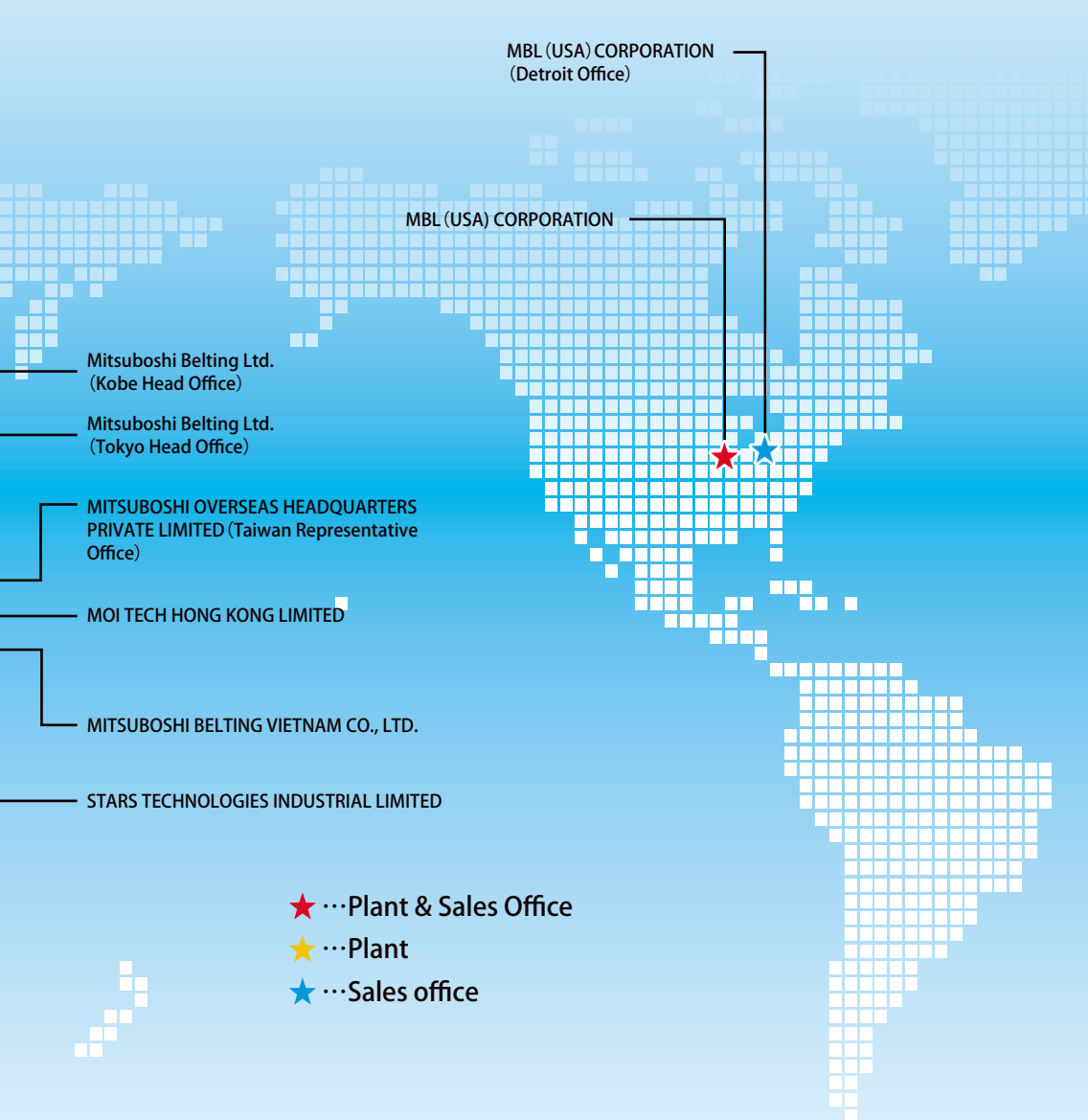




MBL SHANGHAI INTERNATIONAL TRADING CO., LTD.



SUZHOU MITSUBOSHI BELTING CO., LTD.



MOI TECH HONG KONG LIMITED



MITSUBOSHI BELTING VIETNAM CO., LTD.



P.T. Mitsuboshi Belting Indonesia



STARS TECHNOLOGIES INDUSTRIAL LIMITED

I Management Message



Chairman
Norio Nishikawa



President
Hajime Kakiuchi

Mitsuboshi Belting Ltd. was established in 1919 as a manufacturer of industrial belts and through untiring efforts, has become one of the leading companies in the belt industry.

Now our products include waterproofing and water shielding sheets and engineering plastics, but we have always adhered to the motto, “produce quality and sell quality” and to earn the trust of customers. Mitsuboshi’s high-quality products are essential to daily life as well as progress of the industry.

We have always maintained strict quality assurance and both domestic and overseas factories are obtaining ISO 9001 or ISO/TS 16949, which is considered to be the most stringent international standard for quality management systems. Our main domestic factories and several other overseas factories have been certified by ISO14001, and we are actively engaged in development of environmentally-friendly products.

With the basic management policy, “to contribute to society by supplying goods of high performance, high precision and high quality” and the corporate philosophy, “to give attentive consideration to both humanity and nature”, we strive for the prosperous future of the society.

Board of Directors

Chairman
Norio Nishikawa

President
Hajime Kakiuchi

Director, Member of the Board
Yoshio Yamaguchi

Director, Member of the Board
Masayoshi Nakajima

Director, Member of the Board
Yoshihiro Oda

Director, Member of the Board
Takashi Katayama

Director, Member of the Board
Takashi Usami

Director, Member of the Board
Ryuzo Miyao

Board of Corporate Auditors

Corporate Auditor
Masaharu Kurono
(standing statutory auditor)

Corporate Auditor
Yoshio Okushima

Corporate Auditor
Masayuki Hashimoto

Corporate Auditor
Hiroharu Okubo

Executive Officers

President, Executive Officer
Hajime Kakiuchi

Vice-Senior Managing Executive Officer
Yoshio Yamaguchi

Vice-Senior Managing Executive Officer
Masayoshi Nakajima

Managing Executive Officer
Yoshihiro Oda

Managing Executive Officer
Takashi Katayama

Managing Executive Officer
Norio Kumano

Managing Executive Officer
Takeshi Hamura

Managing Executive Officer
Takashi Sasaki

Managing Executive Officer
Kenkichi Masuda

Managing Executive Officer
Hiroshi Ikeda

Managing Executive Officer
Mineo Morino

Managing Executive Officer
Keiji Mataba

Executive Officer
Tan Chin Yeow

Executive Officer
Tatsuo Ito

Executive Officer
Shinji Kuramoto

Executive Officer
Toru Shimomura

Executive Officer
Toshimi Kumazaki

Executive Officer
Kazutoshi Ishida

(June 29, 2017)

Financial Highlights

Years ended March 31

Million Yen

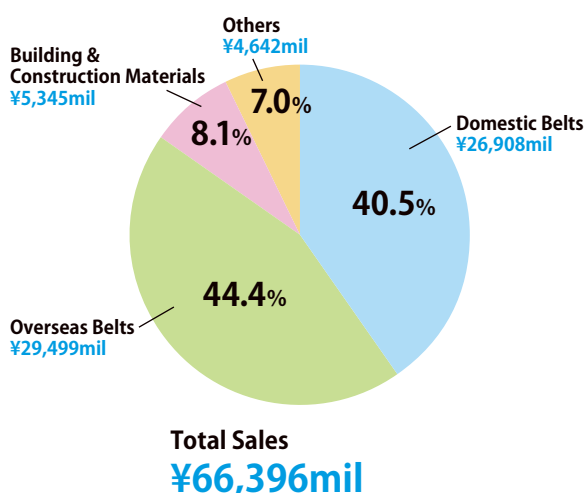
	2017	2016	2015	2014	2013	2012
Sales Business Segment :						
Domestic Belts	¥26,908	¥26,536	¥27,268	¥26,567	¥25,692	¥26,474
Overseas Belts	29,499	30,876	29,355	27,388	20,636	19,843
Building & Construction Materials	5,345	5,162	5,417	5,725	4,894	4,412
Others	4,642	4,486	4,210	4,003	4,356	4,608
Total	66,396	67,062	66,251	63,685	55,581	55,339
Exports sales ratio	45.1%	46.5%	45.0%	43.7%	37.5%	37.1%
Cost of sales	¥44,649	¥45,859	¥45,828	¥44,852	¥38,995	¥38,448
Selling, general and administrative	13,468	13,572	13,289	12,708	11,364	11,195
Operating income	8,278	7,630	7,133	6,124	5,220	5,695
Income before income taxes	9,406	7,788	8,344	7,012	5,992	5,336
Income attributable to owners of parent	6,663	5,691	6,146	4,721	3,735	3,294
Total assets	89,912	87,278	86,073	78,576	72,790	69,075
Per share data (in yen)						
Net income	¥108.15	¥88.35	¥95.14	¥73.07	¥57.06	¥49.26
Cash dividends	22.00	18.00	20.00	16.00	14.00	14.00
Book value	1,043.20	946.53	935.17	785.02	683.18	598.63
Gross profit margin	32.8%	31.6%	30.8%	29.6%	29.8%	30.5%
Operating income margin	12.5%	11.4%	10.8%	9.6%	9.4%	10.3%
Current ratio	318.30%	308.40%	281.70%	227.70%	216.02%	214.70%
Capital expenditures	¥3,375	¥2,436	¥2,076	¥4,075	¥2,203	¥1,690
Depreciation expense	¥2,839	¥3,092	¥3,091	¥2,924	¥2,830	¥3,116
Equity ratio	70.2%	68.5%	70.2%	64.6%	60.6%	58.0%
Long-term debt ratio against equity	13.7%	16.1%	12.9%	15.1%	20.7%	25.3%
Number of shares outstanding (thousands)	65,208	68,208	68,208	71,208	71,208	74,208

Note: Income statement and balance sheet figure for the periods ended March 31, 2017, 2016, 2015, 2014, 2013, and 2012 were audited by Accounting Auditors and which are different from ones disclosed in Tokyo Stock Exchange in consideration of expected readers.

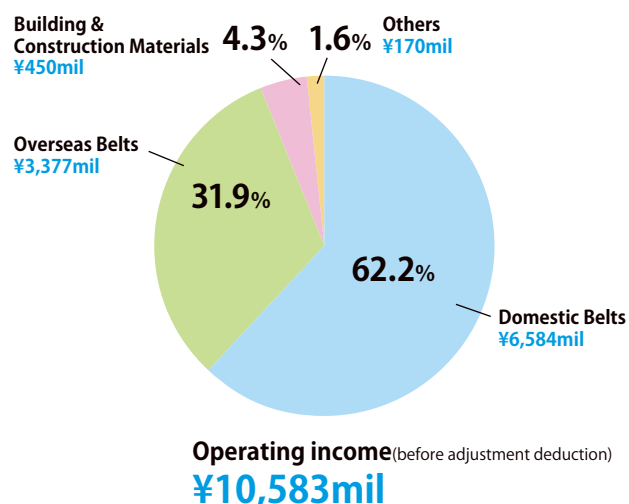
Consolidated Balance Sheets



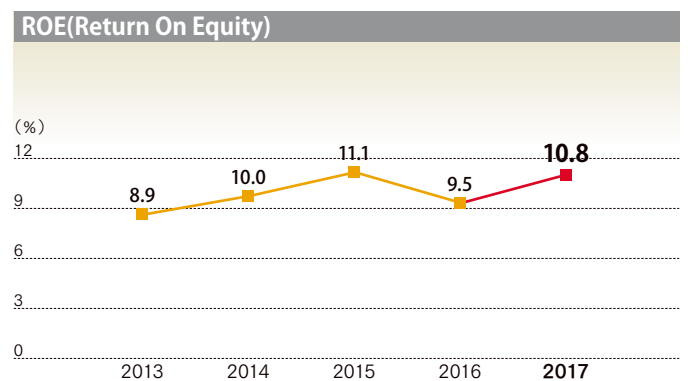
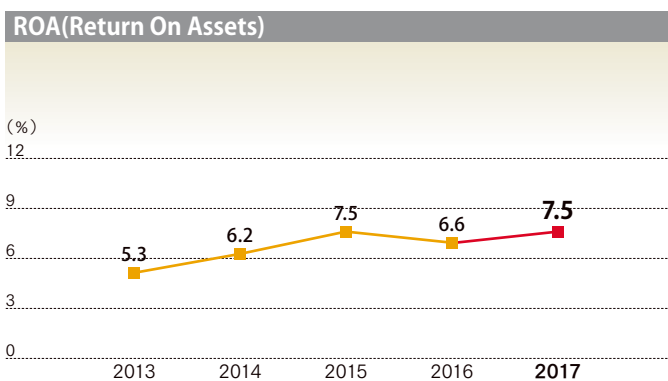
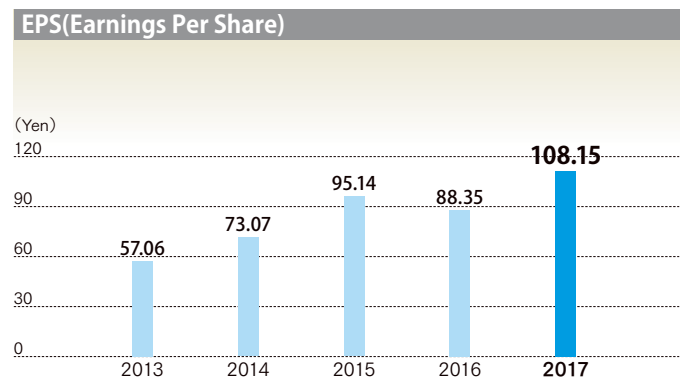
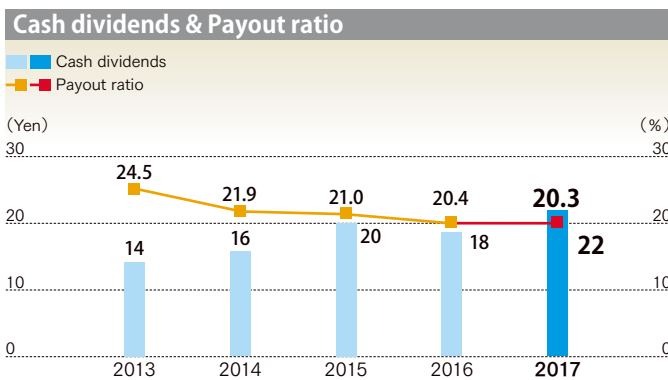
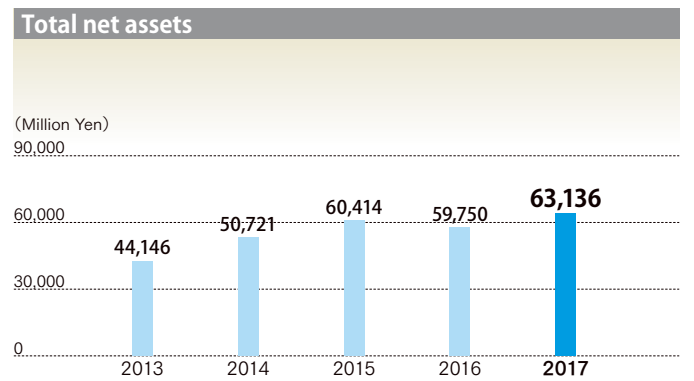
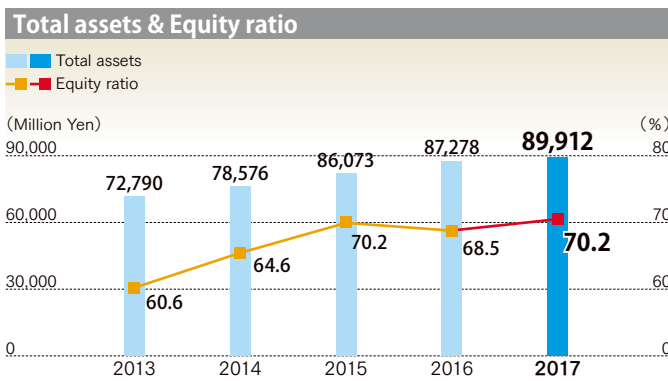
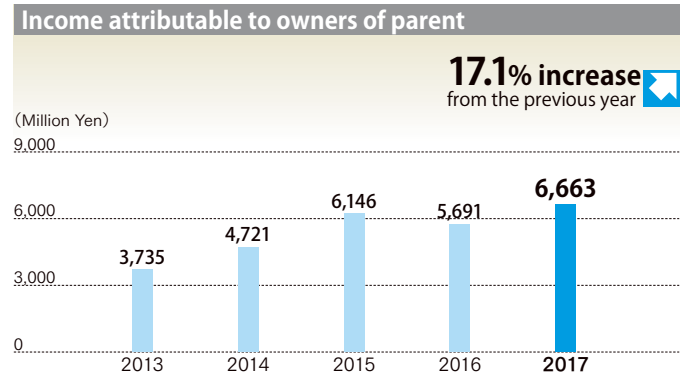
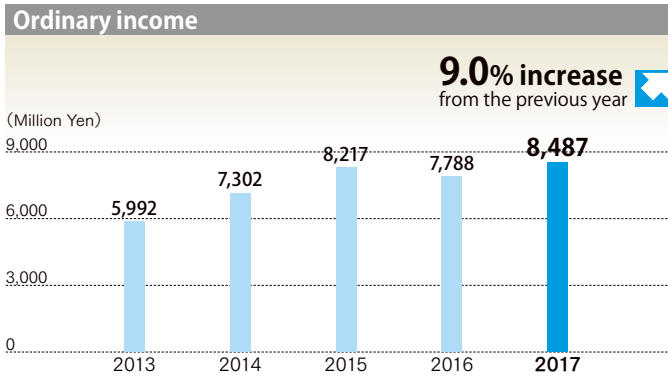
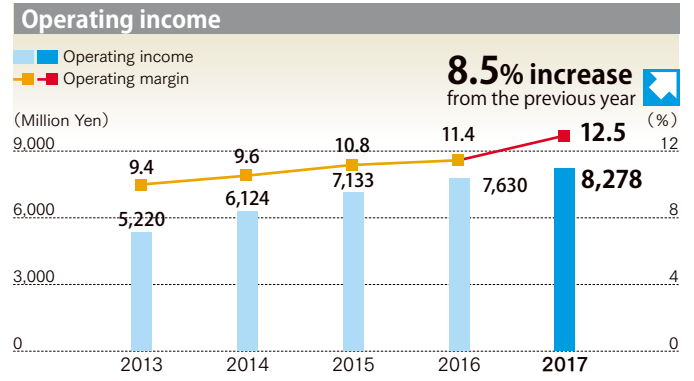
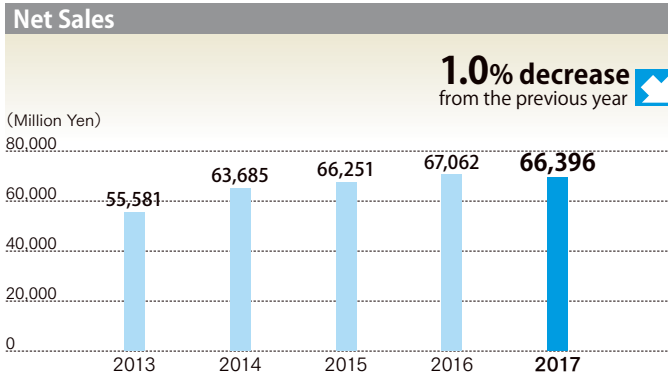
Sales by Business



Operating income by Business



Financial Highlights



THE 15TH WORLD DISTRIBUTORS MEETING



THE 15TH WORLD DISTRIBUTORS MEETING was held in Kobe(Japan) on October 1,2016. 174 people from domestic and foreign distributors participated. The slogan of this meeting is "The Best Quality Products Together with The Best Partners!". We demonstrated how a wide variety of our products are used in our daily life. We will continue to cooperate with you and strive to improve our performance.



The Best Quality Products Together with The Best Partners!



1. Summary of Business Results

(1) Business Results

Whereas Japanese economy showed a gradual recovery under the situation where an improvement of the corporate earnings, employment and income continued, uncertainty lingered due to volatile stock prices and crude oil price trend.

In overseas economy, global economy remained uncertain because the growth in Asian emerging markets including Chinese market slowed and new US administration affected finance and economic policies, etc.

Under these circumstances, Mitsubishi Belting Ltd. (the "Company") and its consolidated subsidiaries (together with "the Group") have been reinforcing sales operations in growing markets mainly in Asia, promoting restructuring of the manufacturing system, and working to improve business efficiency and to attain further cost reduction.

As a result, for this fiscal year, the Group recorded the consolidated net sales of 66,396 million yen (1.0% decrease compared to the previous fiscal year), the operating income of 8,278 million yen (8.5% increase compared to the previous fiscal year), the ordinary income of 8,487 million yen (9.0% increase compared to the previous fiscal year) and the income attributable to owners of parent was 6,663 million yen (17.1% increase compared to the previous fiscal year).

Business results by business segment were as follows:

(2) Condition of Cash Flow

Cash flow from operating activities achieved an income of 9,216 million yen, which was an increase of 505 million yen over the previous fiscal year. Major factors for this increase were composed of 1,618 million yen increase in income before income taxes despite an increase of 701 million yen in trade notes and accounts receivable year-on-year.

Cash flow from investing activities resulted in expenditure of 1,998 million yen, which was an increase of 438 million yen over the previous fiscal year. A major factors for this increase were composed of an increase of 1,286 million yen in proceeds from sale of investment securities despite an increase of 425 million yen in purchase of property, plant and equipment compared with the previous fiscal year.

Cash flow from financing activities resulted in expenditure of 6,196 million yen, which were a decrease of 6,757 million yen compared with the previous fiscal year. Major factors for this increase were composed of an expenditure of 953 million in purchase of treasury stock and a decrease of 4,500 million yen in proceeds from long-term loans payable compared with the previous fiscal year. After adding the effect of exchange rate change on cash and cash equivalents of 83 million yen to the total amount of cash flows through operating, investing and financing activities, a increase in cash and cash equivalents was 1,104 million yen increase. After adding the balance at beginning of current period 24,011 million yen, the balance as of the end of this consolidated fiscal year for cash and cash equivalent stood at 25,116 million yen.

● Business of Power Transmission Belts (Domestic)

No belt installed cars had an effect on automotive belts sales for belt installed car production line but its sales were flat as a result of introduction of its belts into new models.

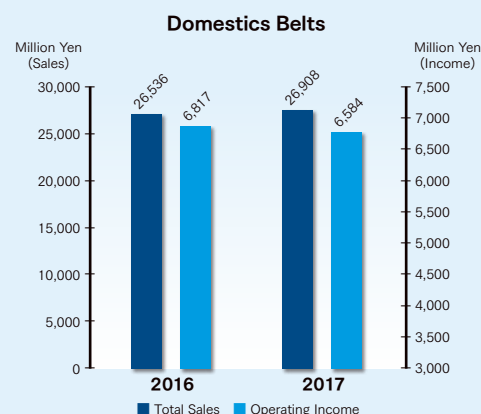
Meanwhile, sales of automobile belts for repair increased as a whole on the back of an increase for demand for buses and trucks.

While sales of belts for OA equipment fell due to a decrease of user's products to Chinese markets, expansion of large-sized timing belts sales to engineering structural foam caused a rise in sales.

Although sales of synthetic resin material to semiconductor and LCD manufacturing equipment rose, overall sales for synthetic resin material decreased affected by the decrease in its sales of a part of purchased goods.

On the other hand, strong demand for conveyer belts to the fields for food and logistic used in airports and logistic facilities contributed a increase in its sales.

As a result, the consolidated net sales by this segment stood at 26,908 million yen (1.4% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 6,584 million yen (3.4% decrease compared to the previous fiscal year).



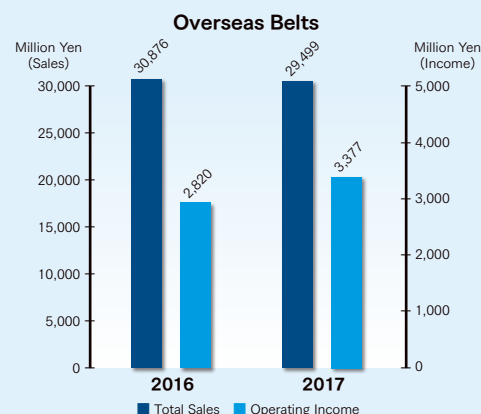
● Business of Power Transmission Belts (Overseas)

In the United States, sales in industrial belts grew particularly in agricultural markets. Meanwhile, automobile belts sales increased as an increase in its sales for belt installed car production line offset a decrease in sales of automotive belts for repairs.

Also, overall sales in Europe increased slightly as an increase in sales of automotive belts for installed car production line offset with a decrease in automotive belts sales for repairs.

In Asia, sales of automobile belts for two-wheel and four-wheel vehicle especially to China and Southeast Asia remained strong. Also, sales of agricultural belts to China and Thailand and of OA equipment for remained strong.

As a result, the consolidated net sales for this segment exceeded the previous fiscal year on a local currency basis but the amount converted into Japanese currency fell due to appreciation of yen and stood at 29,499 million yen (4.5% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 3,377 million yen (19.8% increase compared to the previous fiscal year) on a Japanese yen basis.



2. Research and Development Activities

The management principle of the Group is; "To contribute to society by supplying goods of high performance, high precision and high quality". Under this management principle we are strenuously making efforts to further improve fundamental technologies and to positively use simulation technologies for fluidity analysis, impact analysis and stress analysis so that we may cope with customers' demand which is diverse and changeable in a timely manner. At the same time, we are performing overall research and development activities including studies of materials, facilities, construction methods, analysis methods, etc. with the aim of realizing the reduction of environmental loads, high productivity and the development of high performance, high precision and high quality products as declared in the company management principle.

At present, research and development are promoted by R&D and Research & Designing sections in our operating divisions in cooperation with Development Department of each group company. Besides, we are pursuing joint research with universities and public research institutes as well as joint development with other companies under a close tie-up and cooperation, for the purpose of carrying out research effectively and developing a cutting-edge technology.

The total R&D expenses of all our group companies for the current fiscal year was 2,627 million yen.

The total R&D expenses included the basic research expenses of 723 million yen not allocatable to each division, for Silver nanoparticles paste, Coatings & inks for glass, Surface treatments for glass, Conductive copper paste, Thick film copper circuit boards, etc.

3. Summary of Investment in Plant and Equipment

The Company's basic management principle is "To contribute to society by supplying goods of high performance, high precision and high quality".

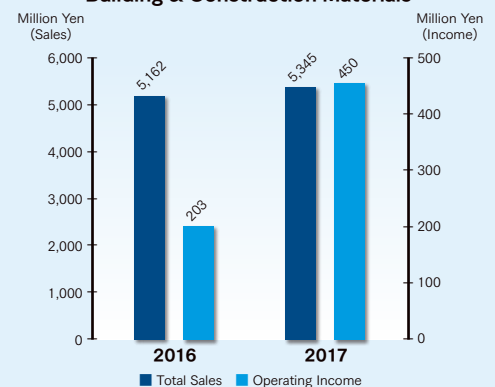
The company made investment of 3,375 million yen in the renewal of manufacturing facilities mainly in overseas factories aggressively and reinforcement of domestic belt test facilities to expand sales for agricultural belts and of production facilities to increase sales of resin product with the aim of establishing organizational structure to enable to respond to a growing demands in Asian countries on a timely manner.

● Business of Building & Construction Materials

The economic downturn in waterproofing work industry resulted in a decrease in sales in construction sectors but overall sales for civil engineering sector increased as sales of waterproofing sheet and construction works of waste disposal site stayed favorable.

As a result, the consolidated net sales by this segment stood at 5,345 million yen (3.5% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 450 million yen (121.2% increase compared to the previous fiscal year).

Building & Construction Materials

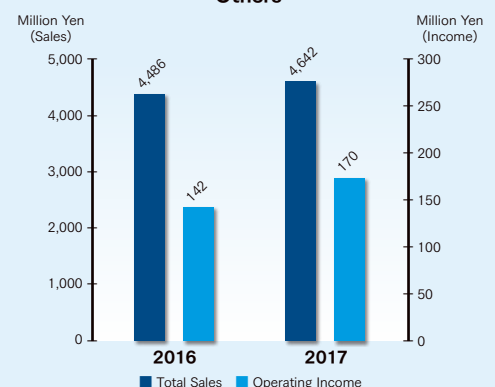


● Other Businesses

Other businesses include the supply of engineering structural foams, developed metal nanoparticles machinery and equipment and purchased products, etc.

As a result, the consolidated net sales by other businesses stood at 4,642 million yen (3.5% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 170 million yen (19.5% increase compared to the previous fiscal year).

Others



4. Risks to the Business

Listed below are the various risks that could affect investor's decision with regard to the article of the business and financial conditions described in financial statements.

Note that matters pertaining to the future presented herein are determined by us as of the end of fiscal year.

(1) Economic Status

The Group develops, manufactures and provides functional components principally in the automobile, general engineering, IT and construction industries. Our main markets are Japan, Asia, USA, and Europe, etc. The change in demand from various industries and the economic status around the world could affect us adversely.

The Group distributes our main products, Transmission belts, to the industries above. Low demand or a reduction in equipment investment in each company could cause our market to shrink and have a detrimental impact on our performance as well.

Approximately 75% of the transmission belts sold by our company are manufactured in other countries. As we are expected to be more dependent on overseas manufacturing in the future due to growing global economy, a sluggish global economy could negatively affect our operating performance.

War, terror, riots, disaster like earthquake, epidemic could strike a sharp blow on economy. Slowdown in demand could be expected during the event. Our problem is that the Company may have difficulty procuring materials and products to customers. To reinforce our product material supply system, we have taken several countermeasures. However, there is no guarantee that all risks are eliminated.

Therefore, the domestic and international economic situation and industry trend may have a significant negative impact on our performance and financial position.

(2) Price Competition

Market competition in our main business areas such as automobile, general engineering, IT and construction industries is getting extremely severe.

A demands for competitive price and high value-added products from our customers is getting harsh. We have reinforced and enhanced our research and development systems as well as our technical expertise with the aim of providing high performance, high precision, and high quality products. We have also been making our efforts to strengthen production and sales constantly towards supply of our product worldwide.

However, despite our untiring effort on such activities, deteriorating competitiveness could have adverse effect on our performance.

(3) Impact on Automobile Industry

The degree of dependence on sales of automobile industry exceeds 40%. Although the Company does not belong to any members of car makers, unmanageable factors, such as a economy slump in automobile industries, poor client business results, damages caused by large-scale natural disasters, and changes in component procurement policy could have a knock-on effect at us as well.

Although the Company have engaged in managerial improvement in order to maintain customer satisfaction for all clients including those in the automobile industry, such changes may adversely affect our performance.

(4) Material Procurement

Our production sites need a variety of materials such as rubber, sailcloth, glass fiber and resin which are essential for product manufacturing. We procure these materials from diverse suppliers considering a stability, price and quality.

However, in a phase of a soaring resource price including crude oil, there is a possibility that a rapid rise in market price of major raw materials could skyrocket manufacturing costs. Moreover, stable and efficient procurement of raw materials from overseas and supply of raw materials to overseas affiliated companies could be interfered by export/import restrictions, etc.

Therefore, in the case that the Company is not able to flexibly procure raw materials or procurement costs continue to rise extremely, it may have a significant negative impact on our performance.

(5) Exchange Rate Fluctuation

The Group manufactures and sells its products mainly in Japan, Asia, USA and Europe, etc. Exchange rate fluctuations may have a strong influence on transactions denominated in foreign currencies involving export in each area and foreign assets and liabilities such as deposit, account receivable and loans.

When preparing our consolidated financial statements, exchange rates used to convert into Japanese Yen have a influence on its value denominated in Japanese Yen even with no fluctuation of value on its reporting currency basis. Appreciation of the yen against other currencies, especially the U.S. dollars and Euro having a large impact on our groups, could damage our performance.

The Group has taken as many effective measures to reduce or avoid the exchange risks as possible. Nonetheless, as there are not few cases that would not be cleared in the short term, it causes a negative effect on performance and a decrease in asset value potentially.

(6) Official Restrictions on Businesses in Japan and Overseas

In the countries where our businesses operate, the Group is exposed to a variety of regulations on import / export controls, custom duty, and business investment, etc. Also our activities should be restricted legally by antimonopoly laws, patent rights, tax, and the environmental regulation including waste disposal and recycling. If our business activities are not able to accommodate quickly and flexibly to these business environments, it would rise costs and compel us to retreat from overseas businesses. Obviously it could have a adverse effect on our financial performance.

(7) Product Quality

In order to maintain and improve the product quality of the Group, we have established a strict standards based on customer demand standards and our group standards. However, in the case that any defective products are found or customer complaints are received, the Group enrolled in insurance to minimize losses on our group companies.

Nevertheless, any expense which is not covered by any available insurance could adversely affect business results or the financial position of the Group.

(8) Risks from Natural Disasters

Our production bases could be subject to a catastrophic loss caused by natural disasters such as earthquakes and floods. In the event of natural disasters, the Company would suffer from a stable supply to our customers and a temporary massive burden of expense arising from a drop in sales and incurred for restoration.

In preparation for such disasters, we have established the global and domestic production system including the backup system for overseas production sites, forming a robust structure for product delivery.

In spite of these efforts, however, there is a possibility that a temporary suspension of operation, delayed delivery and a huge amount of expenses incurred for restoration occur. It may adversely affect our business results.

Moreover, it is possible that our business results are adversely influenced by drop in sales if a major client should suffer from a catastrophic damage or face production suspension/restriction because of a broken supply chain, etc. without any damage on our group's production sites by a natural disaster.

5. Corporate Governance

(1) Basic Stance on Corporate Governance

The Company considers corporate governance one of its topmost management priorities, in order to secure the trust of its shareholders and fulfill its corporate social responsibilities.

In accordance with this basic philosophy, the Company strives to enhance its business productivity in prompt and flexible response to the changes in the business environment and the market, and for maintenance, the Company addresses strengthening of supervisory function to management and the internal control in order to maintain and enhance its management efficiency and transparency, and, thereby, enhance its corporate governance in accordance with the following Basic Policy.

[Basic Policy]

1. The Company strives to respect its shareholders' rights and secure its shareholders' equality.
2. The Company strives to respect its shareholders' rights and positions, and work properly in harmony with its stakeholders (shareholders, customers, employees, communities and so on).
3. The Company strives to disclose its corporate information timely and property, and, thereby, secure transparency and fairness.
4. The Company strives to cause its board of directors meeting and so on fulfill properly the functions and the responsibility, in light of its fiduciary responsibility and accountability to its shareholders.
5. The Company strives to have constructive dialogues with its shareholders.

(2) Overview of the Corporate Governance System

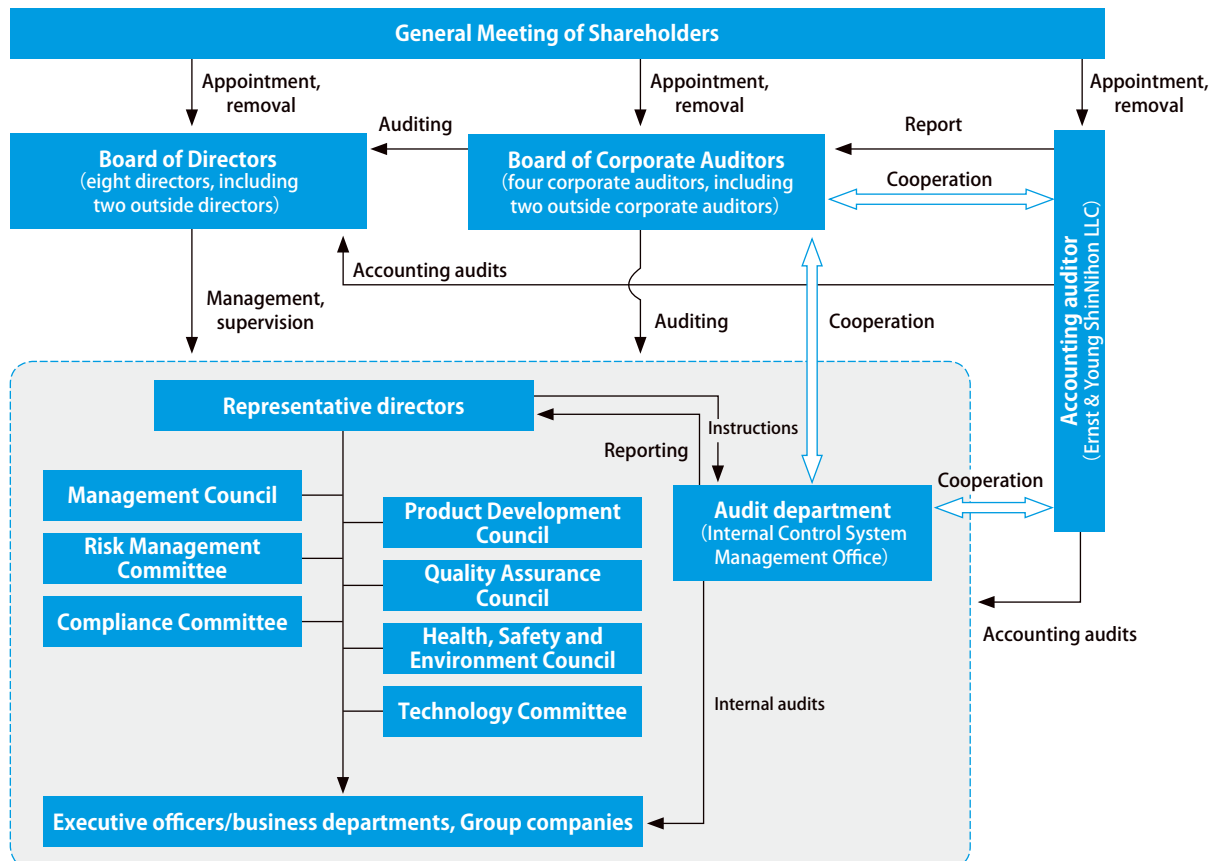
The Company has in place a Board of Directors comprising eight members, of whom two are outside directors, and a Board of Corporate Auditors. This board has four members, of whom two are outside corporate auditors.

The Board of Directors meets monthly to make decisions on important items and supervise the execution of operations by directors.

The Company employs an executive officer system.

By separating the functions of management decision-making and supervision from operational execution, the Company aims to strengthen its operational execution structure and bolster management efficiency.

Governance Structure



I Consolidated Balance Sheets

Years ended March 31

Million Yen

Thousand U.S. dollar

ASSETS	2017	2016	2017	2016
Current assets				
Cash on hand and in banks	¥26,262	¥24,803	\$234,092	\$221,088
Trade notes and accounts receivable	14,648	14,146	130,564	126,089
Merchandise and finished goods	11,605	11,230	103,445	100,104
Work in process	1,549	1,640	13,807	14,619
Raw materials and supplies	2,388	2,178	21,286	19,417
Deferred tax assets	844	860	7,523	7,670
Other	494	544	4,406	4,851
Allowance for doubtful accounts	(112)	(87)	(999)	(782)
Total current assets	57,679	55,316	514,126	493,057
Investments and long-term receivable				
Investment securities	11,066	11,182	98,642	99,673
Other	348	343	3,103	3,064
Allowance for doubtful accounts	(11)	(17)	(104)	(154)
Total investments and long-term receivables	11,403	11,508	101,640	102,583
Property, plant and equipment				
Land	4,280	4,286	38,153	38,210
Buildings and structures	21,045	20,504	187,591	182,767
Machinery, equipment and vehicles	44,624	44,240	397,755	394,336
Tools, furniture and fixtures	13,792	13,377	122,942	119,242
Construction in progress	721	599	6,431	5,346
Subtotal	84,464	83,009	752,873	739,904
Accumulated depreciation	(63,705)	(62,627)	(567,836)	(558,224)
Net property, plant and equipment	20,759	20,382	185,037	181,679
Intangible assets	69	70	623	627
Total assets	¥89,912	¥87,278	\$801,428	\$777,948

Years ended March 31

Million Yen

Thousand U.S. dollar

LIABILITIES AND SHAREHOLDERS' EQUITY	2017	2016	2017	2016
Current liabilities				
Trade notes and accounts payable	¥7,779	¥7,597	\$69,340	\$67,722
Short-term loans payable	2,325	3,075	20,728	27,417
Current portion of long-term loans payable	1,147	1,876	10,223	16,726
Accounts payable-other	2,300	1,822	20,508	16,248
Income taxes payable	1,360	473	12,126	4,221
Provision for bonuses	759	719	6,769	6,415
Other	2,449	2,367	21,831	21,100
Total current liabilities	18,121	17,933	161,527	159,852
Long-term liabilities				
Long-term loan payable	3,048	4,195	27,168	37,391
Long-term accounts payable-other	491	510	4,378	4,550
Deferred tax liabilities	3,092	3,027	27,565	26,987
Net defined benefit liability	1,393	1,151	12,418	10,266
Provision for directors' retirement benefits	26	23	236	205
Asset retirement obligations	70	78	626	702
Long-term guarantee deposited	385	379	3,437	3,386
Other	146	227	1,307	2,030
Total long-term liabilities	8,654	9,594	77,139	85,516
Total liabilities	26,776	27,527	238,667	245,368
Shareholders' equity				
Common stock	8,150	8,150	72,646	72,646
Capital surplus	2,111	3,927	18,818	35,004
Retained earnings	50,328	45,091	448,603	401,924
Treasury stock	(3,305)	(3,167)	(29,461)	(28,236)
Total shareholders' equity	57,285	54,001	510,607	481,339
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	6,338	6,279	56,496	55,971
Foreign currency translation adjustment	(201)	(245)	(1,797)	(2,184)
Remeasurements of defined benefit plans	(285)	(285)	(2,546)	(2,546)
Total accumulated other comprehensive income	5,851	5,748	52,153	51,240
Total net assets	63,136	59,750	562,760	532,579
Total liabilities and net assets	¥89,912	¥87,278	\$801,428	\$777,948

Consolidated Statements of Income

Years ended March 31

Million Yen

Thousand U.S. dollar

	2017	2016	2017	2016
Net sales	¥66,396	¥67,062	\$591,821	\$597,755
Cost of sales	44,649	45,859	397,980	408,762
Gross profit	21,747	21,203	193,841	188,992
Selling, general and administrative expenses	13,468	13,572	120,052	120,977
Operating income	8,278	7,630	73,788	68,015
Non-operating income				
Interest income	102	103	917	921
Dividends income	346	327	3,089	2,917
Other	336	293	2,997	2,616
Total non - operating income	785	724	7,004	6,455
Non-operating expenses				
Interest expenses	41	45	368	408
Foreign exchange losses	259	283	2,310	2,524
Loss on valuation of derivatives	0	59	1	534
Loss on disposal of fixed assets	122	58	1,088	524
Other	153	118	1,368	1,056
Total operating expenses	576	566	5,138	5,047
Ordinary income	8,487	7,788	75,654	69,422
Extraordinary income				
Gain on sales of investment securities	1,080	—	9,632	—
Total extraordinary income	1,080	—	9,632	—
Extraordinary loss				
Impairment loss	161	—	1,443	—
Total extraordinary loss	161	—	1,443	—
Income before income taxes	9,406	7,788	83,844	69,422
Income taxes				
Income taxes-current	2,530	1,953	22,554	17,408
Income taxes-deferred	212	143	1,892	1,283
Total income taxes	2,742	2,097	24,446	18,691
Net income	6,663	5,691	59,397	50,731
Income attributable to owners of parent	¥6,663	¥5,691	¥59,397	¥50,731
Per share of common stock		Yen		U.S.dollars
Net income	¥108.15	¥88.35	\$0.96	\$0.79
Cash dividends	¥22.00	¥18.00	\$0.20	\$0.16

I Consolidated Statements of Comprehensive Income

Years ended March 31	Million Yen		Thousand U.S. dollar	
	2017	2016	2017	2016
Net Income	¥6,663	¥5,691	\$59,397	\$50,731
Other comprehensive income				
Valuation difference on available-for-sale securities	58	(1,655)	525	(14,752)
Foreign currency translation adjustment	43	(2,188)	387	(19,504)
Remeasurements of defined benefit plans	(0)	144	(0)	1,286
Total other comprehensive income	102	(3,698)	912	(32,970)
Comprehensive income	6,766	1,992	60,309	17,761
(Details)				
Comprehensive income attributable to owners of the parent	6,766	1,992	60,309	17,761
Comprehensive income attributable to non controlling interests	—	—	—	—

Consolidated Statements of Shareholders' Equity

Years ended March 31

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Million Yen

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Common stock	Capital Surplus	Retained earnings	Treasury stock at cost	Total share holders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at March 31, 2016	¥8,150	¥3,927	¥45,091	(¥3,167)	¥54,001	¥6,279	(¥245)	(¥285)	¥5,748	¥59,750
Amount of changes during consolidated accounting year										
Dividends from retained earnings			(1,127)		(1,127)					(1,127)
Profit attributable to owners of parent			6,663		6,663					6,663
Purchase of treasury stock				(2,252)	(2,252)					(2,252)
Retirement of treasury stock		(2,115)		2,115	—					—
Transfer to capital surplus from retained earnings		299	(299)		—					—
Net changes of items other than shareholders' equity						58	43	(0)	102	102
Total amount of changes during consolidated accounting year	—	(1,815)	5,236	(137)	3,283	58	43	(0)	102	3,385
Balance at March 31, 2017	¥8,150	¥2,111	¥50,328	(¥3,305)	¥57,285	¥6,338	(¥201)	(¥285)	¥5,851	¥63,136

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Thousand U.S. dollar

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Common stock	Capital Surplus	Retained earnings	Treasury stock at cost	Total share holders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at March 31, 2016	\$72,646	\$35,004	\$401,924	(\$28,236)	\$481,339	\$55,971	(\$2,184)	(\$2,546)	\$51,240	\$532,579
Amount of changes during consolidated accounting year										
Dividends from retained earnings			(10,047)		(10,047)					(10,047)
Profit attributable to owners of parent			59,397		59,397					59,397
Purchase of treasury stock				(20,081)	(20,081)					(20,081)
Retirement of treasury stock		(18,855)		18,855	—					—
Transfer to capital surplus from retained earnings		2,670	(2,670)		—					—
Net changes of items other than shareholders' equity						525	387	(0)	912	912
Total amount of changes during consolidated accounting year	—	(16,185)	46,679	(1,225)	29,268	525	387	(0)	912	30,180
Balance at March 31, 2017	\$72,646	\$18,818	\$448,603	(\$29,461)	\$510,607	\$56,496	(\$1,797)	(\$2,546)	\$52,153	\$562,760

Consolidated Statements of Cash Flows

Years ended March 31

Million Yen

Thousand U.S. dollar

	2017	2016	2017	2016
Operating activities:				
Net income before taxes	¥9,406	¥7,788	\$83,844	\$69,422
Depreciation and amortization	2,839	3,092	25,311	27,567
Increase (decrease) in allowance for doubtful accounts	20	(21)	183	(195)
Increase (decrease) in net defined benefit liability	238	194	2,125	1,731
Increase (decrease) in long-term accounts payable-other	(19)	(42)	(171)	(375)
Increase (decrease) in provision for directors' retirement benefits	3	(1)	31	(14)
Increase (decrease) in provision for bonuses	41	25	366	229
Interest and dividend income	(449)	(430)	(4,006)	(3,838)
Interest expenses	41	45	368	408
Foreign exchange losses(gains)	27	85	245	760
Losses (Gains) on sales of property, plant and equipment	(7)	(9)	(69)	(84)
Disposal of property, plant and equipment	122	58	1,088	524
Gains on sales of investment securities	(1,080)	—	(9,632)	0
Impairment loss	161	—	1,443	—
Decrease(increase) in trade notes and accounts receivable	(677)	24	(6,036)	216
Decrease(increase) in inventories	(686)	(517)	(6,123)	(4,616)
Increase(decrease) in trade notes and accounts payable	419	485	3,742	4,331
Increase (decrease) in accrued consumption taxes	(14)	(171)	(125)	(1,526)
Decrease(increase) in other current assets	54	23	485	210
Increase(decrease) in other current liabilities	24	125	216	1,119
Other	(8)	59	(73)	534
Subtotal	10,457	10,815	93,213	96,407
Interest and dividends income received	449	430	4,006	3,838
Interest expenses paid	(41)	(44)	(372)	(397)
Income taxes paid	(1,648)	(2,490)	(14,697)	(22,197)
Net cash and cash equivalents provided by (used in) operating activities	9,216	8,711	82,150	77,650
Investing activities:				
Payments into time deposits	(519)	(206)	(4,626)	(1,839)
Proceeds from withdrawal of time deposits	184	313	1,647	2,790
Purchase of property, plant and equipment	(2,959)	(2,534)	(26,378)	(22,593)
Proceeds from sale of property, plant and equipment	26	8	238	77
Purchase of investment securities	(4)	(4)	(44)	(43)
Proceeds from sale of investment securities	1,286	—	11,464	—
Other	(12)	(11)	(113)	(106)
Net cash and cash equivalents provided by (used in) investing activities	(1,998)	(2,436)	(17,813)	(21,715)
Financing activities:				
Net increase (decrease) in short-term loans payable	(720)	(212)	(6,421)	(1,890)
Proceeds from long-term loans payable	—	4,500	—	40,110
Repayment of long-term loans payable	(1,876)	(1,003)	(16,726)	(8,941)
Purchase of treasury stock	(2,252)	(1,299)	(20,081)	(11,586)
Dividends paid	(1,127)	(1,356)	(10,047)	(12,092)
Other	(219)	(66)	(1,957)	(593)
Net cash and cash equivalents provided by (used in) financing activities	(6,196)	561	(55,234)	5,006
Effect of exchange rate change on cash and cash equivalent	83	(804)	744	(7,171)
Net increase(decrease) cash and cash equivalents	1,104	6,032	9,847	53,770
Cash and cash equivalents at beginning of period	24,011	17,979	214,026	160,255
Cash and cash equivalents at end of period	¥25,116	¥24,011	\$223,873	\$214,026

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in Financial Instruments and Exchange Act of Japan and on the basis of accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards. As permitted by the Securities and Exchange Law of Japan, each amount of the accompanying consolidated financial statements is rounded down to the nearest one million yen.

As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(1) Scope of consideration

(a) Number of consolidated subsidiaries: 22 companies.

(b) Nonconsolidated subsidiaries: 1

The above is unconsolidated and does not apply equity method as it is a small-scale and none of its total assets, net sales, net income or loss, retained earnings or other items have a significant impact on consolidated financial statements.

(2) Year-ends of consolidated subsidiaries

22 companies except for 2 companies located in China aligned the fiscal year with parent company (January - December fiscal year changed April-March fiscal year) and others prepare provisional settlement of accounts so that consolidated financial statements is prepared using financial statements at the same reporting date since preceding fiscal year.

(3) Investment securities

Marketable securities:

They are carried at cost moving-average method and revaluated at fair value with changes in unrealized holding gain or losses.

Non-marketable securities:

They are carried at cost moving-average method.

(4) Inventories

Inventories held for the purpose of usual use:

Inventory is stated at the lower of cost determined by the gross average method or net realizable value.

(5) Property, plant and equipment

Declining-balance method:

Buildings acquired on or after April 1, 1998, buildings and structures acquired on or after April 1, 2016 and specific fixed assets (all fixed assets in the office used for developing a production system and producing prototypes) acquired by the Company and its domestic consolidated subsidiary are depreciated by the straight-line method over their estimated lives.

Fixed assets owned by foreign subsidiary companies are depreciated by the straight-line method.

(6) Intangible assets and deferred charges

Straight-line method.

(7) Employees' retirement benefits

(a) Periodic allocation method for estimated benefit obligation

Upon calculating the retirement obligations, the method of attributing expected benefit to periods until the end of fiscal year is projected unit credit.

(b) Amortization of actuarial gains and loss and past service cost

Past service is recognized in profit or loss by straight-line method over a certain period within the expected average remaining working lives of employees (12- 15 years) in the year in which it arises.

Actuarial gain or loss is recognized in profit or loss by straight-line method over a certain period within the expected average remaining working lives of employees (12 - 15 years) from the next year in which it arises.

(c) Application of simple method at small enterprises, etc.

Some domestic consolidated subsidiaries apply a simple method in which an estimated amount required to be paid for voluntary retirement benefits is deemed as the retirement benefit obligations in the calculations of net defined benefit liability and retirement benefit expenses.

(8) Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposit which can be withdrawn on demand and highly liquid investments with a maturity of three months or less, which are readily to be convertible to known amounts of cash which are subject to insignificant risk of changes in value.

(9) Per share data

Net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the year.

Cash dividends per share presented in the consolidated of income are dividends attribute to the respective years including dividends to be paid after the year-end.

3. Convert to U.S.Dollars

Amounts in U.S dollars are shown solely for convenience and are unaudited. The rate of ¥112.19 to U.S. \$ 1 on March 31, 2017, approximate current rate has been used for the purpose of presentation of the accompanying consolidated financial statements in U.S. dollars. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars at that or any other rate.

Investor Information (As of March 31, 2017)

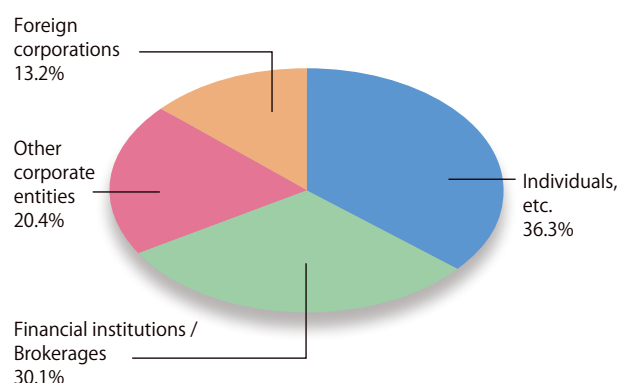
Corporate data

Company Name:	Mitsubishi Belting Ltd.
Established:	October 10, 1919
Common Stock:	8,150 million yen
Fiscal Year-End:	March 31
Public Accounting Firm:	Ernst & Young ShinNihon LLC
Number of Employees:	701 (Consolidated: 4,274)

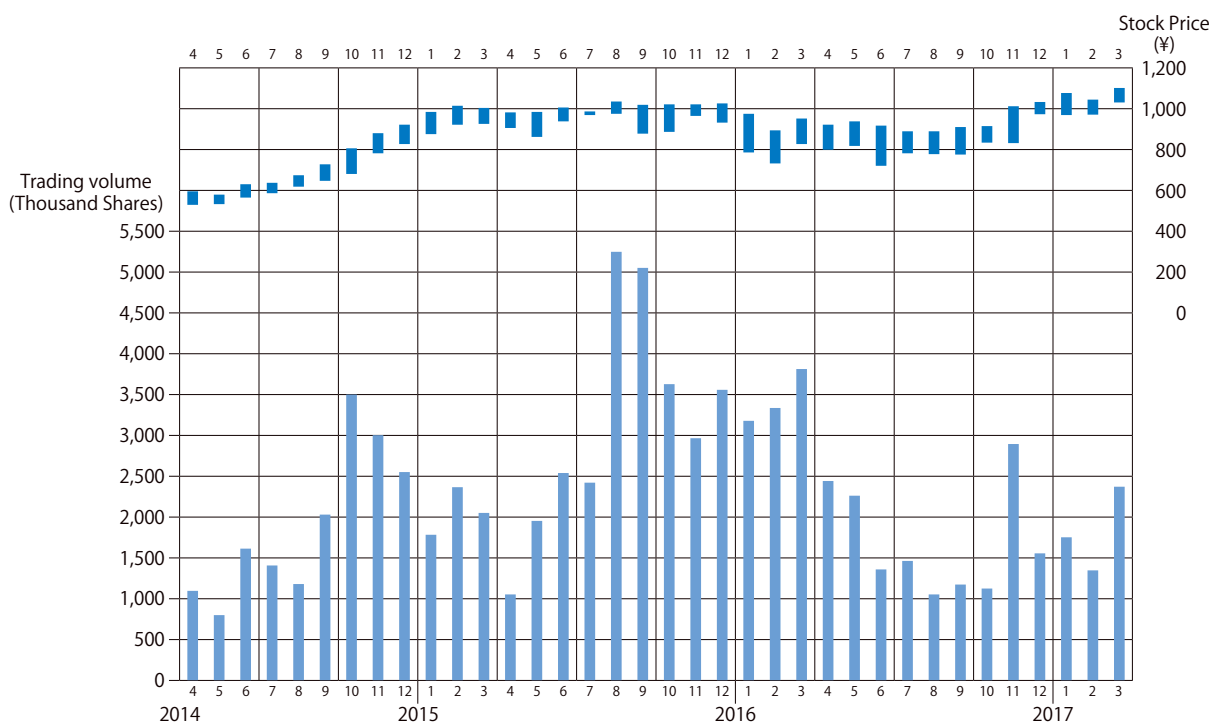
Major shareholders(Top10)

Name	Number of shares held (Thousands)
Japan Trustee Services Bank, Ltd.	7,083
TOYOTA MOTOR CORPORATION	2,355
The Bank of Tokyo-Mitsubishi UFJ, Ltd .	2,340
Client stock ownership	1,894
The Master Trust Bank of Japan, Ltd.	1,606
Employee stock ownership	1,501
MITSUI & CO., LTD.	1,500
Mitsubishi UFJ Trust and Banking Corporation	1,372
Daido Life Insurance Company	1,354
CBNY-GOVERNMENT OF NORWAY	1,279

Ownership breakdown



Stock price and trading volume on the Tokyo Stock Exchange





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