

Financial Review

Year ended March 31, 2018



MITSUBOSHI BELTING LTD.



I Management Message

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 IATF 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.



Chairman
Norio Nishikawa



President
Hajime Kakiuchi

Board of Directors

Chairman
Norio Nishikawa
President
Hajime Kakiuchi
Member of the Board
Yoshio Yamaguchi
Member of the Board
Masayoshi Nakajima
Member of the Board
Yoshihiro Oda
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)
Corporate Auditor
Yoshio Okushima
Corporate Auditor
Masayuki Hashimoto
Corporate Auditor
Hiroharu Okubo

Executive Officers

President, Executive Officer Hajime Kakiuchi	Managing Executive Officer Takeshi Hamura	Executive Officer Tatsuo Ito
Vice-Senior Managing Executive Officer Yoshio Yamaguchi	Managing Executive Officer Takashi Sasaki	Executive Officer Shinji Kuramoto
Vice-Senior Managing Executive Officer Masayoshi Nakajima	Managing Executive Officer Kenkichi Masuda	Executive Officer Toru Shimomura
Managing Executive Officer Yoshihiro Oda	Managing Executive Officer Hiroshi Ikeda	Executive Officer Toshimi Kumazaki
Managing Executive Officer Takashi Katayama	Managing Executive Officer Mineo Morino	Executive Officer Kazutoshi Ishida
Managing Executive Officer Norio Kumano	Managing Executive Officer Keiji Mataba	

(June 28, 2018)

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Financial Highlights

Years ended March 31

Millions of yen

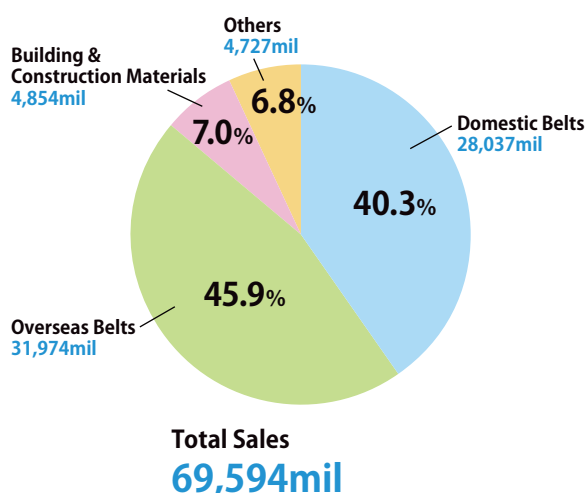
	2018	2017	2016	2015	2014	2013
Sales Business Segment :						
Domestic Belts	¥28,037	¥26,908	¥26,536	¥27,268	¥26,567	¥25,692
Overseas Belts	31,974	29,499	30,876	29,355	27,388	20,636
Building & Construction Materials	4,854	5,345	5,162	5,417	5,725	4,894
Others	4,727	4,642	4,486	4,210	4,003	4,356
Total	69,594	66,396	67,062	66,251	63,685	55,581
Exports sales ratio	46.5%	45.1%	46.5%	45.0%	43.7%	37.5%
Cost of sales	¥47,182	¥44,649	¥45,859	¥45,828	¥44,852	¥38,995
Selling, general and administrative	13,982	13,468	13,572	13,289	12,708	11,364
Operating income	8,429	8,278	7,630	7,133	6,124	5,220
Income before income taxes	8,921	9,406	7,788	8,344	7,012	5,992
Income attributable to owners of parent	6,252	6,663	5,691	6,146	4,721	3,735
Total assets	95,514	89,912	87,278	86,073	78,576	72,790
Per share data (in yen)						
Net income	¥103.32	¥108.15	¥88.35	¥95.14	¥73.07	¥57.06
Cash dividends	25.00	22.00	18.00	20.00	16.00	14.00
Book value	1,129.48	1,043.20	946.53	935.17	785.02	683.18
Gross profit margin	32.2%	32.8%	31.6%	30.8%	29.6%	29.8%
Operating income margin	12.1%	12.5%	11.4%	10.8%	9.6%	9.4%
Current ratio	326.80%	318.30%	308.40%	281.70%	227.70%	216.02%
Capital expenditures	¥3,239	¥3,375	¥2,436	¥2,076	¥4,075	¥2,203
Depreciation expense	¥2,999	¥2,839	¥3,092	¥3,091	¥2,924	¥2,830
Equity ratio	71.6%	70.2%	68.5%	70.2%	64.6%	60.6%
Long-term debt ratio against equity	12.2%	13.7%	16.1%	12.9%	15.1%	20.7%
Number of shares outstanding (thousands)	65,208	65,208	68,208	68,208	71,208	71,208

Note: Income statement and balance sheet figure for the periods ended March 31, 2018, 2017, 2016, 2015, 2014, and 2013 were audited by Accounting Auditors and which are different from ones disclosed in Tokyo Stock Exchange in consideration of expected readers.

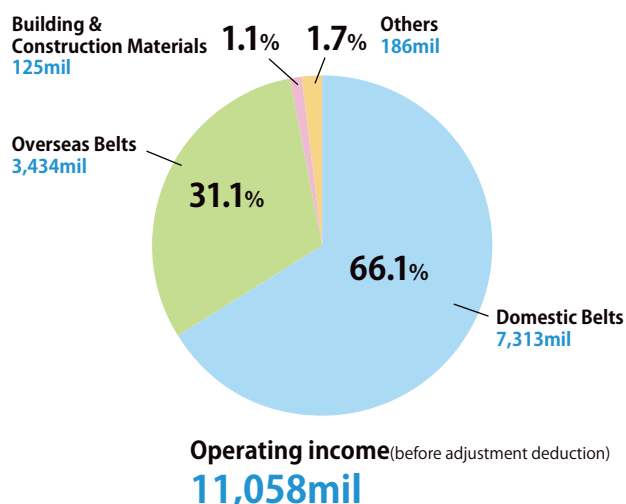
Consolidated Statements of Income (Japanese Yen)



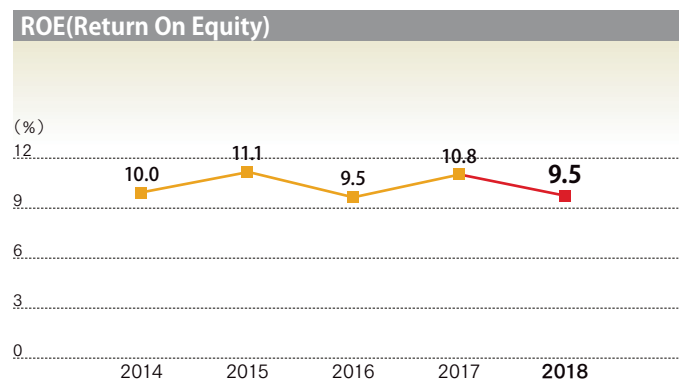
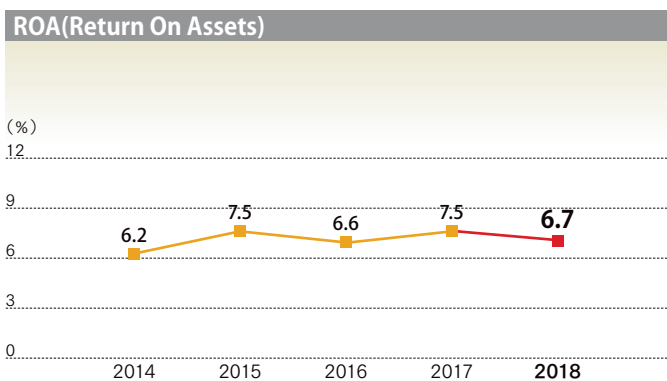
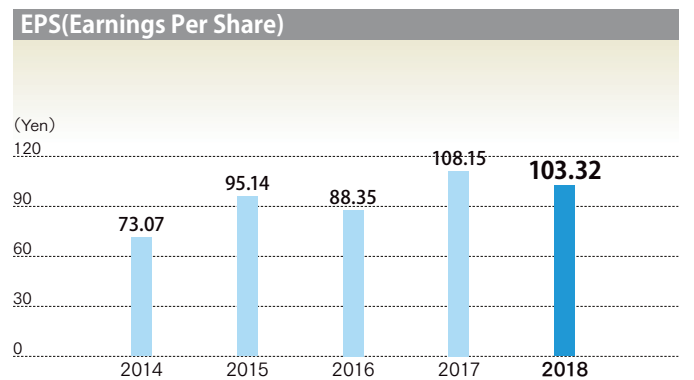
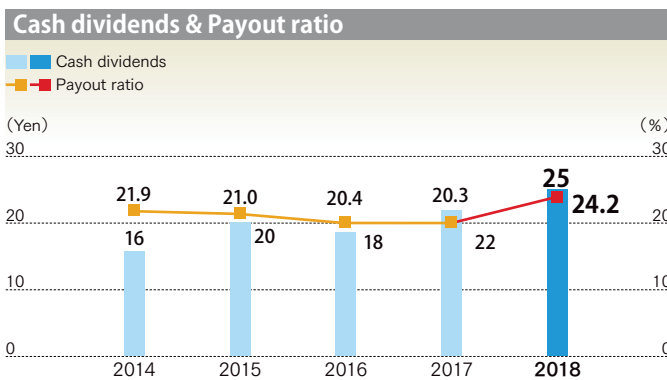
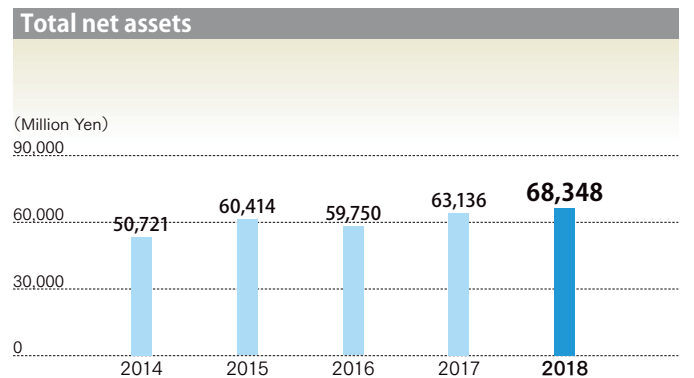
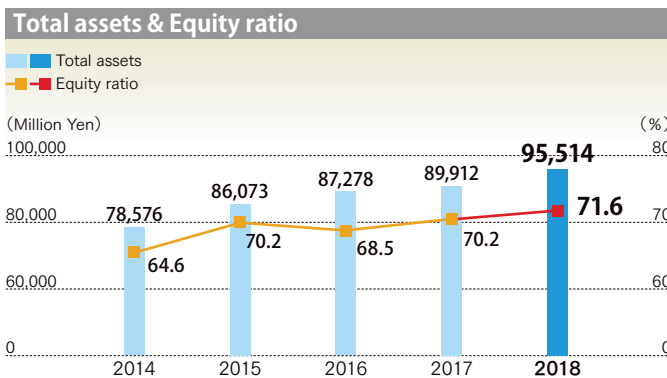
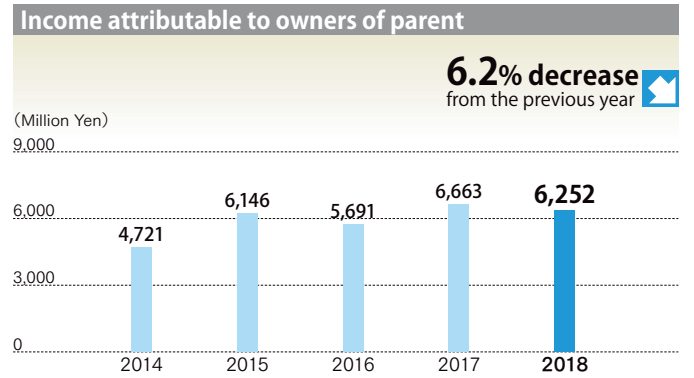
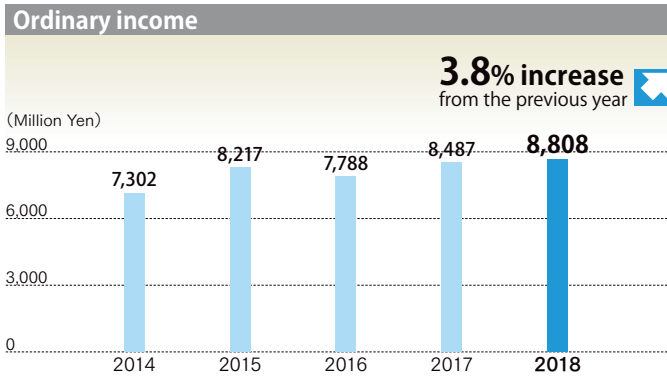
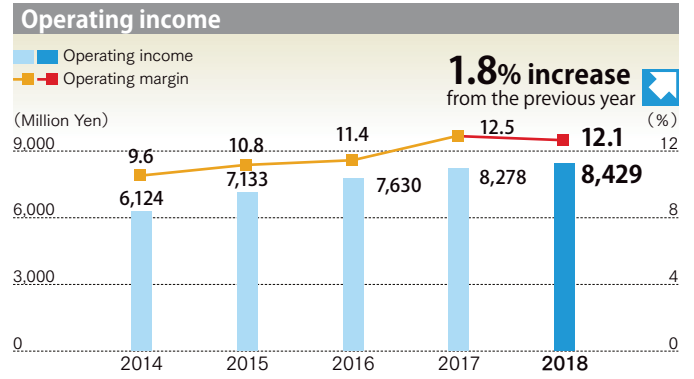
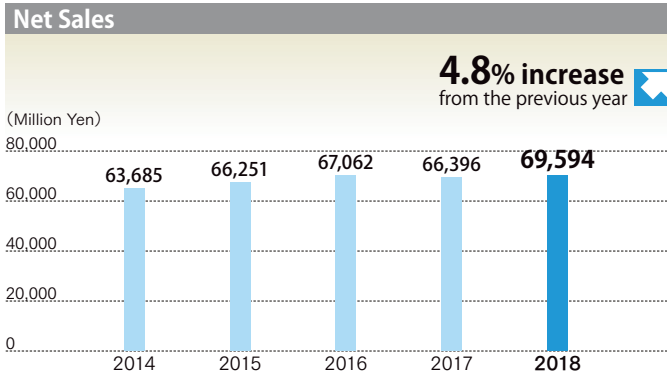
Sales by Business



Operating income by Business



Financial Highlights



History



1919
Established in Kobe, Japan.

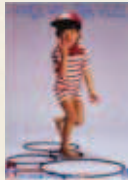
1936

Started manufacturing Conveyor Belts.



1929
Started manufacturing Flat Belts.

1940
Started manufacturing V-belts.

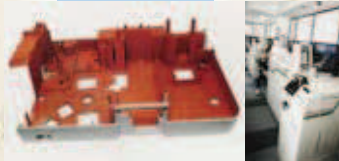


1979

Released Light Conveyor Belt.

1980

Started manufacturing Engineering Structural Foams.



1957

Started manufacturing Timing Belts.

1963

Released Waterproofing Sheet.
Released Steel Cord Conveyor Belts.

1969

Started manufacturing Polyurethane Timeng Belts.



Released "MIZUSHEET", a water-shielding sheet for civil (engineering) work.

1971

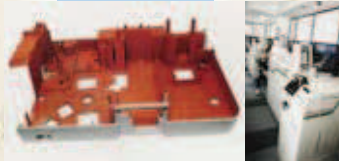
Released Cast-Nylon.

1979

Released Light Conveyor Belt.

1980

Started manufacturing Engineering Structural Foams.



1966

Released "HYPERFLEX"™ Coupling.



2015

Released "Smart Tension", a simple belt tension measurement app for smartphones.



2008

Released Copper paste "CUX"™.



2007

Released Silver paste "MDot"™.



2002

Released "Carbon Filters".



1999

Released "Worm Wheel".



1996

Released "MITSUBOSHI Hi-COLOR"™ F".



2016

Released "Smastar"™, Alternator Dumper Pulley absorbs the rotation fluctuation of automotive engine.



Global Network



MBL (USA) CORPORATION



Mitsuboshi Belting Ltd.



MBL Antriebstechnik Deutschland GmbH



MITSUBOSHI POLAND Sp.z o.o.



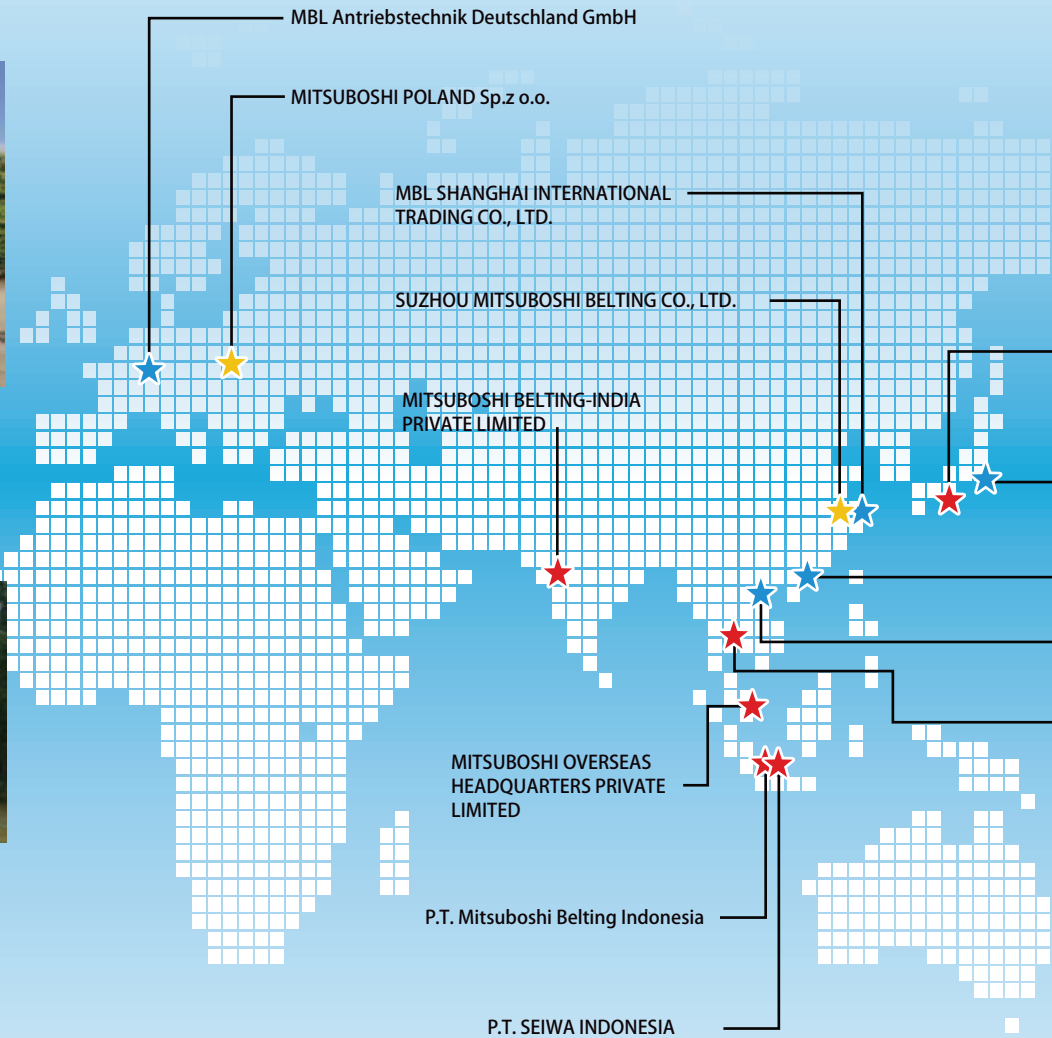
MITSUBOSHI BELTING-INDIA PRIVATE LIMITED



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. Mitsubishi Belting Indonesia



STARS TECHNOLOGIES INDUSTRIAL LIMITED

1. Summary of Business Results

(1) Business Results

Japanese economy showed a gradual recovery as a whole under the situation where the recovery in employment and an improvement of corporate income were seen, supported by the constant depreciation of Japanese yen throughout this year although the currency was slightly appreciated at the beginning of this year.

Meanwhile, in overseas economy, U.S and European economy stayed robust and Asian economy including China was brisk despite the concern about the adverse impact caused by political condition and the entire overseas economy continued to be solid."

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 69,594 million yen (4.8% increase compared to the previous fiscal year), the operating income of 8,429 million yen (1.8% increase compared to the previous fiscal year), the ordinary income of 8,808 million yen (3.8% increase compared to the previous fiscal year) and the income attributable to owners of parent was 6,252 million yen (6.2% decrease 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 9,309 million yen, which was an increase of 93 million yen over the previous fiscal year. Major factors for this increase were composed of 485 million yen decrease in income before income taxes despite a decrease of 1,041 million yen in gain on sales of investment securities.

Cash flow from investing activities resulted in expenditure of 3,559 million yen, which was an decrease of 1,561 million yen over the previous fiscal year. Major factors for this decrease were composed of a decrease of 1,219 million yen in proceeds from sale of investment securities in addition to an increase of 1,107 million yen in purchase of property, plant and equipment compared with the previous fiscal year.

Cash flow from financing activities resulted in expenditure of 2,532 million yen, which was an increase of 3,664 million yen compared with the previous fiscal year. A major factor for this increase was 2,242 million in purchase of treasury stock compared with the previous fiscal year.

After deducting the effect of exchange rate change on cash and cash equivalents of 259 million yen from the total amount of cash flows through operating, investing and financing activities, a increase in cash and cash equivalents was 2,958 million yen increase. After adding the balance at beginning of current period 25,166 million yen, the balance as of the end of this consolidated fiscal year for cash and cash equivalent stood at 28,074 million yen.

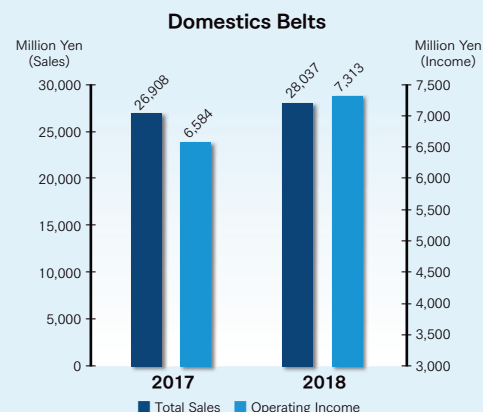
●Business of Power Transmission Belts (Domestic)

Sales for belt installed car production line decreased but automotive belts sales were flat as a result of an increase in sales of belts for mini-vehicle. Meanwhile, sales of automotive belts for aftermarket decreased due to a decline in a belt replacement demand for car inspection.

Sales of industrial belts increased significantly as a whole as sales to injection molding machine manufacturer and robot industries remained strong. Along with the expansion of mail-order shopping market, sales of conveyer belts to logistics industry increased and also an increase in sales of engineering plastic material rises due to an increase in its sales to semiconductor and LCD manufacturing equipment makers.

On the other hand, sales of belts for OA equipment dropped due to the impact of fewer models for Chinese markets released by users.

As a result, the consolidated net sales by this segment stood at 28,037 million yen (4.2% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 7,313 million yen (11.1% increase compared to the previous fiscal year).



●Business of Power Transmission Belts (Overseas)

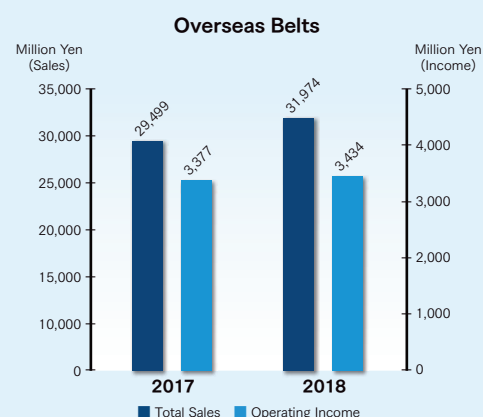
Sales of automotive belts rose due to aggressive sales promotion activity to acquire new orders in the United States and successful sales promotion activity in aftermarket in Asia and incorporation into new motorcycle models, etc.

And an increase in sales in Europe also contribute to a rise in sales of automotive belts as a whole.

Sales of industrial belts in Asian market increased as a result of sales expansion for aftermarket in Southeast Asia such as Thailand and Indonesia despite a decline in belts for agricultural machinery in China.

Sales of belts for OA equipment remained same level.

As a result, the consolidated net sales by this segment stood at 31,974 million yen (8.4% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 3,434 million yen (1.7% increase compared to the previous fiscal year).



2. Research and Development Activities

Our management policy 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 2,835 million yen.

The total R&D expenses included the basic research expenses of 809 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

Our management policy is "To contribute to society by supplying goods of high performance, high precision and high quality".

The company made investment of 3,239 million yen in the renovation of old manufacturing facilities in Japan and overseas factories, expansion of production plants for automotive functional parts and belt manufacturing machineries, enhancement of test facilities, etc. with the aim of establishing organizational structure to enable to respond to customer demands by self-funding.

● Business of Building & Construction Materials

Overall sales of building & construction materials decreased as a result of a decrease in demand for public and private renovation work in construction sectors in addition to fewer large scale construction works in civil engineering sector.

As a result, the consolidated net sales by this segment stood at 4,854 million yen (9.2% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 125 million yen (72.2% decrease compared to the previous fiscal year).



● Other Businesses

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

The consolidated net sales by other businesses stood at 4,727 million yen (1.8% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 186 million yen (8.9% increase compared to the previous fiscal year).



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, power 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 power 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, fabric, 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

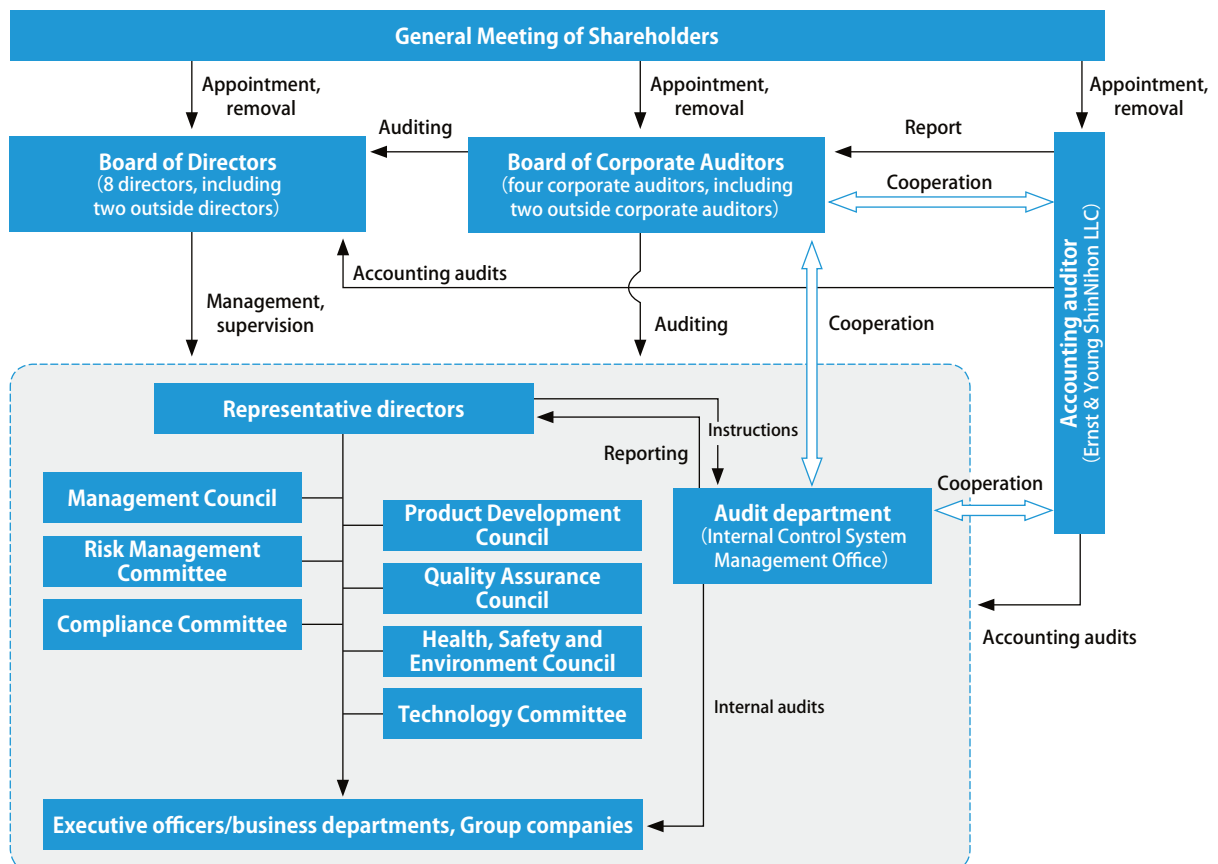
The Company has in place a Board of Directors comprising eight members, of whom two are outside directors, and a Board of Corporate Auditors. This board has four members, of whom two are outside corporate auditors.

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

Millions of yen

Thousands of U.S.dollars

ASSETS	2018	2017	2018	2017
Current assets				
Cash on hand and in banks	¥28,958	¥26,262	\$258,119	\$234,092
Trade notes and accounts receivable	15,001	14,648	133,715	130,564
Merchandise and finished goods	11,769	11,605	104,903	103,445
Work in process	1,752	1,549	15,622	13,807
Raw materials and supplies	2,629	2,388	23,436	21,286
Deferred tax assets	818	844	7,297	7,523
Other	729	494	6,497	4,406
Allowance for doubtful accounts	(124)	(112)	(1,107)	(999)
Total current assets	61,534	57,679	548,485	514,126
Investments and long-term receivable				
Investment securities	12,255	11,066	109,239	98,642
Other	313	348	2,793	3,103
Allowance for doubtful accounts	(9)	(11)	(80)	(104)
Total investments and long-term receivables	12,559	11,403	111,952	101,640
Property, plant and equipment				
Land	4,254	4,280	37,923	38,153
Buildings and structures	21,491	21,045	191,561	187,591
Machinery, equipment and vehicles	45,281	44,624	403,615	397,755
Tools, furniture and fixtures	14,237	13,792	126,902	122,942
Construction in progress	1,241	721	11,065	6,431
Subtotal	86,506	84,464	771,068	752,873
Accumulated depreciation	(65,154)	(63,705)	(580,748)	(567,836)
Net property, plant and equipment	21,351	20,759	190,319	185,037
Intangible assets	67	69	605	623
Total assets	¥95,514	¥89,912	\$851,362	\$801,428

Years ended March 31

Millions of yen

Thousands of U.S.dollars (note 3)

LIABILITIES AND NET ASSETS	2018	2017	2018	2017
Current liabilities				
Trade notes and accounts payable	¥8,694	¥7,779	\$77,497	\$69,340
Short-term loans payable	2,324	2,325	20,717	20,728
Current portion of long-term loans payable	948	1,147	8,449	10,223
Accounts payable-other	2,537	2,300	22,615	20,508
Income taxes payable	840	1,360	7,489	12,126
Provision for bonuses	788	759	7,030	6,769
Other	2,694	2,449	24,016	21,831
Total current liabilities	18,827	18,121	167,817	161,527
Long-term liabilities				
Long-term loan payable	2,100	3,048	18,718	27,168
Deferred tax liabilities	3,652	3,092	32,560	27,565
Net defined benefit liability	1,549	1,393	13,813	12,418
Provision for directors' retirement benefits	28	26	251	236
Other	1,007	146	781	1,307
Total long-term liabilities	8,338	8,654	74,322	77,139
Total liabilities	27,165	26,776	242,139	238,667
Shareholders' equity				
Common stock	8,150	8,150	72,646	72,646
Capital surplus	2,111	2,111	18,818	18,818
Retained earnings	55,129	50,328	491,392	448,603
Treasury stock	(3,315)	(3,305)	(29,554)	(29,461)
Total shareholders' equity	62,075	57,285	553,303	510,607
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	7,181	6,338	64,013	56,496
Foreign currency translation adjustment	(585)	(201)	(5,214)	(1,797)
Remeasurements of defined benefit plans	(323)	(285)	(2,879)	(2,546)
Total accumulated other comprehensive income	6,273	5,851	55,919	52,153
Total net assets	68,348	63,136	609,223	562,760
Total liabilities and net assets	¥95,514	¥89,912	\$851,362	\$801,428

Consolidated Statements of Income

Years ended March 31

Millions of yen

Thousands of U.S.dollars

	2018	2017	2018	2017
Net sales	¥69,594	¥66,396	\$620,325	\$591,821
Cost of sales	47,182	44,649	420,558	397,980
Gross profit	22,411	21,747	199,766	193,841
Selling, general and administrative expenses	13,982	13,468	124,633	120,052
Operating income	8,429	8,278	75,132	73,788
Non-operating income				
Interest income	127	102	1,132	917
Dividends income	315	346	2,814	3,089
Other	304	336	2,711	2,997
Total non operating income	746	785	6,658	7,004
Non-operating expenses				
Interest expenses	25	41	223	368
Foreign exchange losses	159	259	1,423	2,310
Loss on valuation of derivatives	3	0	33	1
Loss on disposal of fixed assets	54	122	482	1,088
Sales discounts	53	48	476	431
Other	71	105	640	936
Total operating expenses	367	576	3,279	5,138
Ordinary income	8,808	8,487	78,511	75,654
Extraordinary income				
Gain on sales of investment securities	—	1,080	—	9,632
Gain on sales of fixed assets	182	—	1,627	—
Total extraordinary income	182	1,080	1,627	9,632
Extraordinary loss				
Impairment loss	68	161	613	1,443
Total extraordinary loss	68	161	613	1,443
Income before income taxes	8,921	9,406	79,524	83,844
Income taxes				
Income taxes-current	2,437	2,530	21,722	22,554
Income taxes-deferred	231	212	2,066	1,892
Total income taxes	2,668	2,742	23,789	24,446
Net income	6,252	6,663	55,735	59,397
Income attributable to owners of parent	¥6,252	¥6,663	¥55,735	¥59,397
Per share of common stock				
	Yen		U.S.dollars	
Net income	¥103.32	¥108.15	\$0.92	\$0.96
Cash dividends	¥25.00	¥22.00	\$0.22	\$0.20

I Consolidated Statements of Comprehensive Income

Years ended March 31	Millions of yen		Thousands of U.S.dollars	
	2018	2017	2018	2017
Net Income	¥6,252	¥6,663	\$55,735	\$59,397
Other comprehensive income				
Valuation difference on available-for-sale securities	843	58	7,516	525
Foreign currency translation adjustment	(383)	43	(3,417)	387
Remeasurements of defined benefit plans	(37)	(0)	(332)	(0)
Total comprehensive income	422	102	3,766	912
Comprehensive income	6,675	6,766	59,501	60,309
(Details)				
Comprehensive income attributable to owners of the parent	6,675	6,766	59,501	60,309
Comprehensive income attributable to non controlling interests	—	—	—	—

Consolidated Statements of Shareholders' Equity

Years ended March 31

Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)

Millions of 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, 2017	¥8,150	¥2,111	¥50,328	(¥3,305)	¥57,285	¥6,338	(¥201)	(¥285)	¥5,851	¥63,136
Amount of changes during consolidated accounting year										
Dividends from retained earnings			(1,452)		(1,452)					(1,452)
Profit attributable to owners of parent			6,252		6,252					6,252
Purchase of treasury stock				(10)	(10)					(10)
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						843	(383)	(37)	422	422
Total amount of changes during consolidated accounting year	—	—	4,800	(10)	4,790	843	(383)	(37)	422	5,212
Balance at March 31, 2018	¥8,150	¥2,111	¥55,129	(¥3,315)	¥62,075	¥7,181	(¥585)	(¥323)	¥6,273	¥68,348

Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)

Thousands of U.S.dollars

	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, 2017	\$72,646	\$18,818	\$448,603	(\$29,461)	\$510,607	\$56,496	(\$1,797)	(\$2,546)	\$52,153	\$562,760
Amount of changes during consolidated accounting year										
Dividends from retained earnings			(12,946)		(12,946)					(12,946)
Profit attributable to owners of parent			55,735		55,735					55,735
Purchase of treasury stock				(92)	(92)					(92)
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						7,516	(3,417)	(332)	3,766	3,766
Total amount of changes during consolidated accounting year	—	(16,185)	42,789	(92)	42,696	7,516	(3,417)	(332)	3,766	46,462
Balance at March 31, 2018	\$72,646	\$18,818	\$491,392	(\$29,554)	\$553,303	\$64,013	(\$5,214)	(\$2,879)	\$55,919	\$609,223

Consolidated Statements of Cash Flows

Years ended March 31

Millions of yen

Thousands of U.S.dollars

	2018	2017	2018	2017
Operating activities:				
Net income before taxes	¥8,921	¥9,406	\$79,524	\$83,844
Depreciation and amortization	2,999	2,839	26,738	25,311
Increase (decrease) in allowance for doubtful accounts	7	20	70	183
Increase (decrease) in net defined benefit liability	182	238	1,626	2,125
Increase (decrease) in long-term accounts payable-other	(48)	(19)	(435)	(171)
Increase (decrease) in provision for directors' retirement benefits	1	3	14	31
Increase (decrease) in provision for bonuses	40	41	363	366
Interest and dividend income	(442)	(449)	(3,946)	(4,006)
Interest expenses	25	41	223	368
Foreign exchange losses(gains)	65	27	581	245
Losses (Gains) on sales of property, plant and equipment	(183)	(7)	(1,633)	(69)
Disposal of property, plant and equipment	54	122	482	1,088
Gains on sales of investment securities	(39)	(1,080)	(350)	(9,632)
Impairment loss	68	161	613	1,443
Decrease(increase) in trade notes and accounts receivable	(519)	(677)	(4,628)	(6,036)
Decrease(increase) in inventories	(654)	(686)	(5,838)	(6,123)
Increase(decrease) in trade notes and accounts payable	890	419	7,934	3,742
Increase (decrease) in accrued consumption taxes	4	(14)	42	(125)
Decrease(increase) in other current assets	(250)	54	(2,229)	485
Increase(decrease) in other current liabilities	729	24	6,503	216
Other	3	0	33	1
	11,857	10,457	105,691	93,213
Interest and dividends income received	442	449	3,946	4,006
Interest expenses paid	(25)	(41)	(227)	(372)
Income taxes paid	(2,965)	(1,648)	(26,432)	(14,697)
Net cash and cash equivalents provided by (used in) operating activities	9,309	9,216	82,978	82,150
Investing activities:				
Payments into time deposits	(450)	(519)	(4,011)	(4,626)
Proceeds from withdrawal of time deposits	657	184	5,861	1,647
Purchase of property, plant and equipment	(4,066)	(2,959)	(36,245)	(26,378)
Proceeds from sale of property, plant and equipment	203	26	1,812	238
Purchase of investment securities	(4)	(4)	(44)	(44)
Proceeds from sale of investment securities	67	1,286	599	11,464
Other	33	(12)	302	(113)
Net cash and cash equivalents provided by (used in) investing activities	(3,559)	(1,998)	(31,725)	(17,813)
Financing activities:				
Net increase (decrease) in short-term loans payable	(2)	(720)	(18)	(6,421)
Repayment of long-term loans payable	(1,147)	(1,876)	(10,223)	(16,726)
Purchase of treasury stock	(10)	(2,252)	(92)	(20,081)
Dividends paid	(1,452)	(1,127)	(12,946)	(10,047)
Other	79	(219)	709	(1,957)
Net cash and cash equivalents provided by (used in) financing activities	(2,532)	(6,196)	(22,572)	(55,234)
Effect of exchange rate change on cash and cash equivalent	(259)	83	(2,314)	744
Net increase(decrease) cash and cash equivalents	2,958	1,104	26,367	9,847
Cash and cash equivalents at beginning of period	25,116	24,011	223,873	214,026
Cash and cash equivalents at end of period	¥28,074	¥25,116	\$250,240	\$223,873

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) Evaluation of 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) Evaluation of 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) Depreciation of 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) Depreciation of Intangible assets and deferred charges

Straight-line method.

(7) Accounting method for 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) Range of cash and cash equivalents in the consolidated cash flow statement

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) Calculation method of Per Share of Common Stock

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. Conversion to U.S. Dollars

Amounts in U.S dollars are shown solely for convenience and are unaudited. The rate of ¥106.24 to U.S. \$ 1 on March 31, 2018, approximate current rate has been used for the purpose of presentation of the accompanying consolidated financial statements in U.S. dollars. These conversion 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, 2018)

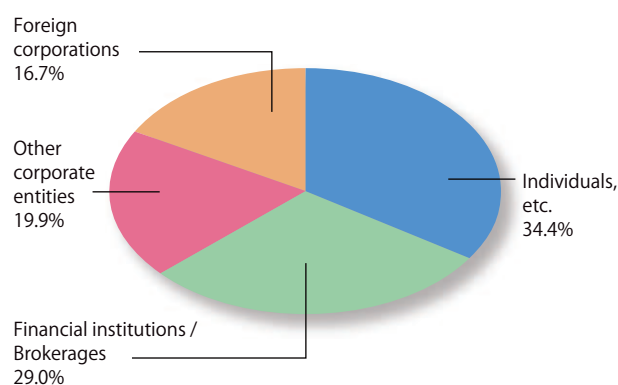
Corporate data

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:	711 (Consolidated : 4,263)

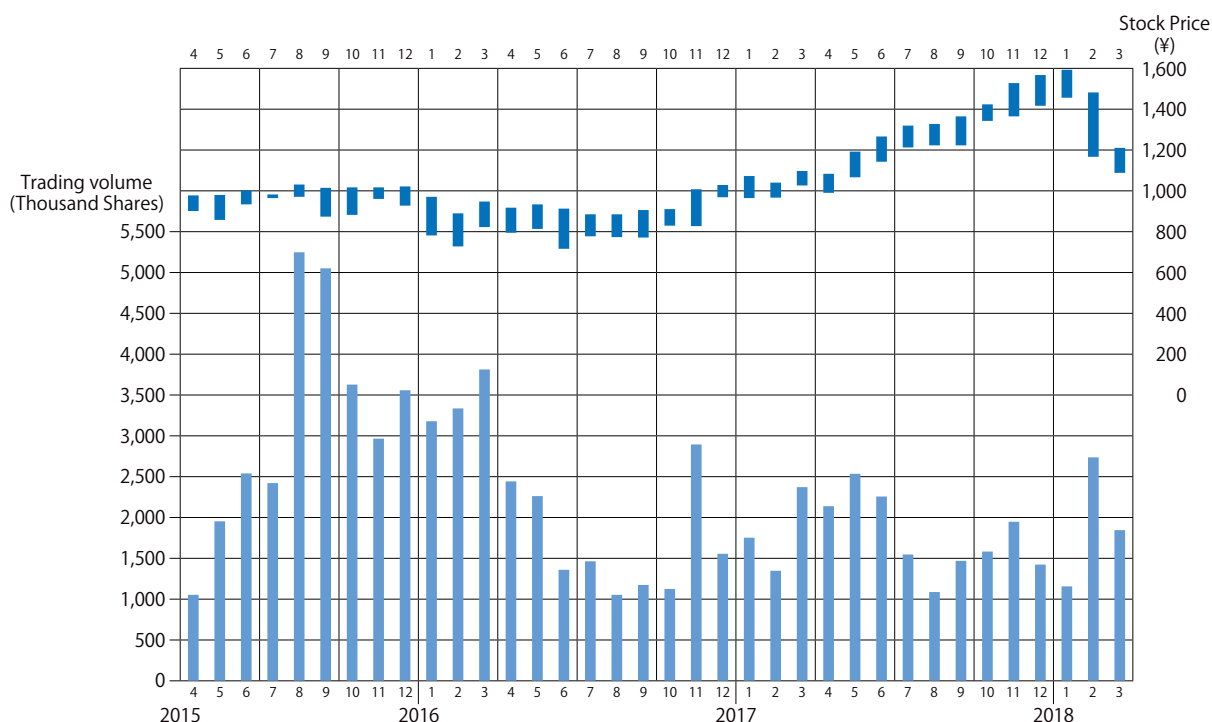
Major shareholders(Top10)

Name	Number of shares held (Thousands)
Japan Trustee Services Bank, Ltd.	6,806
TOYOTA MOTOR CORPORATION	2,355
The Bank of Tokyo-Mitsubishi UFJ, Ltd .	2,340
Client stock ownership	1,927
The Master Trust Bank of Japan, Ltd.	1,765
J.P. MORGAN BANK LUXEMBOURG S.A. 380578	1,534
MITSUI & CO., LTD.	1,500
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	1,481
GOVERNMENT OF NORWAY	1,398
Mitsubishi UFJ Trust and Banking Corporation	1,372

Ownership breakdown



Stock price and trading volume on the Tokyo Stock Exchange





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