

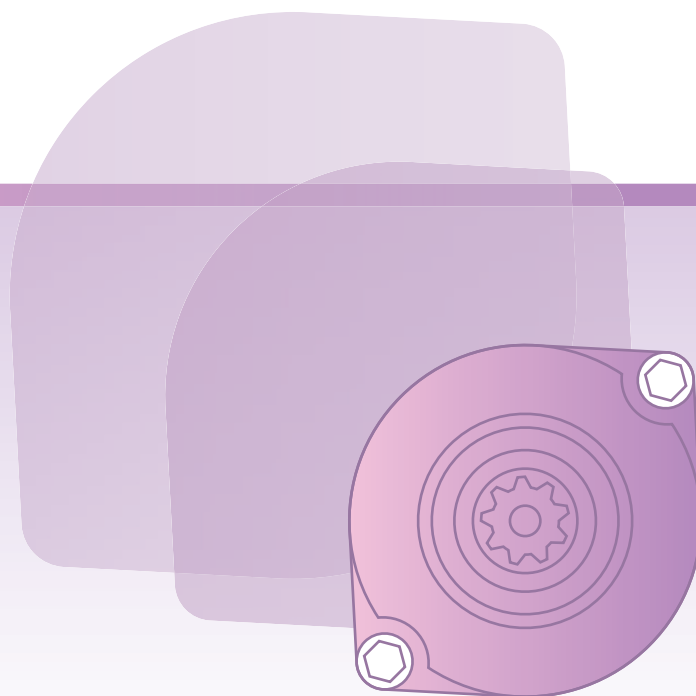
# MITSUBA

MITSUBA Corporation

# ANNUAL REPORT 2016

Fiscal Year Ended March 31, 2016

"Growing Globally"



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## Profile

Mitsuba Corporation is one of the foremost manufacturers of automotive electronic components. With the transportation equipment-related operations regarded as our core business, we will consolidate our group strength and effectively use our business resources in order to promote global growth and improved profitability. The 10th midterm management plan has entered its third year and we are further expanding our business to enhance our corporate value and continuous profitability for the entire group by promoting proposal-based marketing that meets diversifying customer needs and developing appealing products proactively. To realize this goal, our global development system is striving for product development ideal for the local, productivity growth, and anticipatory

technology development to match automobile evolution, and our quality assurance system is focusing on prevention of defect occurrence and quality improvement. Also we are working to enhance our cost competitiveness and build an optimal production and supply system by investing mainly in Mexico, India, and Southeast Asia where continued growth is expected.

We are pleased to inform you that our company celebrates the 70th anniversary. We will fulfill its corporate responsibilities towards the society and develop into a promising company accepted favorably by stakeholders worldwide to pursue the realization of its corporate philosophy: "To provide pleasure and peace of mind to the people of the world".

## Outline of the Company

### Head Office :

1-2681 Hirosawa-cho, Kiryu-shi,  
Gunma 376-8555, Japan  
Tel 81-277-51-0111  
Fax 81-277-52-5160

### Established :

March 8, 1946

### Paid-in Capital :

¥9,885 million

### Stock Listed :

Tokyo Stock Exchange First Section

### Shares Issued :

150,000,000 shares

### Outstanding :

45,581,809 shares

### Number of Shareholders :

5,256

### Number of Employees :

3,969

(As of March 31, 2016)



### Directors

Chairman of the Board and Chief Executive Officer  
**Noboru Hino**

Representative Director, President  
**Yuichi Nagase**

Representative Director  
**Yoshikazu Takahashi**

Representative Director  
**Kenichi Mita**

Director, Executive Adviser  
**Tsuneo Akuto**

Audit & Supervisory Committee Member  
**Koji Kobayashi**

Audit & Supervisory Committee Member  
**Teruhide Mitsuhashi**

Audit & Supervisory Committee Member (External)  
**Akira Fujiwara**

Audit & Supervisory Committee Member (External)  
**Takashi Hayama**

Audit & Supervisory Committee Member (External)  
**Kazuhiro Maehara**

### Officers

President, Chief Operating Officer  
**Yuichi Nagase**

Executive Vice President, Executive Officer  
**Yoshimasa Kimura**

Senior Managing Officer  
**Yoshikazu Takahashi**

Senior Managing Officer  
**Kenichi Mita**

Managing Officer  
**Hiroyuki Otaki**

Managing Officer  
**Masayuki Oyama**

Managing Officer  
**Takashi Nara**

Managing Officer  
**Shigeo Sekita**

Managing Officer  
**Takumi Tada**

Managing Officer  
**Katsuyoshi Kitada**

Managing Officer  
**Tokuyu Tanahashi**

Operating Officer  
**Hisashi Ogata**

Operating Officer  
**Nobuyuki Take**

Operating Officer  
**Hideo Higeta**

Operating Officer  
**Masayoshi Shirato**

Operating Officer  
**Masanori Shoji**

Operating Officer  
**Yutaka Nozue**

Operating Officer  
**Kunihiko Arai**

Operating Officer  
**Masamichi Mogi**

Operating Officer  
**Keiji Kiuchi**

Operating Officer  
**Hideyuki Minami**

Operating Officer  
**Shigeru Takei**

Operating Officer  
**Kunio Nagai**

Operating Officer  
**Jun Abe**

Operating Officer  
**Ryu Saito**

Operating Officer  
**Koji Mizuno**

Operating Officer  
**Haruki Inamura**

Operating Officer  
**Hideo Imai**

Operating Officer  
**Isei Ko**

Operating Officer  
**Takeshi Yamazaki**

(As of June 24, 2016)

## Financial Section

### ||| Six-Year Summary

MITSUBA Corporation and its Consolidated Subsidiaries  
Every year starts in April of the previous year and ends in March.  
e.g.) 2016: April 2015 – March 2016

	Yen (millions), except for per share amounts					
	2011	2012	2013	2014	2015	2016
Net sales .....	¥ 208,162	¥ 207,803	¥ 225,605	¥ 272,543	¥ 306,030	¥ 333,232
Gross profit .....	31,419	26,598	29,971	41,024	51,486	53,488
Operating income .....	10,462	7,928	9,032	17,054	22,096	22,889
Profit (loss) before income taxes .....	6,779	3,979	10,318	10,037	19,044	17,729
Profit (loss) attributable to owners of parent ...	3,655	2,917	6,473	7,028	11,434	8,518
Capital expenditures .....	11,896	14,143	16,186	17,452	18,521	19,842
Total assets .....	169,282	194,165	207,534	258,186	315,910	314,859
Return on assets (%) .....	2.1	1.6	3.2	3.0	4.0	2.7
Shareholders' equity .....	33,268	33,919	44,307	56,657	79,344	76,014
Return on equity (%) .....	11.1	8.7	16.6	13.9	16.8	11.0
Shareholders' equity ratio (%) .....	19.7	17.5	21.3	21.9	25.1	24.1
Per share(yen):Net income .....	¥ 81.19	¥ 65.12	¥ 144.51	¥ 156.99	¥ 255.47	¥ 190.31
Cash dividends applicable to period .....	6.0	7.0	8.0	8.0	14.0	18.0
Interest coverage (times) .....	15.3	8.8	12.9	17.2	13.9	22.2
Expenses for R&D .....	10,001	9,652	10,627	10,725	11,002	13,039
Ratio of SG&A to net sales (%) .....	10.1	9.0	9.3	8.8	9.6	9.2
Current ratio (%) .....	101.3	103.1	96.2	131.9	143.8	148.7
Fixed ratio (%) .....	238.9	233.4	207.4	193.4	158.7	160.9
Interest - bearing debt .....	81,513	97,183	99,843	111,731	134,344	141,816
Cash flows						
Operating activity .....	18,151	11,200	16,075	20,588	16,330	29,276
Investing activity .....	(9,503)	(14,866)	(16,495)	(15,343)	(19,641)	(20,027)
Financing activity .....	(8,811)	14,006	(1,831)	3,395	17,316	1,398

### ||| History

<b>1946</b>	Mitsuba Electric Mfg. Co., Ltd. was founded in Kiryu, Gunma Prefecture. Production and sale of generator lamps for bicycles began.
<b>1951</b>	Production and sale of auto horns began as the first auto related business.
<b>1956</b>	Production and sale of wiper motors began.
<b>1960</b>	Production and sale of starters for small motorcycles began.
<b>1970</b>	Ryomo Computing Center Co., Ltd. was founded. (Renamed to Ryomo Systems Co., Ltd. in 1982)
<b>1977</b>	Initial public offering on the Tokyo Stock Exchange.
<b>1986</b>	American Mitsuba Corporation was founded in Illinois, U.S.A.
<b>1988</b>	Mitsuba shares were listed on the Second Section of the Tokyo Stock Exchange.
<b>1989</b>	Listing of Mitsuba shares was changed to the First Section of the Tokyo Stock Exchange.
<b>1996</b>	Business name was changed to Mitsuba Corporation.
<b>1997</b>	Mitsuba announced the New Mitsuba Environmental Declaration and Guidelines for Action.
<b>2006</b>	MITSUBA WAY was established.
<b>2007</b>	The Jidosha Denki Kogyo Co., Ltd. (Jideco) merged with Mitsuba.

## Message from the Management



Noboru Hino,  
Chairman of the Board and  
Chief Executive Officer



Yuichi Nagase,  
President of the Board and  
Chief Operating Officer

Mitsuba Group upholds as our basic principle that management based on a business concept of “providing pleasure and peace of mind” to our customers for a sustainable corporate development allows us to meet the expectations of the society and our shareholders. We pursue business activities founded on the management policies below.

### ***Corporate Philosophy***

Together with those who support it, Mitsuba will provide pleasure and peace of mind to the people of the world by creating technology in harmony with society and the environment.

### **Management Policy**

Our basic principle is to unify the direction of the group companies' actions through sharing our corporate principles and having them permeate throughout the organization. Through our management and the improvement of the quality of our products and services, we aim to become a preferred corporate group and to enhance our corporate value via aggressive business development. With “technology” as the driving force in our business development, Mitsuba will continue to strive for market development and new values. We aspire to management where each and every Mitsuba employee can reach a higher level through becoming agents of corporate innovation, which brings out the best from both the people and the enterprise.

### **Management Strategies for the Medium-to-Long Term**

The future automobile industry will see sluggish automobile sales in Japan, but an increasing sales in emerging economies.

To respond to the needs in emerging economies, automobile manufacturers and parts manufactures are expected to accelerate local production and local R&D.

To secure the competitive advantage of our company in expanding businesses, we must immediately respond to the needs of customers, increase cooperation between our global network of group companies, and put more effort in developing products with high added value, reducing costs, and developing our human resources.

## Key Issues

Although the world economy is showing a moderate recovery, it is still unpredictable due to a decline of natural resource prices and an increase of geopolitical risks. Under these circumstances, we recognize these difficult situations are expected to continue in our surrounding environment because of the intensified price competition, cooperation of parts manufacturers, etc.

In such a business environment, we aim to grow our business to enhance our corporate value under the long-term vision “Mitsuba Vision 2024” by proactively developing appealing products that meet diversifying customer needs and engaging in proposal-based marketing.

## Outlook for the Next Term

For the outlook of the annual performance in the end of the term in March 2017, the Japanese economy is expected to moderately recover due to the capital investment and the improvement of employment environment. However, it is anticipated that the prospects remain uncertain because of the concerns of market slowdown in emerging countries including China and the unstable exchange rate.

Our global development system is striving for productivity growth, local product development, and strengthening of advanced technology development corresponding to evolution of automobiles, as well as our quality assurance system is focusing on quality control of products to prevent defects.

Also, we are working to enhance our cost competitiveness and build an optimal production and supply system by investing mainly in Mexico, India, and Southeast Asia where continued growth is expected.

We will continue our efforts to become a trusted company that meets society’s expectations with enhancements of our corporate governance keeping to heart our philosophy of “To provide pleasure and peace of mind to the people of the world”.

We hope to receive your continued support and encouragement in these endeavors.



Noboru Hino  
Chairman of the Board and  
Chief Executive Officer



Yuichi Nagase  
President of the Board and  
Chief Operating Officer

## Review of Operations

The Mitsuba Group (Mitsuba and its affiliated companies) consists of Mitsuba Corporation, 49 subsidiary companies and 4 affiliated companies. Our primary lines of business are transportation equipment-related operations and information service operations, but we also cover development and sales of automobile parts, automotive components and accessories, and agency services for group companies and other companies.

### Auto electrical products



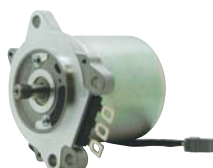
Front wipers



Power window motors



Power slide door systems



Electric power steering motors



Starter motors



Electric oil pumps

### Motorcycle Electrical Products

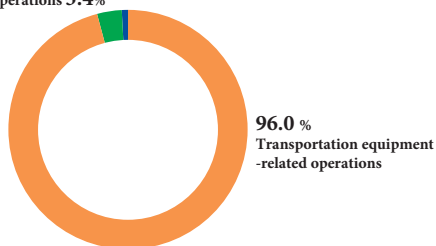


ACG starters



Fuel pump modules

Information service operations 3.4% Others 0.6%



Sales by Business

(Consolidated Basis)

### Operating Results for term end March 2016

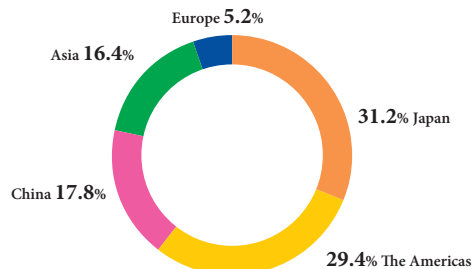
The domestic economy in the current consolidated fiscal year saw the improvement in corporate profits and the conditions of employment and income, and continued its moderate recovery due to government economic policies and monetary policies from the Bank of Japan. However, in the latter half of the fiscal year, a sense of vigilance for the economic slowdown in the Chinese and emerging countries' markets and the appreciation of the yen lead to concern over the economic slowdown.

The world economy continued to show recovery driven by the solid demand of the US, Europe, and other developed countries. In emerging economies, the surrounding environment for our company remained unpredictable – while India continued growing, China's economic growth rate lowered and Brazil's inflation rate remained high.

Under these circumstances, the Japanese domestic automobile sales in 2015 was 4,938 thousand (6.8% decrease compared to the previous year), having decreased for two consecutive years. The slow sales of mini vehicles due to the tax increase in light vehicles of April 2015 especially influenced this.

From a global perspective, the US continued strong growth with figures increasing to 17,470 thousand (5.7% increase compared to the previous year), exceeding 17,410 thousand, which had been the record high since 2000. Sales in Europe continued its good run and increased to 14,202 thousand (9.2% increase compared to the previous year), exceeding the previous year's sales, due to the consumer expectation improvement, low-interest rate, government support measures, etc. In China, sales increased to 24,598 thousand (4.7% increase compared to the previous year), showing a slower growth from the previous year due to its economic slowdown but still being the country with the most automobile sales for the seventh consecutive year.

Japanese domestic motorcycle sales and shipments were 365 thousand total (6.6% decrease compared to the previous year) due to sluggish demand for motorized bicycles category 1 that account for half of the market because of the structural factors such as aging of the users and decrease in younger population. On the other hand, from a global perspective, the market continues to expand, particularly in emerging countries.



Sales by Geographic Region

(Consolidated Basis)



Under this circumstance, the consolidated sales of our group reached ¥333,232 million (8.9% increase compared to the previous year), with a consolidated operating profit of ¥22,889 million (3.6% increase compared to the previous year) and a consolidated pretax profit of ¥19,619 million (22.2% decrease compared to the previous year) with foreign exchange loss, etc. The current term net profit attributable to owners of the parent was ¥8,518 million (25.5% decrease compared to the previous year) with the increase of income taxes as well as foreign exchange loss.

#### By Business Segment

##### Transportation Equipment-related Operations Segment

With the increased automobile production in the US and China, sales reached ¥320,334 million (8.9% increase compared to the previous year). In terms of earnings, operating profit increased to ¥22,087 million (4.0% increase compared to the previous year), experiencing the effects from revenues and streamlined improvement.

##### Information Service Operations Segment

We had been committed to gaining orders from public and private sectors, and improved our profit structure. Sales reached ¥13,046 million (14.1% increase compared to the previous year) with an operating profit of ¥643 million (14.8% increase compared to the previous year).

##### Other Businesses

Sales were ¥2,322 million (13.5% decrease compared to the previous year) with an operating profit of ¥144 million (46.9% decrease compared to the previous year).

#### Overseas Sales

Overseas sales refer to sales by the Company and its consolidated subsidiaries to countries and regions outside of Japan.

#### Breakdown by Geographic Region

##### Japan

Sales reached ¥103,885 million (1.3% decrease from the corresponding period last year) with an operating profit of ¥4,710 million (30.8% decrease from the corresponding period last year).

##### The Americas

Sales reached ¥98,131 million (16.8% increase from the corresponding period last year) with an operating profit of ¥2,857 million (171.1% increase from the corresponding period last year).

##### Europe

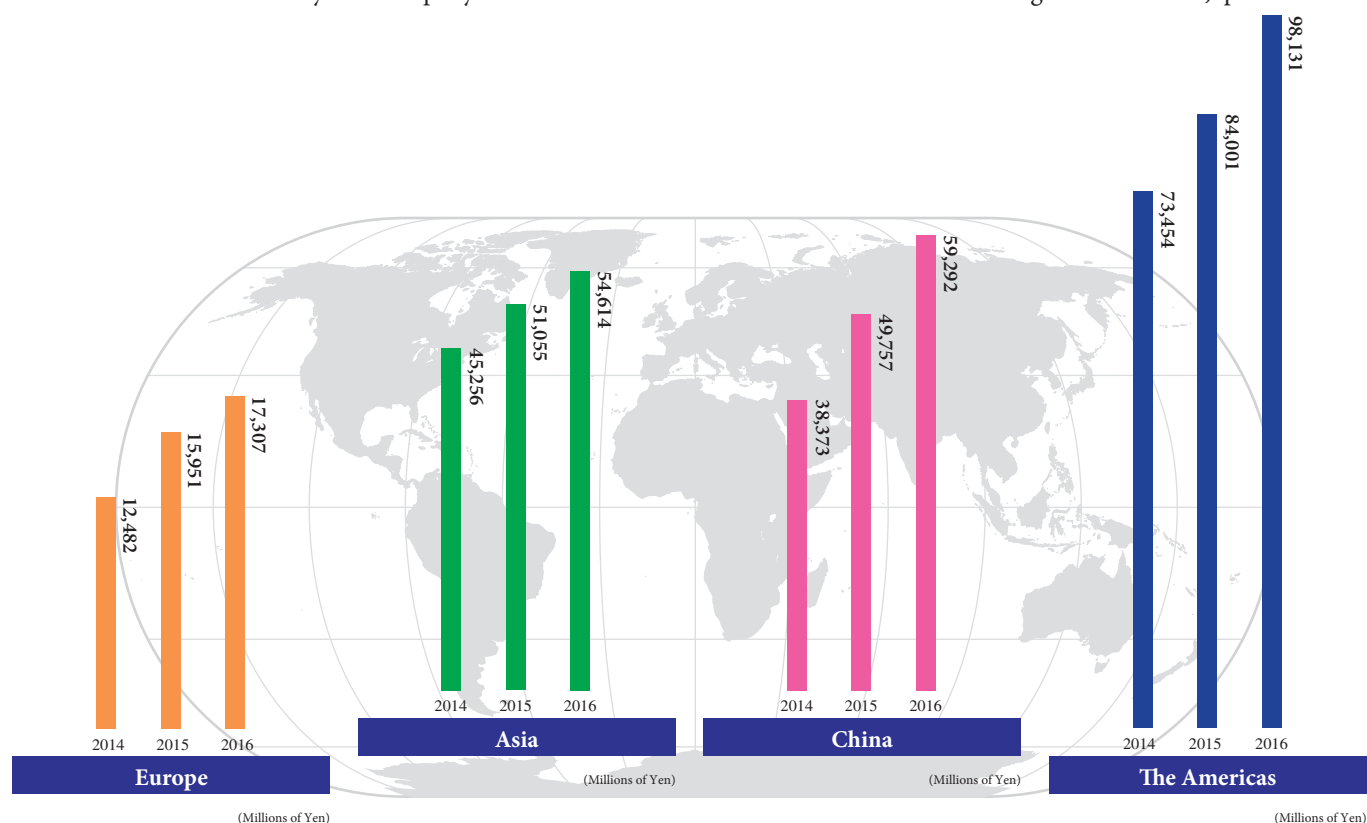
Sales reached ¥17,307 million (8.5% increase from the corresponding period last year) with an operating profit of ¥613 million (34.0% decrease from the corresponding period last year).

##### Asia

Sales reached ¥54,614 million (7.0% increase from the corresponding period last year) with an operating profit of ¥6,266 million (20.7% decrease from the corresponding period last year).

##### China

Sales reached ¥59,292 million (19.2% increase from the corresponding period last year) with an operating profit of ¥7,763 million (27.0% increase from the corresponding period last year).



# Consolidated Balance Sheets

MITSUBA Corporation and its Consolidated Subsidiaries  
As of March 31, 2015 and 2016

	Yen (Millions) As of March 31		U.S. Dollars (Thousands) As of March 31
	2015	2016	2016
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Note 5) .....	¥ 60,501	¥ 68,663	\$ 609,417
Marketable securities (Notes 3 & 5) .....	200	200	1,775
Trade receivables:			
Accounts and notes (Note 13) .....	53,309	56,164	498,487
Less: Allowance for doubtful accounts .....	(141)	(137)	(1,221)
Inventories (Note 4) .....	50,068	42,930	381,025
Deferred tax assets (Note 9) .....	4,849	4,671	41,464
Others .....	21,202	20,058	178,029
Total current assets .....	189,990	192,550	1,708,978
<b>Property, plant and equipment (Notes 7 &amp; 10):</b>			
Land .....	6,890	6,468	57,413
Buildings and structures .....	60,897	59,092	524,470
Machinery, equipment and others .....	178,357	178,269	1,582,222
Construction in progress .....	7,187	8,989	79,789
Lease assets .....	4,410	4,228	37,530
	257,743	257,048	2,281,425
Less accumulated depreciation .....	(182,178)	(181,480)	(1,610,727)
Net Property, plant and equipment .....	75,565	75,567	670,697
<b>Investments and other assets:</b>			
Investments in securities (Notes 3 & 6) .....	25,494	25,088	222,674
Long-term loans .....	2,468	2,578	22,881
Deferred tax assets (Note 9) .....	1,455	1,044	9,274
Others .....	20,968	18,189	161,437
Less: Allowance for doubtful accounts .....	(32)	(159)	(1,419)
Total investments and other assets .....	50,354	46,740	414,847
Total assets .....	¥ 315,910	¥ 314,859	\$ 2,794,524
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Note 7) .....	¥ 44,176	¥ 40,280	\$ 357,508
Current portion of long-term debt (Note 7) .....	13,369	14,864	131,929
Trade payables:			
Accounts and notes .....	30,832	31,728	281,603
Income taxes payable (Note 9) .....	1,572	1,362	12,096
Reserve for employees' bonuses .....	4,311	4,498	39,925
Others (Note 9) .....	37,894	36,758	326,250
Total current liabilities .....	132,157	129,493	1,149,313
<b>Long-term liabilities:</b>			
Long-term debt (Note 7) .....	72,529	82,141	729,041
Net defined benefit liability (Note 12) .....	1,283	1,419	12,601
Others (Note 9) .....	16,483	11,497	102,042
Total long-term liabilities .....	90,295	95,058	843,685
Total liabilities .....	¥ 222,453	¥ 224,551	\$ 1,992,999
<b>Contingent liabilities (Note 13):</b>			
<b>Net assets (Note 8):</b>			
Shareholders' equity			
Common stock			
Authorized: 150,000,000 Shares			
Outstanding:			
March 31, 2015 and 2016: 45,581,809 Shares .....	9,885	9,885	87,737
Capital surplus .....	15,719	15,598	138,448
Retained earnings .....	39,843	47,735	423,673
Treasury stock, at cost:			
March 31, 2015: 822,639 Shares .....	—	—	—
March 31, 2016: 823,068 Shares .....	(599)	(600)	(5,334)
Total shareholders' equity .....	64,849	72,618	644,525
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities .....	4,449	2,350	20,865
Foreign currency translation adjustments .....	6,990	1,785	15,842
Remeasurements of defined benefit plans .....	3,054	(740)	(6,568)
Total accumulated other comprehensive income .....	14,495	3,395	30,139
Non-controlling interests .....	14,112	14,293	126,860
Total net assets .....	93,456	90,307	801,525
Total liabilities and net asset .....	¥ 315,910	¥ 314,859	\$ 2,794,524



# Consolidated Statements of Comprehensive Income

MITSUBA Corporation and its Consolidated Subsidiaries  
For the years ended March 31, 2014, 2015 and 2016

## Consolidated Statements of Income

	Yen (Millions)			U.S. Dollars (Thousands)
	Year ended March 31			Year ended March 31
	2014	2015	2016	2016
<b>Net sales</b> (Note 14) .....	¥ 272,543	¥ 306,030	¥ 333,232	\$ 2,957,596
<b>Cost of sales</b> .....	231,518	254,544	279,743	2,482,857
Gross profit .....	41,024	51,486	53,488	474,738
<b>Selling, general and administrative expenses</b> .....	23,969	29,390	30,598	271,579
Operating income (Note 14) .....	17,054	22,096	22,889	203,158
<b>Other income (expenses):</b>				
Interest and dividend income .....	740	863	951	8,445
Interest expenses .....	(1,154)	(1,141)	(1,320)	(11,720)
Others, net .....	(6,603)	(2,773)	(4,791)	(42,523)
<b>Profit (loss) before income taxes</b> .....	10,037	19,044	17,729	157,359
<b>Income taxes</b> (Note 9) .....	(1,050)	(5,312)	(7,001)	(62,142)
<b>Profit (loss)</b> .....	8,987	13,732	10,728	95,217
<b>Profit (loss) attributable to non-controlling interests</b> .....	1,959	2,297	2,210	19,614
Profit (loss) attributable to owners of parent .....	¥ 7,028	¥ 11,434	¥ 8,518	\$ 75,602

	Yen			U.S. Dollars
	2014	2015	2016	2016
<b>Per share of common stock:</b>				
Net income — Basic .....	¥ 156.99	¥ 255.47	¥ 190.31	\$ 1.69
— Diluted .....	—	—	—	—
Cash dividends, applicable to period .....	8.00	14.00	18.00	0.16

## Consolidated Statements of comprehensive income

	Yen (Millions)			U.S. Dollars (Thousands)
	Year ended March 31			Year ended March 31
	2014	2015	2016	2016
<b>Profit (loss)</b> .....	¥ 8,987	¥ 13,732	¥ 10,728	\$ 95,217
<b>Other comprehensive income</b>				
Valuation difference on available-for-sale securities .....	(2,344)	1,612	(2,135)	(18,955)
Foreign currency translation adjustment .....	7,544	8,105	(5,611)	(49,800)
Remeasurements of defined benefit plans, net of tax .....	—	2,806	(4,048)	(35,929)
Share of the other comprehensive income of affiliates accounted for using equity method .....	370	448	(316)	(2,805)
Comprehensive income .....	¥ 14,558	¥ 26,706	¥ (1,382)	\$ (12,274)
<b>Comprehensive income attributable to</b>				
Owners of the parent .....	12,101	23,169	(2,581)	(22,908)
Non-Controlling interests .....	2,457	3,536	1,198	10,634

# Consolidated Statements of Changes in Net Assets

MITSUBA Corporation and its Consolidated Subsidiaries  
For the years ended March 31, 2014, 2015 and 2016

	Yen (Millions)					
	Shareholders' equity					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at March 31, 2013</b> .....	45,581,809	¥ 9,885	¥ 15,718	¥ 22,061	¥ (552)	¥ 47,113
Change of scope of consolidation .....				155		155
Purchase of treasury stock .....					(44)	(44)
Disposal of treasury stock .....			0		0	1
Profit (loss) attributable to owners of parent ....				7,028		7,028
Cash dividends .....				(357)		(357)
Net changes during the year .....						
<b>Balance at March 31, 2014</b> .....	45,581,809	¥ 9,885	¥ 15,719	¥ 28,888	¥ (596)	¥ 53,896
Cumulative effects of changes in accounting policies .....				(166)		(166)
Change of scope of consolidation .....				45		45
Purchase of treasury stock .....					(2)	(2)
Disposal of treasury stock .....			0		0	0
Profit (loss) attributable to owners of parent ....				11,434		11,434
Cash dividends .....				(358)		(358)
Net changes during the year .....						
<b>Balance at March 31, 2015</b> .....	45,581,809	9,885	15,719	39,843	(599)	64,849
Change in treasury shares of parent arising from transactions with non-controlling shareholders ....			(121)			(121)
Purchase of treasury stock .....					(1)	(1)
Disposal of treasury stock .....			0		0	0
Profit (loss) attributable to owners of parent ....				8,518		8,518
Cash dividends .....				(626)		(626)
Net changes during the year .....						
<b>Balance at March 31, 2016</b> .....	45,581,809	¥ 9,885	¥ 15,598	¥ 47,735	¥ (600)	¥ 72,618

	U.S.Dollars (Thousands)					
	Shareholders' equity					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at March 31, 2015</b> .....	45,581,809	\$ 87,737	\$ 139,519	\$ 353,632	\$ (5,319)	\$ 575,569
Change in treasury shares of parent arising from transactions with non-controlling shareholders ....			(1,076)			(1,076)
Purchase of treasury stock .....					(16)	(16)
Disposal of treasury stock .....			5		1	7
Profit (loss) attributable to owners of parent ....				75,602		75,602
Cash dividends .....				(5,561)		(5,561)
Net changes during the year .....						
<b>Balance at March 31, 2016</b> .....	45,581,809	\$ 87,737	\$ 138,448	\$ 423,673	\$ (5,334)	\$ 644,525

Yen (Millions)						
	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at March 31, 2013</b> .....	¥ 5,247	¥ (8,053)	—	¥ (2,806)	¥ 8,269	¥ 52,576
Change of scope of consolidation .....						155
Purchase of treasury stock .....						(44)
Disposal of treasury stock .....						1
Profit (loss) attributable to owners of parent ....						7,028
Cash dividends .....						(357)
Net changes during the year .....	(2,377)	7,450	493	5,566	3,084	8,651
<b>Balance at March 31, 2014</b> .....	¥ 2,869	¥ (602)	¥ 493	¥ 2,760	¥ 11,354	¥ 68,011
Cumulative effects of changes in accounting policies .....						(166)
Change of scope of consolidation .....						45
Purchase of treasury stock .....						(2)
Disposal of treasury stock .....						0
Profit (loss) attributable to owners of parent ....						11,434
Cash dividends .....						(358)
Net changes during the year .....	1,580	7,593	2,560	11,734	2,758	14,492
<b>Balance at March 31, 2015</b> .....	¥ 4,449	¥ 6,990	¥ 3,054	¥ 14,495	¥ 14,112	¥ 93,456
Change in treasury shares of parent arising from ..... transactions with non-controlling shareholders ....						(121)
Purchase of treasury stock .....						(1)
Disposal of treasury stock .....						0
Profit (loss) attributable to owners of parent ....						8,518
Cash dividends .....						(626)
Net changes during the year .....	(2,098)	(5,205)	(3,794)	(11,099)	181	(10,918)
<b>Balance at March 31, 2016</b> .....	¥ 2,350	¥ 1,785	¥ (740)	¥ 3,395	¥ 14,293	¥ 90,307

U.S.Dollars (Thousands)						
	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at March 31, 2015</b> .....	\$ 39,494	\$ 62,046	\$ 27,108	\$ 128,649	\$ 125,254	\$ 829,473
Change in treasury shares of parent arising from ..... transactions with non-controlling shareholders ....						(1,076)
Purchase of treasury stock .....						(16)
Disposal of treasury stock .....						7
Profit (loss) attributable to owners of parent ....						75,602
Cash dividends .....						(5,561)
Net changes during the year .....	(18,629)	(46,204)	(33,676)	(98,510)	1,606	(96,904)
<b>Balance at March 31, 2016</b> .....	\$ 20,865	\$ 15,842	\$ (6,568)	\$ 30,139	\$ 126,860	\$ 801,525

# Consolidated Statements of Cash Flows

MITSUBA Corporation and its Consolidated Subsidiaries  
For the years ended March 31, 2014, 2015 and 2016

	Yen (Millions) Year ended March 31			U.S.Dollars (Thousands) Year ended March 31
	2014	2015	2016	2016
<b>Cash flows from operating activities:</b>				
Profit (loss) attributable to owners of parent.....	¥ 7,028	¥ 11,434	¥ 8,518	\$ 75,602
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization .....	11,694	14,469	15,804	140,276
Loss on disposal of fixed assets .....	200	352	772	6,856
Deferred income tax .....	(4,514)	(128)	481	4,275
Decrease (Increase) in assets:				
Trade receivables .....	(1,127)	(2,752)	(5,052)	(44,845)
Inventories .....	(4,044)	(6,558)	4,767	42,315
Other current assets .....	(1,246)	(5,778)	4,027	35,749
Increase (Decrease) in liabilities:				
Trade payables .....	(90)	(2,086)	4,397	39,033
Accrued expenses .....	3,040	(1,089)	(343)	(3,046)
Income taxes payable .....	897	(95)	(209)	(1,858)
Net defined benefit liability .....	108	201	251	2,232
Other current liabilities .....	8,731	7,782	(4,153)	(36,866)
Others, net .....	(88)	579	13	117
Net cash provided by operating activities .....	20,588	16,330	29,276	259,841
<b>Cash flows from investing activities:</b>				
Payments for purchases of investment in securities .....	(7,626)	(485)	(66)	(589)
Proceeds from sales of investment in securities .....	6,643	221	18	163
Decrease (Increase) in marketable securities, net .....	(2)	230	—	—
Payments for acquisition of property, plant and equipment .....	(14,716)	(16,345)	(18,118)	(160,806)
Proceeds from sales of property, plant and equipment .....	1,210	486	916	8,134
Others, net .....	(852)	(3,749)	(2,777)	(24,653)
Net cash used in investing activities .....	(15,343)	(19,641)	(20,027)	(177,751)
<b>Cash flows from financing activities:</b>				
Increase (Decrease) in short-term loans, net .....	(12,142)	598	(2,866)	(25,442)
Proceeds from long-term debt .....	39,151	25,500	24,009	213,100
Repayment of long-term debt .....	(20,859)	(5,782)	(13,046)	(115,792)
Repayment of lease obligation .....	(1,695)	(1,746)	(1,779)	(15,793)
Repayment of bonds .....	(160)	(128)	(84)	(745)
Cash dividends paid .....	(982)	(1,216)	(1,835)	(16,295)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation .....	—	—	(2,910)	(25,835)
Others, net .....	85	91	(88)	(784)
Net cash provided by (used in) financing activities .....	3,395	17,316	1,398	12,409
<b>Effect of exchange rate changes on cash and cash equivalents ....</b>	<b>2,252</b>	<b>2,376</b>	<b>(2,510)</b>	<b>(22,280)</b>
<b>Net increase in cash and cash equivalents .....</b>	<b>10,892</b>	<b>16,382</b>	<b>8,136</b>	<b>72,218</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>30,964</b>	<b>42,158</b>	<b>59,115</b>	<b>524,680</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary .....</b>	<b>301</b>	<b>574</b>	<b>—</b>	<b>—</b>
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation .....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at end of year (Note 5) .....</b>	<b>¥ 42,158</b>	<b>¥ 59,115</b>	<b>¥ 67,252</b>	<b>\$ 596,899</b>
<b>Supplemental data:</b>				
Cash paid during the year for				
Income tax .....	¥ 4,707	¥ 5,650	¥ 6,645	\$ 58,985
Interest .....	1,199	1,173	1,316	11,681

# Notes to Consolidated Financial Statements

MITSUBA Corporation and its Consolidated Subsidiaries

## 1. Basis of presenting financial statement

The accompanying consolidated financial statements have been prepared from accounting records maintained by MITSUBA Corporation (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Corporation Law and the Financial Instruments and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In order to facilitate the understanding of readers outside Japan, certain reclassifications are made to the consolidated financial statements prepared for domestic reporting purposes. In addition, the notes in the consolidated financial statements also include some information that is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

U.S. dollar amounts presented in the consolidated financial statements are included solely for convenience. The rate of ¥112.67 to US\$1.00, prevailing on March 31, 2016, has been used for translation into U.S. dollar amounts in the consolidated financial statements.

## 2. Summary of significant accounting policies

### (a) Principle of consolidation

There were 48 subsidiary companies in the company on March 31, 2015. Moreover, there were 49 subsidiary companies on March 31, 2016. The consolidated financial statements included the accounts of the Company and its 30 and 30 significant subsidiaries as of March 31, 2015 and 2016, respectively.

Intercompany accounts and significant intercompany transactions have been eliminated on consolidation.

The investments in 20% - 50% owned affiliates, except for some of them, are accounted for by the equity method.

Non-consolidated subsidiaries and a part of investments in affiliates are stated at cost because of their immateriality. Earnings of these companies are recorded in the Company's books only to the extent that cash dividends are received.

The difference between the cost of investments in consolidated subsidiaries and the equity in their net assets at dates of acquisition is amortized, on a straight-line basis, over five years.

### (b) Cash and cash equivalents

The Company and its consolidated subsidiaries adopt JICPA Accounting Committee Report No.8 "Practical Guidelines Accounting Standards for Preparing Consolidated Statements of Cash Flows." Accordingly the Cash and cash equivalents include certificate deposits, bank deposits with a maturity of three months or less which can be withdrawn without any restriction, and highly liquid debt instruments with a maturity of three months or less when purchased.

### (c) Marketable securities and investment in securities

Debt and equity securities are classified in one of the three categories: held-to-maturity, trading, or available-for-sale. Debt securities that are classified as "held-to-maturity" securities are reported at amortized cost. The Company and its consolidated subsidiaries do not have any securities classified as "trading." Other debt and equity securities are classified as "available-for-sale" securities and are reported at fair value at the closing date, with unrealized gains or losses net of deferred taxes, included in unrealized gains (losses) on securities in net assets section of the consolidated balance sheet. Realized gains and losses are determined on the moving average cost method and reflected in income.

### (d) Inventories

In the Transportation Equipment-related Operations Segment, finished products, work-in-process and raw materials are mainly stated at cost determined by the average method, except foreign subsidiaries in which these are mainly valued at lower of cost or market determined by the average method.

Supplies are mainly stated at cost determined by the last invoice method.

In the Information Service Operations Segment, raw materials and work-in-process are mainly stated at cost determined by the job-order-cost method.

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is mainly computed by the declining-balance method at rates based on estimated useful lives of the respective assets.

Significant renewals and additions are capitalized at cost. Maintenance, repairs, minor renewals and betterments are charged to income as incurred.

### (f) Lease assets

Finance lease other than those, which are deemed to transfer the ownership of the leased assets to lessee are accounted for by the method similar to that applicable to ordinary sale and purchase transactions.

However, finance lease referred to above, and started earlier than March 31, 2008, are continuously accounted for in a similar manner with ordinary rental transaction.

Depreciation expense for these leased assets is provided, based on the assumption of zero-scrap-value, using the straight-line-method.

### (g) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

### (h) Retirement and pension plan

The reserve for employees' retirement benefits is stated at the amount required to cover the liability as of the balance sheet date and is based on the Company's estimate of its liability for retirement benefits and its pension fund assets as of the balance sheet date.

Prior service cost is being amortized as incurred by the straight-line method over a period (mainly 10 years) which is shorter than the average remaining years of service of the participants in the plans.

Actuarial gain or loss are being amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period (mainly 10 years) which is shorter than the average remaining years of service of the participants in the plans.

### (i) Research and development costs

Research and development costs are charged to income as incurred.

### (j) Foreign currency translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at appropriate year-end current rates, and all income and expense accounts are translated at average rate for the year. The resulting translation adjustments are presented as "Foreign currency translation adjustments" in the accompanying consolidated financial statements.

Foreign currency receivables and payables are translated at appropriate year-end current rates and the resulting transaction gains or losses are taken into income currently.

### (k) Per Share Data

Net income per share of common stock has been computed based on the weighted-average number of shares outstanding during the fiscal year.

Cash dividends per share shown for each fiscal year in the accompanying consolidated financial statements are dividends declared as applicable to the respective fiscal years.

### 3. Marketable securities and investments in securities

The cost and fair value of marketable securities and investments in securities as of March 31, 2016 are shown below:

	Yen (millions)	U.S. Dollars (thousands)
	2016	2016
Debt securities – held-to-maturity:		
Amount in balance sheet .....	—	—
Gross unrealized gains .....	—	—
Gross unrealized losses .....	—	—
Fair value .....	—	—
Debt and equity securities – available-for-sale:		
Cost .....	¥ 11,134	\$ 98,819
Gross unrealized gains .....	3,744	33,233
Gross unrealized losses .....	(185)	(1,647)
Amount in balance sheet .....	¥ 14,692	\$ 130,405

### 7. Long-term debt

Bonds at March 31, 2015 and 2016 are as follows:

Item	Issued by	Interest rate	Yen (millions)	U.S. Dollars (thousands)
			2015	2016
Unsecured Bonds:				
Due2016 Unsecured Bonds	Momimo manufacturing	0.68	84	—
			¥ 84	\$ —

As of March 31, 2016, loans of ¥42,510 million (\$377,299 thousand), including short-term borrowings debt of ¥13,803 million (\$122,510 thousand), is secured by property, plant, equipment and investments in securities with a net value of ¥6,108 million (\$54,211 thousand).

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank. The aggregate annual maturities of long-term debt are as follows:

Non-marketable securities are not included in the above cost and fair value:

Amount in balance sheet .....	¥ 691	\$ 6,134
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### 4. Inventories

Inventories at March 31, 2015 and 2016 comprise the following:

	Yen (millions)	U.S. Dollars (thousands)
	2015	2016
Merchandise and Finished products .....	¥ 20,071	¥ 17,311
Work-in-process .....	4,152	3,459
Materials and supplies .....	25,844	22,158
	¥ 50,068	¥ 42,930

### 5. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts at March 31, 2015 and 2016:

	Yen (millions)	U.S. Dollars (thousands)
	2015	2016
Cash and deposits .....	¥ 60,501	¥ 68,663
Marketable securities .....	200	200
Deposits with a maturity of three months or more .....	(1,486)	(1,510)
Securities exposed to risk of changes in value .....	(100)	(100)
Cash and cash equivalents .....	¥ 59,115	¥ 67,252

### 6. Investment in non-consolidated subsidiaries and affiliates

Investment in non-consolidated subsidiaries and affiliates are shown below:

	Yen (millions)	U.S. Dollars (thousands)
	2015	2016
Investment in non-consolidated subsidiaries and affiliates .....	¥ 7,105	¥ 9,904



Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2018 .....	¥ 11,208	\$ 99,479
2019 .....	21,278	188,857
2020 .....	11,311	100,397
2021 and thereafter .....	38,342	340,306
	<u>¥ 82,141</u>	<u>\$ 729,041</u>

## 8. Shareholders' equity

Under the Japanese Corporation Law, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its board of directors, account for an amount not exceeding one-half of the issue price of the new shares as capital surplus.

The Japanese Corporation Law provides that an amount equal to 10% of cash dividends shall be appropriated and set aside as a legal reserve until the total amount of legal reserve equals to 25% of common stock.

## 9. Income taxes

The Company and its consolidated subsidiaries in Japan are subject to a number of taxes based on income, which in the aggregate resulted in effective tax rates of approximately 35.4% in 2015 and 32.8% in 2016.

Details of income tax expense are as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2015	2016	2016
Income taxes:			
Current .....	¥ 5,440	¥6,519	\$ 57,867
Deferred .....	(128)	481	4,275
	¥ 5,312	¥ 7,001	\$ 62,142

The significant components of deferred tax assets and liabilities are as follows:

	Yen (millions)	U.S. Dollars (thousands)	
	2015	2016	2016
Deferred tax assets:			
Accrued employees' bonuses .....	¥ 1,320	¥ 1,296	\$ 11,506
Provision for Enterprise taxes .....	79	29	262
Warranty reserves for products .....	1,003	677	6,016
Retirement and severance benefit for directors and statutory auditors .....	127	140	1,244
Others .....	3,774	3,572	31,708
Gross deferred tax assets .....	¥ 6,304	¥ 5,716	\$ 50,737
Deferred tax liabilities:			
Reserve for special depreciation .....	(6)	(1)	(12)
Reserve for program development ....	(5)	(5)	(45)
Net defined benefit asset .....	(3,596)	(1,975)	(17,533)
Valuation difference on available-for-sale securities .....	(2,177)	(1,086)	(9,640)
Others .....	(34)	(7)	(66)
Gross deferred tax liabilities .....	(5,820)	(3,075)	(27,298)
Net deferred tax assets .....	¥ 483	¥ 2,640	\$ 23,438

Reconciliation of the differences between the statutory tax rate and the actual effective tax rate is as follows:

	2015	2016
Statutory effective tax rate .....	35.4%	32.8%
Increase (reduction) in taxes resulting from:		
Non-deductible expenses .....	0.3	0.3
Taxation on per capita basis .....	0.2	0.3
Non-taxable income .....	(0.8)	(0.2)
Difference in normal tax rates of foreign subsidiaries ..	(11.7)	(4.2)
Equity in income of affiliates .....	0.6	1.4
Valuation allowance .....	(1.7)	4.8
Others .....	5.6	4.3
Actual effective tax rate .....	<u>27.9%</u>	<u>39.5%</u>

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2015	2016	2016
Current assets – Deferred tax assets .....	¥ 4,849	¥ 4,671	\$ 41,464
Investment and other assets –			
Deferred tax assets .....	1,455	1,044	9,274
Current liabilities – Others .....	(0)	—	—
Long - term liabilities – Others .....	(5,820)	(3,075)	(27,298)
Net deferred tax assets .....	¥ 483	¥ 2,640	\$ 23,439

## 10. Lease assets

A summary of assumed amounts of acquisition cost and accumulated depreciation of lease equipments, the transaction of which began before March 31, 2008, is as follows:

	Yen (millions)	U.S. Dollars (thousands)	
Class of property	2015	2016	2016
Machinery and equipment and others .....	¥ 348	¥ 266	\$ 2,367
Accumulated depreciation .....	(194)	(185)	(1,647)
	¥ 153	¥ 81	\$ 719

Future lease payments required under such finance lease that have initial or remaining terms in excess of one year as of March 31, 2016 are:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2017 .....	¥ 22	\$ 203
2018 and thereafter .....	64	568
Total future lease payments .....	<u>¥ 86</u>	<u>\$ 771</u>

Future lease payments required under operating lease that have initial in excess of one year as of March 31, 2016 are:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2017 .....	¥ 66	\$ 587
2018 and thereafter .....	133	1,183
Total future lease payments .....	<u>¥ 199</u>	<u>\$ 1,770</u>

## 11. Derivative financial instruments

The Company and its consolidated subsidiaries enter into forward currency exchange contracts, foreign currency option contracts and interest rate swap contracts as derivative financial instruments. The Company and its consolidated subsidiaries deal with forward currency exchange transactions and foreign currency option contracts to hedge exchange rate risk of monetary receivables denominated in foreign currencies. Interest rate swap transactions are made in order to minimize the risk of interest rate on borrowings changing upward.

The derivative transactions as of March 31, 2016 are summarized as follows:

### (1) Interest-Rate-Related Derivatives

	Yen (millions)		
	2016		
	Contract value	Fair value	Unrealized gain (loss)
Interest-rate swaps:			
receive floating, pay fixed	<u>¥ 48,600</u>	<u>¥ (849)</u>	<u>¥ (849)</u>
	U.S. Dollars (thousands)		
	2016		
	Contract value	Fair value	Unrealized gain (loss)
Interest-rate swaps:			
receive floating, pay fixed	<u>\$ 431,348</u>	<u>\$ (7,537)</u>	<u>\$ (7,537)</u>

## 12. Pension and severance plans

The Company and its consolidated subsidiaries in Japan have various defined benefit pension plans and severance indemnity plans. Some of foreign subsidiaries also have defined benefit pension plans. The Company and some of domestic consolidated subsidiaries adopted defined contribution pension plans.

	Yen (millions)	U.S. Dollars (thousands)
	2016	2016
Pension and severance obligation		
Projected benefit obligation	¥ (27,937)	\$ (247,961)
Plan assets	34,722	308,176
Funded status	6,784	60,215
Unrecognized actuarial loss	2,006	17,808
Unrecognized past service liability	(1,079)	(9,579)
Net amount recognized	7,711	68,444
Net defined benefit asset	(9,131)	(81,046)
Net defined benefit liability	<u>¥ (1,419)</u>	<u>\$ (12,601)</u>

	Yen (millions)	U.S. Dollars (thousands)
	2016	2016
Detail of net periodic pension cost		
Service cost	¥ 903	\$ 8,021
Interest cost	254	2,256
Expected return on plan assets	(1,500)	(13,321)
Amortization actuarial loss	(125)	(1,110)
Amortization of past service liability	(215)	(1,915)
Extra severance pay cost	46	410
Net periodic benefit cost	<u>(637)</u>	<u>(5,659)</u>
Others	776	6,888
Total	<u>¥ 138</u>	<u>\$ 1,228</u>

Actuarial assumptions	2016
Discount rate	Mainly 0.0%
Expected return on plan assets	Mainly 2.6%

## 13. Contingent liabilities

No relevance

## 14. Segment information

The following tables present certain information regarding the Company and its consolidated subsidiaries' industry segments and operations by geographic areas at March 31, 2015 and 2016 and for the years then ended:

**Industry segments:**

	Yen (Millions)		U.S.Dollars (Thousands)
	Year ended March 31		Year ended March 31
	2015	2016	2016
Sales and operating revenue:			
Transportation Equipment-related Operations			
Customers .....	¥ 293,601	¥ 319,755	\$ 2,837,983
Intersegment .....	654	579	5,140
Total .....	294,256	320,334	2,843,124
Information Service Operations			
Customers .....	¥ 9,986	¥ 11,371	\$ 100,924
Intersegment .....	1,450	1,675	14,868
Total .....	11,436	13,046	115,792
Others			
Customers .....	¥ 2,443	¥ 2,105	\$ 18,688
Intersegment .....	241	217	1,926
Total .....	2,684	2,322	20,614
Corporate and elimination .....	(2,347)	(2,471)	(21,934)
Consolidated .....	¥ 306,030	¥ 333,232	\$ 2,957,596
Operating income: .....			
Transportation Equipment-related Operations .....	¥ 21,246	¥ 22,087	\$ 196,038
Information Service Operations .....	560	643	5,707
Others .....	271	144	1,279
Corporate and elimination .....	17	15	133
Consolidated .....	¥ 22,096	¥ 22,889	\$ 203,158
Identifiable assets:			
Transportation Equipment-related Operations .....	¥ 308,680	¥ 307,702	\$ 2,731,010
Information Service Operations .....	11,372	11,164	99,088
Others .....	12,616	13,049	115,819
Corporate and elimination .....	(16,759)	(17,057)	(151,394)
Consolidated .....	¥ 315,910	¥ 314,859	\$ 2,794,524
Depreciation			
Transportation Equipment-related Operations .....	¥ 13,898	¥ 15,152	\$ 134,482
Information Service Operations .....	533	631	5,603
Others .....	38	21	190
Consolidated .....	¥ 14,469	¥ 15,804	\$ 140,276
Impairment loss			
Transportation Equipment-related Operations .....	¥ 608	¥ 20	\$ 180
Information Service Operations .....	—	—	—
Others .....	—	—	—
Consolidated .....	¥ 608	¥ 20	\$ 180
Capital expenditures:			
Transportation Equipment-related Operations .....	¥ 18,169	¥ 19,243	\$ 170,791
Information Service Operations .....	325	593	5,266
Others .....	26	6	57
Consolidated .....	¥ 18,521	¥ 19,842	\$ 176,114

**Geographic areas:**

	Yen (Millions)		U.S.Dollars (Thousands)
	Year ended March 31		Year ended March 31
	2015	2016	2016
Sales and operating revenue:			
Japan			
Customers .....	¥ 105,264	¥ 103,885	\$ 922,035
Intersegment .....	61,525	61,255	543,668
Total .....	166,789	165,140	1,465,704
America			
Customers .....	¥ 84,001	¥ 98,131	\$ 870,959
Intersegment .....	1,556	2,917	25,896
Total .....	85,557	101,048	896,856
Asia			
Customers .....	¥ 100,813	¥ 113,907	\$ 1,010,987
Intersegment .....	53,519	60,585	537,728
Total .....	154,333	174,493	1,548,716
Europe			
Customers .....	¥ 15,951	¥ 17,307	\$ 153,613
Intersegment .....	1,195	1,027	9,119
Total .....	17,146	18,335	162,732
Corporate and elimination .....	(117,796)	(125,786)	(1,116,413)
Consolidated .....	¥ 306,030	¥ 333,232	\$ 2,957,596
Operating income:			
Japan .....	¥ 6,806	¥ 4,710	\$ 41,810
America .....	1,054	2,857	25,358
Asia .....	14,014	14,029	124,515
Europe .....	929	613	5,444
Corporate and elimination .....	(708)	679	6,029
Consolidated .....	¥ 22,096	¥ 22,889	\$ 203,158
Identifiable assets:			
Japan .....	¥ 241,840	¥ 235,643	\$ 2,091,450
America .....	48,021	46,408	411,899
Asia .....	106,928	114,683	1,017,871
Europe .....	10,695	12,210	108,370
Corporate and elimination .....	(91,575)	(94,086)	(835,066)
Consolidated .....	¥ 315,910	¥ 314,859	\$ 2,794,524

# **Independent Auditor's Report**

To the Shareholders and the Board of Directors of  
MITSUBA Corporation

We have audited the accompanying consolidated financial statements of MITSUBA Corporation and its subsidiaries, which comprise the consolidated balance sheet as of March 31, 2016, and the consolidated statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Consolidated Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MITSUBA Corporation and its subsidiaries as of March 31, 2016, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

The accompanying consolidated financial statements as of and for the year then ended March 31, 2016 have been translated into U.S. Dollars solely for the convenience of the reader. We have reviewed the translation and, in our opinion, the financial statements expressed in Yen have been translated into U.S. Dollars on the basis set forth in Note 1 to the consolidated financial statements.

June 24, 2016  
Tokyo, Japan

*Shinjuku Audit Corporation*

# **MITSUBA**

## **MITSUBA Corporation**

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