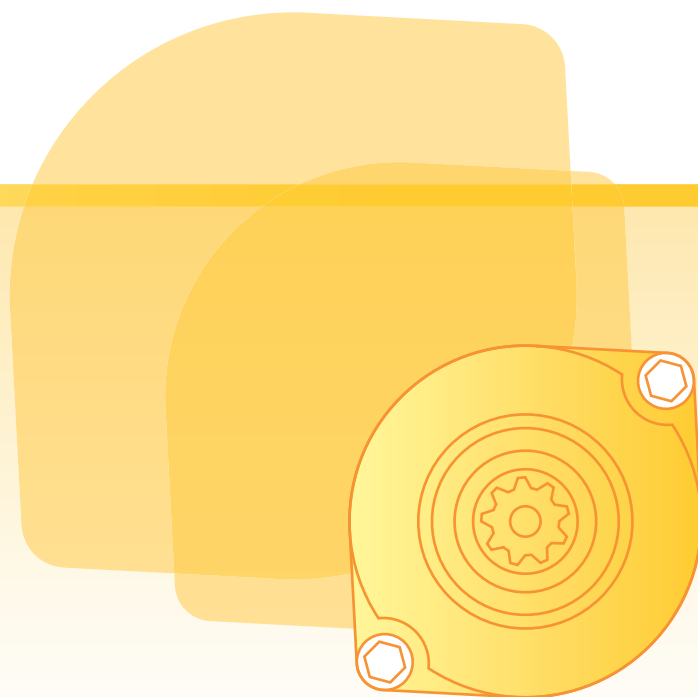


MITSUBA

MITSUBA Corporation

ANNUAL REPORT 2018

Fiscal Year Ended March 31, 2018



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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 automotive industry is now approaching a once-in-a-century turning point called CASE (Connectivity, Autonomous, Sharing, Electricity).

The 11th Midterm Management Plan aims to take advantage of the current major turning point to anticipate changes in customer needs and advances in automobiles, and develop and propose new value products based on our motor technology. We also plan to utilize our group business network that spans 18 countries across the globe to improve

productivity by optimizing the entire process including development, procurement, production, and delivery which will help build a solid revenue base along with enhancing our product competitiveness by incorporating smart factories with IoT. Furthermore, our number one priority is thorough quality assurance on a global scale and a stable supply of products, which are fundamental business practices, so that we can take our quality assurance system and customer satisfaction to the next level.

We will continue our efforts to become a trusted company that meets society's expectations by ensuring full compliance and enhancing our corporate governance keeping to heart our philosophy of "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 81-277-52-0111
Fax 81-277-52-5191

Established :

March 8, 1946

Paid-in Capital :

¥9,885 million

Stock Listed :

Tokyo Stock Exchange First Section

Authorized :

150,000,000 shares

Outstanding :

45,581,809 shares

Number of Shareholders :

6,737

Number of Employees :

Consolidated: 26,845 (4,381)

Non-consolidated: 4,111

The figure in parentheses is the annual average number of temporary employees.

(As of March 31, 2018)



Directors

Chairman of the Board and Chief Executive Officer
Noboru Hino

Representative Director, President
Yuichi Nagase

Representative Director
Yoshikazu Takahashi

Representative Director
Kenichi Mita

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)
Shigeki Dantani

Audit & Supervisory Committee Member (External)
Yusuke Tasaka

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
Takashi Nara

Managing Officer
Shigeo Sekita

Managing Officer
Takumi Tada

Managing Officer
Katsuyoshi Kitada

Managing Officer
Tokuyu Tanahashi

Managing Officer
Nobuyuki Take

Managing Officer
Kunihiko Arai

Managing Officer
Masayoshi Shirato

Managing Officer
Hisashi Ogata

Managing Officer
Masamichi Mogi

Managing Officer
Yutaka Nozue

Operating Officer
Hideo Higeta

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

Operating Officer
Sadami Hino

Operating Officer
Michio Okada

Operating Officer
Hideaki Komiya

Operating Officer
Yusuke Ichikawa

(As of June 22, 2018)

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.) 2018: April 2017 – March 2018

	Yen (millions), except for per share amounts					
	2013	2014	2015	2016	2017	2018
Net sales	¥ 225,605	¥ 272,543	¥ 306,030	¥ 333,232	¥ 327,977	¥ 387,186
Gross profit	29,971	41,024	51,486	53,488	55,486	59,258
Operating income	9,032	17,054	22,096	22,889	22,687	19,103
Profit (loss) before income taxes	10,318	10,037	19,044	17,729	13,460	9,127
Profit (loss) attributable to owners of parent ...	6,473	7,028	11,434	8,518	5,082	(6,528)
Capital expenditures	16,186	17,452	18,521	19,842	20,955	22,304
Total assets	207,534	258,186	315,910	314,859	329,391	340,207
Return on assets (%)	3.2	3.0	4.0	2.7	1.6	(2.0)
Shareholders' equity	44,307	56,657	79,344	76,014	78,081	68,473
Return on equity (%)	16.6	13.9	16.8	11.0	6.6	(8.9)
Shareholders' equity ratio (%)	21.3	21.9	25.1	24.1	23.7	20.1
Per share(yen):Net income	¥ 144.51	¥ 156.99	¥ 255.47	¥ 190.31	¥ 113.55	¥ (145.87)
Cash dividends applicable to period (yen)	¥ 8.0	¥ 8.0	¥ 14.0	¥ 18.0	¥ 15.0	¥ 16.0
Interest coverage (times)	12.9	17.2	13.9	22.2	19.5	3.7
Expenses for R&D	10,627	10,725	11,002	13,039	13,806	14,441
Ratio of SG&A to net sales (%)	9.3	8.8	9.6	9.2	10.0	10.4
Current ratio (%)	96.2	131.9	143.8	148.7	152.5	144.6
Fixed ratio (%)	207.4	193.4	158.7	160.9	170.7	202.2
Interest - bearing debt	99,843	111,731	134,344	141,816	152,669	175,222
Cash flows						
Operating activity	16,075	20,588	16,330	29,276	25,450	5,470
Investing activity	(16,495)	(15,343)	(19,641)	(20,027)	(21,201)	(19,876)
Financing activity	(1,831)	3,395	17,316	1,398	3,409	16,385

History

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

As the pace of innovations in technical innovations for automobiles technologies increases, the global market has become more diverse. In this environment, over the medium to long term, Mitsuba will focus on developing top-of-the-line products interconnecting control and mechanism technologies with our key strength in motor technology for meeting customer needs for safety and peace of mind in the diversifying mobility market. Also, we will use products and services integrating the collective strengths of the Mitsuba Group to meet new challenges in creating new markets tailored to an ecological society and an aging society.

Key Issues

Although the world economy continues to show solid growth, the future outlook remains unpredictable due to trade problems, security issues, and other increasing geopolitical risks.

Among these circumstances, four major trends called CASE (Connectivity, Autonomous, Sharing, Electricity) are arising in the automotive industry, bringing about a once-in-a-century turning point.

Under this business environment, the 11th Midterm Management Plan, which runs from FY2017 to FY2019, is based on efforts to achieve our three-point management policy of “predicting future changes and developing, proposing, and marketing leading technology products that are ahead of the curve”, “strengthening the revenue base through innovative approaches to productivity improvements”, and finally, “prioritizing customer satisfaction in everything we do”.

Outlook for the Next Term

The future economic situation in Japan shows that although the economy is expected to remain strong due to improvements in employment and income, it faces risks of economic downturn including geopolitical risks such as political strife in the U.S. and Europe, a stalled economy in China, and protectionist trade policies in the U.S. It is expected that uncertainties will continue for the time being due to these risk factors, which could lead to destabilization of the global financial markets and a faltering global economy.

For the outlook of the annual consolidated performance in the end of the term in March 2019, although sales are expected to grow to a certain extent, factors such as increasing prices in raw materials and fuels, rising depreciation associated with equipment investment in the manufacturing and R&D divisions, and increasing transportation costs result in a prediction of ¥340,000 million in consolidated sales (12.2% decrease compared to the previous year), an operating profit of ¥17,000 million (11.0% decrease compared to the previous year), a pretax profit of ¥17,000 million (15.2% decrease compared to the previous year), and a current term net profit attributable to owners of the parent of ¥3,000 million (net loss attributable to owners of the parent of ¥6,528 million in the previous year).

We will continue our efforts to become a trusted company that meets society's expectations by ensuring full compliance and enhancing 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, 50 subsidiary companies and 4 affiliated companies. Our primary lines of business are transportation equipment-related operations and information service operations, but we also cover agency services and electrical construction for group companies and other companies.

Auto Electrical Products



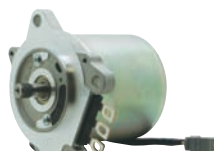
Front Wiper System



Power Window Motor



Power Sliding Door System



Electric Power Steering Motor



Starter Motor

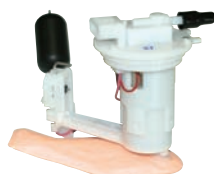


Electric Oil Pump

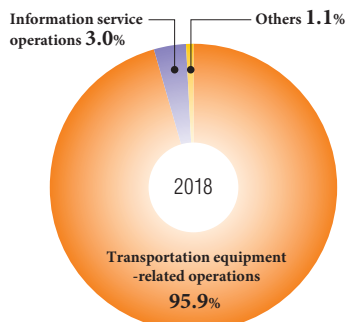
Motorcycle Electrical Products



ACG Starter



Fuel Pump Module



Sales by Business

Operating Results for term end March 2018

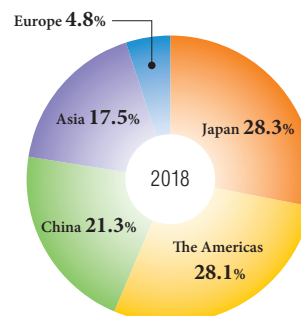
In the current consolidated fiscal year, the Japanese economy has remained on a trajectory toward gradual recovery due to favorable corporate profits from improving exports, and improved employment conditions and income environment. However, concerns over trends in U.S. politics and the political situation in Europe have resulted in a continuing unstable economic environment.

On the other hand, the world economic situation has continued to improve thanks to increased individual spending due to an improving employment environment, despite a feeling of uncertainty among the current administration in the U.S. Monetary easing and increased exports in Europe have supported the gradual recovery in that region of the world. Signs pointing to economic recovery in China and other emerging countries are enjoying an overall steady trend. However, uncertainty also rose due to concerns about trade protectionism and other political policies, and so the surrounding environment for our company remained unpredictable.

Under these circumstances, the Japanese domestic automobile sales in FY2017 was 5,197 thousand (2.3% increase compared to the previous year), taking on a more steady track from the previous year. Although the number of registered vehicles fell to 3,338 thousand (0.6% decrease compared to the previous year), sales of mini vehicles showed strong growth to 1,859 thousand (8.1% increase compared to the previous year), for strong growth overall.

Looking at overseas markets, sales of automobiles in the U.S. were 17,230 thousand (1.8% decrease compared to the previous year), which is lower than the previous year for the first time in eight years. This is because of a cycle of demand for purchasing replacements that continued due to economic recovery following the collapse of the Lehman Brothers, coupled with the rise in the policy interest rate. With strong sales in Eastern Europe, sales in Europe reached 15,632 thousand (3.3% increase compared to the previous year). Sales in China increased to 28,879 thousand (3.0% increase compared to the previous year), showing continued strong sales from last year, with a dramatic increase in electric vehicles sold thanks to the government's preferential treatment, despite ranking lower than other automobiles in sales.

Japanese domestic motorcycle sales and shipments were 349 thousand total (2.2% increase compared to the previous year), resulting in the first increase in four years. Despite a significant decrease in motorized bicycles category 2, light motorcycles showed large growth thanks to the effect of new models from major Japanese manufacturers. On the other hand, in overseas markets, sales continue to fall in Indonesia and Brazil, but motor scooters showed remarkable growth in India where demand is highest, and together with motorbikes, the market continues to grow.



Sales by Geographic Region

Under this environment, the closing date for the current consolidated fiscal year was changed to March 31 (for 13 consolidated subsidiaries overseas excluding Europe) to ensure proper disclosure of consolidated financial statements, although previously financial statements as of December 31, which was the closing date of the consolidated subsidiaries, were used and adjustments necessary for consolidation were made for any important transactions that occurred between the closing date and the consolidated closing date. This change resulted in the current consolidated fiscal year running for the 15 months from January 1, 2017 to March 31, 2018, for which period the consolidated statement of income was created. As a result, the consolidated sales of our group totaled ¥387,186 million (18.1% increase compared to the previous year). The consolidated operating profit was ¥19,103 million (15.8% decrease compared to the previous year) and the consolidated pretax profit was ¥20,055 million (0.8% decrease compared to the previous year) due to the continued high cost of materials and increased costs incurred in dealing with defects. The current term net loss attributable to owners of the parent was ¥6,528 million (net profit attributable to owners of the parent of ¥5,082 in the previous year) due to factors such as recording of extraordinary losses for settlement fees for group civil litigation in the U.S. and recall expenses, as well as recording of deferred income tax due to deferred tax liabilities for the retained earnings of overseas subsidiaries.

By Business

Transportation Equipment-related Operations Segment

Sales increased due to the growth in automobile production in Japan and the continued strong automobile production in China, resulting in increased sales of ¥371,867 million (18.3% increase compared to the previous year). However, the cost of dealing with defects resulted in an operating profit of ¥18,006 million (17.3% decrease compared to the previous year).

Information Service Operations Segment

We had been committed to gaining orders from public and private sectors, and improved our profit structure. Sales reached ¥13,933 million (3.5% increase compared to the previous year) with an operating profit of ¥704 million (3.7% increase compared to the previous year).

Other Businesses

Sales were ¥6,311 million (118.9% increase compared to the previous year) with an operating profit of ¥339 million (60.5% increase compared to the previous year).

Breakdown by Region

Japan

Sales reached ¥109,641 million (1.7% increase compared to the previous year) with an operating profit of -¥351 million (operating profit of ¥5,728 million in the previous year).

The Americas

Sales reached ¥108,633 million (24.3% increase compared to the previous year) with an operating profit of ¥827 million (10.2% decrease compared to the previous year).

Europe

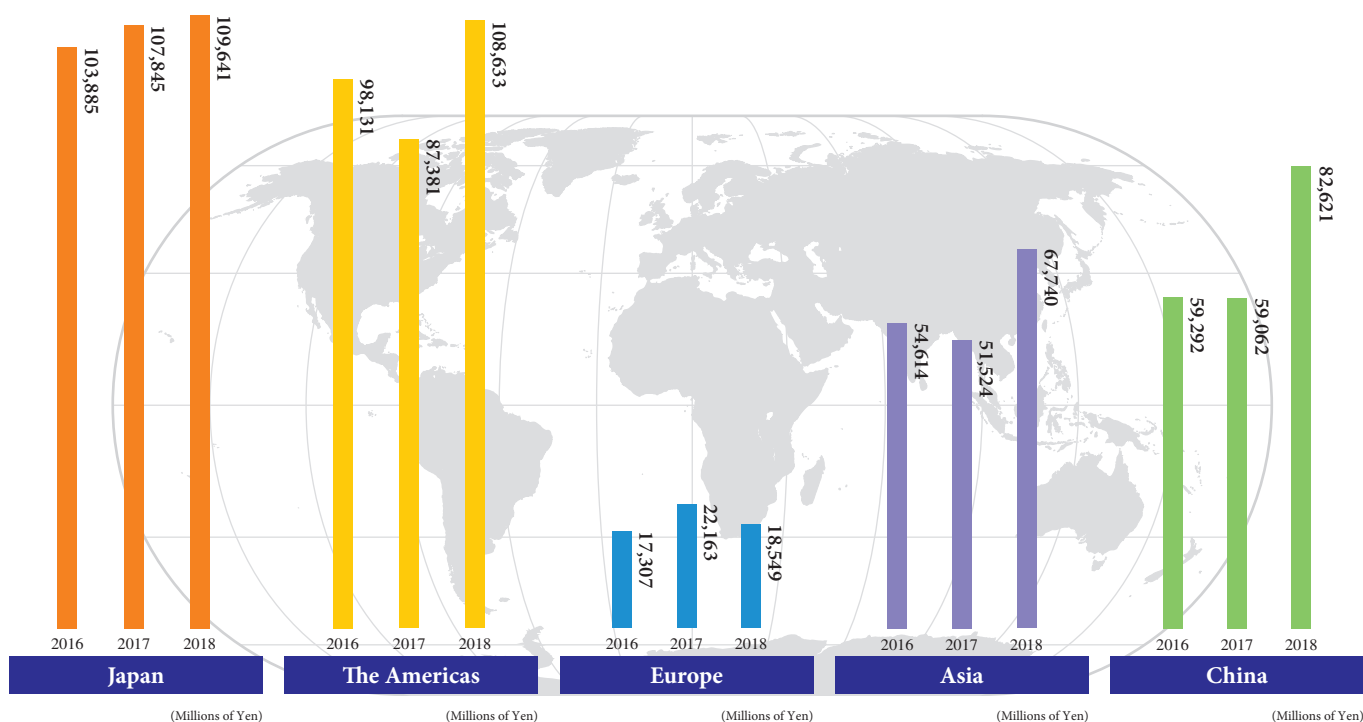
Sales reached ¥18,549 million (16.3% decrease compared to the previous year) with an operating profit of ¥131 million (82.2% decrease compared to the previous year).

Asia

Sales reached ¥67,740 million (31.5% increase compared to the previous year) with an operating profit of ¥9,623 million (34.4% increase compared to the previous year).

China

Sales reached ¥82,621 million (39.9% increase compared to the previous year) with an operating profit of ¥8,505 million (10.4% increase compared to the previous year).



Each fiscal year ending March 31

Consolidated Balance Sheets

MITSUBA Corporation and its Consolidated Subsidiaries
As of March 31, 2017 and 2018

	Yen (Millions) As of March 31		U.S. Dollars (Thousands) As of March 31
	2017	2018	2018
ASSETS			
Current assets:			
Cash and deposits (Note 5)	¥ 75,789	¥ 79,030	\$ 743,398
Marketable securities (Notes 3 & 5)	100	99	940
Trade receivables:			
Accounts and notes (Note 13)	56,988	56,325	529,826
Less: Allowance for doubtful accounts	(66)	(61)	(581)
Inventories (Note 4)	41,755	42,354	398,403
Deferred tax assets (Note 9)	4,902	3,694	34,753
Others	16,615	20,287	190,830
Total current assets	196,083	201,731	1,897,573
Property, plant and equipment (Notes 7 & 10):			
Land	6,268	6,826	64,214
Buildings and structures	63,439	65,795	618,904
Machinery, equipment and others	179,428	188,630	1,774,344
Construction in progress	9,910	9,741	91,628
Lease assets	4,785	5,367	50,490
	263,831	276,361	2,599,582
Less accumulated depreciation	(185,851)	(192,894)	(1,814,454)
Net Property, plant and equipment	77,980	83,466	785,127
Investments and other assets:			
Investments in securities (Notes 3 & 6)	31,432	28,897	271,819
Longterm loans	3,609	2,364	22,238
Deferred tax assets (Note 9)	1,811	2,591	24,378
Others	18,624	21,307	200,425
Less: Allowance for doubtful accounts	(150)	(150)	(1,414)
Total investments and other assets	55,326	55,009	517,447
Total assets	¥ 329,391	¥ 340,207	\$ 3,200,148
Liabilities and Shareholders' Equity			
Current liabilities:			
Shortterm borrowings (Note 7)	¥ 40,800	¥ 44,531	\$ 418,884
Current portion of longterm debt (Note 7)	10,921	21,104	198,517
Trade payables:			
Accounts and notes	30,513	29,921	281,458
Income taxes payable (Note 9)	1,713	1,649	15,513
Reserve for employees' bonuses	4,639	4,565	42,947
Others (Note 9)	39,961	37,721	354,821
Total current liabilities	128,550	139,493	1,312,142
Longterm liabilities:			
Longterm debt (Note 7)	95,931	104,010	978,367
Net defined benefit liability (Note 12)	1,233	1,374	12,931
Others (Note 9)	10,371	12,097	113,797
Total longterm liabilities	107,536	117,482	1,105,096
Total liabilities	¥ 236,087	¥ 256,976	\$ 2,417,239
Contingent liabilities (Note 13):			
Net assets (Note 8):			
Shareholders' equity			
Common stock			
Authorized: 150,000,000 Shares			
Outstanding:			
March 31, 2017 and 2018: 45,581,809 Shares	9,885	9,885	92,985
Capital surplus	15,592	15,593	146,682
Retained earnings	52,011	45,147	424,681
Treasury stock, at cost:			
March 31, 2017: 823,307 Shares	(601)	—	—
March 31, 2018: 823,565 Shares	—	(602)	(5,668)
Total shareholders' equity	76,888	70,024	658,681
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	3,406	2,795	26,293
Foreign currency translation adjustments	(2,169)	(5,420)	(50,991)
Remeasurements of defined benefit plans	(44)	1,074	10,110
Total accumulated other comprehensive income	1,193	(1,550)	(14,587)
Non-controlling interests	15,222	14,757	138,815
Total net assets	93,304	83,231	782,908
Total liabilities and net asset	¥ 329,391	¥ 340,207	\$ 3,200,148

Consolidated Statements of Comprehensive Income

MITSUBA Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2016, 2017 and 2018

Consolidated Statements of Income

	Yen (Millions)			U.S. Dollars (Thousands)
	Year ended March 31			Year ended March 31
	2016	2017	2018	2018
Net sales (Note 14)	¥ 333,232	¥ 327,977	¥ 387,186	\$ 3,642,051
Cost of sales	279,743	272,491	327,927	3,084,637
Gross profit	53,488	55,486	59,258	557,414
Selling, general and administrative expenses	30,598	32,798	40,155	377,721
Operating income (Note 14)	22,889	22,687	19,103	179,692
Other income (expenses):				
Interest and dividend income	951	1,162	1,308	12,307
Interest expenses	(1,320)	(1,298)	(1,466)	(13,794)
Others, net	(4,791)	(9,091)	(9,817)	(92,349)
Profit (loss) before income taxes	17,729	13,460	9,127	85,856
Income taxes (Note 9)	(7,001)	(5,791)	(12,243)	(115,169)
Profit (loss)	10,728	7,669	(3,116)	(29,313)
Profit (loss) attributable to non-controlling interests	2,210	2,587	3,412	32,101
Profit (loss) attributable to owners of parent	¥ 8,518	¥ 5,082	¥ (6,528)	\$ (61,414)

	Yen			U.S. Dollars
	2016	2017	2018	2018
Per share of common stock:				
Net income — Basic	¥ 190.31	¥ 113.55	¥ (145.87)	\$ (1.37)
— Diluted	—	—	—	—
Cash dividends, applicable to period	18.00	15.00	16.00	0.15

Consolidated Statements of comprehensive income

	Yen (Millions)			U.S. Dollars (Thousands)
	Year ended March 31			Year ended March 31
	2016	2017	2018	2018
Profit (loss)	¥ 10,728	¥ 7,669	¥ (3,116)	\$ (29,313)
Other comprehensive income				
Valuation difference on available-for-sale securities	(2,135)	1,079	(601)	(5,658)
Foreign currency translation adjustment	(5,611)	(4,268)	(4,213)	(39,634)
Remeasurements of defined benefit plans, net of tax	(4,048)	746	1,209	11,380
Share of the other comprehensive income of affiliates accounted for using equity method	(316)	(79)	402	3,789
Comprehensive income	¥ (1,382)	¥ 5,146	¥ (6,318)	\$ (59,436)
Comprehensive income attributable to				
Owners of the parent	(2,581)	2,879	(9,273)	(87,228)
Non-Controlling interests	1,198	2,266	2,954	27,791

Consolidated Statements of Changes in Net Assets

MITSUBA Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2016, 2017 and 2018

	Yen (Millions)					
	Shareholders' equity					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2015	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						
Balance at March 31, 2016	45,581,809	¥ 9,885	¥ 15,598	¥ 47,735	¥ (600)	¥ 72,618
Change in treasury shares of parent arising from transactions with non-controlling shareholders			(6)			(6)
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock			0		0	0
Profit (loss) attributable to owners of parent ...				5,082		5,082
Cash dividends				(805)		(805)
Net changes during the year						
Balance at March 31, 2017	45,581,809	¥ 9,885	¥ 15,592	¥ 52,011	¥ (601)	¥ 76,888
Change in treasury shares of parent arising from transactions with non-controlling shareholders			0			0
Change of scope of consolidation				336		336
Purchase of treasury stock					(1)	(1)
Disposal of treasury stock			0		0	0
Profit (loss) attributable to owners of parent				(6,528)		(6,528)
Cash dividends				(671)		(671)
Net changes during the year						
Balance at March 31, 2018	45,581,809	¥ 9,885	¥ 15,593	¥ 45,147	¥ (602)	¥ 70,024
	U.S.Dollars (Thousands)					
	Shareholders' equity					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2017	45,581,809	\$ 92,985	\$ 146,675	\$ 489,246	\$ (5,659)	\$ 723,248
Change in treasury shares of parent arising from transactions with non-controlling shareholders			6			6
Change of scope of consolidation				3,164		3,164
Purchase of treasury stock					(10)	(10)
Disposal of treasury stock			1		1	2
Profit (loss) attributable to owners of parent ...				(61,414)		(61,414)
Cash dividends				(6,315)		(6,315)
Net changes during the year						
Balance at March 31, 2018	45,581,809	\$ 92,985	\$ 146,682	\$ 424,681	\$ (5,668)	\$ 658,681

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		
Balance at March 31, 2015	¥ 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)
Balance at March 31, 2016	¥ 2,350	¥ 1,785	¥ (740)	¥ 3,395	¥ 14,293	¥ 90,307
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(6)
Purchase of treasury stock						(0)
Disposal of treasury stock						0
Profit (loss) attributable to owners of parent						5,082
Cash dividends						(805)
Net changes during the year	1,055	(3,954)	696	(2,202)	928	(1,273)
Balance at March 31, 2017	¥ 3,406	¥ (2,169)	¥ (44)	¥ 1,193	¥ 15,222	¥ 93,304
Change in treasury shares of parent arising from transactions with non-controlling shareholders						0
Change of scope of consolidation						336
Purchase of treasury stock						(1)
Disposal of treasury stock						0
Profit (loss) attributable to owners of parent						(6,528)
Cash dividends						(671)
Net changes during the year	(611)	(3,251)	1,118	(2,744)	(464)	(3,209)
Balance at March 31, 2018	¥ 2,795	¥ (5,420)	¥ 1,074	¥ (1,550)	¥ 14,757	¥ 83,231

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		
Balance at March 31, 2017	\$ 32,045	\$ (20,405)	\$ (415)	\$ 11,227	\$ 143,186	\$ 877,660
Change in treasury shares of parent arising from transactions with non-controlling shareholders						6
Change of scope of consolidation						3,164
Purchase of treasury stock						(10)
Disposal of treasury stock						2
Profit (loss) attributable to owners of parent ...						(61,414)
Cash dividends						(6,315)
Net changes during the year	(5,752)	(30,586)	10,525	(25,814)	(4,371)	(30,185)
Balance at March 31, 2018	\$ 26,293	\$ (50,991)	\$ 10,110	\$ (14,587)	\$ 138,815	\$ 782,908

Consolidated Statements of Cash Flows

MITSUBA Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2016, 2017 and 2018

	Yen (Millions) Year ended March 31			U.S.Dollars (Thousands) Year ended March 31
	2016	2017	2018	2018
Cash flows from operating activities:				
Profit (loss) attributable to owners of parent.....	¥ 8,518	¥ 5,082	¥ (6,528)	\$ (61,414)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	15,804	15,173	18,324	172,371
Loss on disposal of fixed assets	772	1,868	314	2,957
Deferred income tax	481	(745)	3,875	36,457
Decrease (Increase) in assets:				
Trade receivables	(5,052)	(4,325)	(590)	(5,557)
Inventories	4,767	(1,315)	(797)	(7,499)
Other current assets	4,027	2,597	(3,739)	(35,172)
Increase (Decrease) in liabilities:				
Trade payables	4,397	3,369	(1,754)	(16,501)
Accrued expenses	(343)	1,211	13,866	130,435
Income taxes payable	(209)	406	(64)	(608)
Net defined benefit liability	251	(146)	240	2,258
Other current liabilities	(4,153)	2,546	(2,934)	(27,606)
Others, net	13	(273)	(14,741)	(138,660)
Net cash provided by operating activities	29,276	25,450	5,470	51,458
Cash flows from investing activities:				
Payments for purchases of investment in securities	(66)	(244)	(5,173)	(48,665)
Proceeds from sales of investment in securities	18	131	7,368	69,310
Payments for acquisition of property, plant and equipment	(18,118)	(20,150)	(20,265)	(190,629)
Proceeds from sales of property, plant and equipment	916	436	446	4,195
Others, net	(2,777)	(1,374)	(2,251)	(21,183)
Net cash used in investing activities	(20,027)	(21,201)	(19,876)	(186,971)
Cash flows from financing activities:				
Increase (Decrease) in shortterm loans, net	(2,866)	1,037	4,168	39,213
Proceeds from longterm debt	24,009	26,275	31,604	297,288
Repayment of longterm debt	(13,046)	(15,390)	(13,118)	(123,399)
Repayment of lease obligation	(1,779)	(1,728)	(2,072)	(19,492)
Repayment of bonds	(84)	—	—	—
Cash dividends paid	(1,835)	(2,195)	(4,131)	(38,863)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,910)	(4,663)	(64)	(606)
Others, net	(88)	74	(0)	(8)
Net cash provided by (used in) financing activities	1,398	3,409	16,385	154,132
Effect of exchange rate changes on cash and cash equivalents	(2,510)	(648)	(1,495)	(14,065)
Net increase in cash and cash equivalents	8,136	7,010	484	4,553
Cash and cash equivalents at beginning of year	59,115	67,252	74,262	698,550
Increase in cash and cash equivalents from newly consolidated subsidiary	—	—	1,531	14,404
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	—	—	—
Cash and cash equivalents at end of year (Note 5)	¥ 67,252	¥ 74,262	¥ 76,278	\$ 717,508
Supplemental data:				
Cash paid during the year for				
Income tax	¥ 6,645	¥ 6,076	¥ 8,458	\$ 79,568
Interest	1,316	1,303	1,482	13,940

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 ¥106.31 to US\$1.00, prevailing on March 31, 2018, 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 50 subsidiary companies in the Company on March 31, 2017. Moreover, there were 50 subsidiary companies on March 31, 2018. The consolidated financial statements included the accounts of the Company and its 30 and 33 significant subsidiaries as of March 31, 2017 and 2018, 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, 2018 are shown below:

	Yen (millions)	U.S. Dollars (thousands)
	2018	2018
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	¥ 12,944	\$ 121,763
Gross unrealized gains	4,314	40,582
Gross unrealized losses	(65)	(614)
Amount in balance sheet	¥ 17,193	\$ 161,730
Non-marketable securities are not included in the above cost and fair value:		
Amount in balance sheet	¥ 528	\$ 4,970

4. Inventories

Inventories at March 31, 2017 and 2018 comprise the following:

	Yen (millions)	U.S. Dollars (thousands)
	2017	2018
Merchandise and Finished products	¥ 17,135	¥ 11,450
Work-in-process	4,291	5,235
Materials and supplies	20,327	25,668
	¥ 41,755	¥ 42,354
		\$ 398,403

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, 2017 and 2018:

	Yen (millions)	U.S. Dollars (thousands)
	2017	2018
Cash and deposits	¥ 75,789	¥ 79,030
Marketable securities	100	99
Deposits with a maturity of three months or more	(1,526)	(2,752)
Securities exposed to risk of changes in value	(100)	(99)
Cash and cash equivalents	¥ 74,262	¥ 76,278
		\$ 717,508

6. Investment in non-consolidated subsidiaries and affiliates

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

	Yen (millions)	U.S. Dollars (thousands)
	2017	2018
Investment in non-consolidated subsidiaries and affiliates	¥ 14,520	¥ 11,126
		\$ 104,658

7. Longterm debt

As of March 31, 2018, loans of ¥47,381 million (\$445,689 thousand), including shortterm borrowings debt of ¥16,244 million (\$152,800 thousand), is secured by property, plant and equipment in securities with a net value of ¥6,844 million (\$64,384 thousand).

As is customary in Japan, shortterm and longterm 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 longterm debt are as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2020	¥ 14,355	\$ 135,031
2021	20,096	189,035
2022	22,836	214,814
2023 and thereafter	46,721	439,485
	¥ 104,010	\$ 978,367

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 30.7% in 2017 and 30.7% in 2018.

Details of income tax expense are as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2017	2018	2018
Income taxes:			
Current	¥ 6,536	¥ 8,367	\$ 78,712
Deferred	(745)	3,875	36,457
	<u>¥ 5,791</u>	<u>¥ 12,243</u>	<u>\$ 115,169</u>

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

	Yen (millions)		U.S. Dollars (thousands)
	2017	2018	2018
Deferred tax assets:			
Accrued employees' bonuses	¥ 1,339	¥ 1,370	\$ 12,889
Provision for Enterprise taxes	122	101	956
Warranty reserves for products	1,064	643	6,055
Retirement and severance benefit for directors and statutory auditors	186	99	937
Others	4,278	4,209	39,598
Gross deferred tax assets	<u>¥ 6,991</u>	<u>¥ 6,425</u>	<u>\$ 60,436</u>
Deferred tax liabilities:			
Reserve for special depreciation	(1)	(0)	(3)
Reserve for program development	—	(4)	(41)
Net defined benefit asset	(2,789)	(3,438)	(32,343)
Valuation difference on available-for-sale securities	(1,558)	(1,294)	(12,177)
Tax on undistributed earnings of foreign subsidiaries	—	(3,227)	(30,356)
Others	(6)	(59)	(557)
Gross deferred tax liabilities	<u>(4,356)</u>	<u>(8,024)</u>	<u>(75,479)</u>
Net deferred tax assets	<u>¥ 2,635</u>	<u>¥ (1,599)</u>	<u>\$ (15,042)</u>

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

	2017	2018
Statutory effective tax rate	30.7%	30.7%
Increase (reduction) in taxes resulting from:		
Non-deductible expenses	0.3	0.5
Taxation on per capita basis	0.4	0.7
Non-taxable income	1.0	(1.2)
Difference in normal tax rates of foreign subsidiaries ..	(7.8)	(9.1)
Equity in income of affiliates	1.6	2.7
Valuation allowance	5.9	33.0
Tax on undistributed earnings of foreign subsidiaries ..	—	35.4
Others	10.9	41.4
Actual effective tax rate	<u>43.0%</u>	<u>134.1%</u>

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

	Yen (millions)		U.S. Dollars (thousands)
	2017	2018	2018
Current assets – Deferred tax assets	¥ 4,902	¥ 3,694	\$ 34,753
Investment and other assets –			
Deferred tax assets	1,811	2,591	24,378
Current liabilities – Others	—	—	—
Long - term liabilities – Others	(4,078)	(7,885)	(74,174)
Net deferred tax assets	<u>¥ 2,635</u>	<u>¥ (1,599)</u>	<u>\$ (15,042)</u>

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)
	2017	2018	2018
Class of property			
Machinery and equipment and others	¥ 254	¥ 222	\$ 2,094
Accumulated depreciation	(198)	(191)	(1,801)
	<u>¥ 55</u>	<u>¥ 31</u>	<u>\$ 292</u>

Future lease payments required under such finance lease that have initial or remaining terms in excess of one year as of March 31, 2018 are:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2019	¥ 18	\$ 175
2020 and thereafter	20	188
Total future lease payments	<u>¥ 38</u>	<u>\$ 364</u>

Future lease payments required under operating lease that have initial in excess of one year as of March 31, 2018 are:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2019	¥ 63	\$ 600
2020 and thereafter	84	798
Total future lease payments	<u>¥ 148</u>	<u>\$ 1,398</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, 2018 are summarized as follows:

(1) Interest-Rate-Related Derivatives

	Yen (millions)		
	2018		
	Contract value	Fair value	Unrealized gain (loss)
Interest-rate swaps:			
receive floating, pay fixed	<u>¥ 36,886</u>	<u>¥ (346)</u>	<u>¥ (346)</u>
	U.S. Dollars (thousands)		
	2018		
	Contract value	Fair value	Unrealized gain (loss)
Interest-rate swaps:			
receive floating, pay fixed	<u>\$ 346,968</u>	<u>\$ (3,255)</u>	<u>\$ (3,255)</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)
	2018	2018
Pension and severance obligation		
Projected benefit obligation	¥ (26,741)	\$ (251,546)
Plan assets	38,029	357,718
Funded status	11,287	106,171
Unrecognized actuarial loss	(1,125)	(10,588)
Unrecognized past service liability	(647)	(6,091)
Net amount recognized	9,513	89,491
Net defined benefit asset	12,661	119,102
Net defined benefit liability	(1,374)	(12,931)
Remeasurements of defined benefit plans	(1,773)	(16,679)

	Yen (millions)	U.S. Dollars (thousands)
	2018	2018
Detail of net periodic pension cost		
Service cost	¥ 974	\$ 9,167
Expected return on plan assets	(959)	(9,020)
Amortization actuarial loss	667	6,278
Amortization of past service liability	(215)	(2,030)
Extra severance pay cost	50	479
Net periodic benefit cost	<u>518</u>	<u>4,873</u>
Others	809	7,613
Total	<u>¥ 1,327</u>	<u>\$ 12,486</u>

Actuarial assumptions	2018
Discount rate	Mainly 0.0%
Expected return on plan assets	Mainly 4.0%

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, 2017 and 2018 and for the years then ended:

Industry segments:

	Yen (Millions)		U.S.Dollars (Thousands)
	Year ended March 31		Year ended March 31
	2017	2018	2018
Sales and operating revenue:			
Transportation Equipment-related Operations			
Customers	¥ 313,783	¥ 371,159	\$ 3,491,290
Intersegment	660	708	6,663
Total	314,444	371,867	3,497,954
Information Service Operations			
Customers	¥ 11,555	¥ 11,828	\$ 111,263
Intersegment	1,900	2,105	19,801
Total	13,455	13,933	131,064
Others			
Customers	¥ 2,638	¥ 4,198	\$ 39,497
Intersegment	244	2,112	19,868
Total	2,882	6,311	59,365
Corporate and elimination	(2,805)	(4,925)	(46,333)
Consolidated	¥ 327,977	¥ 387,186	\$ 3,642,051
Operating income:			
Transportation Equipment-related Operations	¥ 21,760	¥ 18,006	\$ 169,376
Information Service Operations	679	704	6,626
Others	211	339	3,196
Corporate and elimination	35	52	493
Consolidated	¥ 22,687	¥ 19,103	\$ 179,692
Identifiable assets:			
Transportation Equipment-related Operations	¥ 319,552	¥ 324,765	\$ 3,054,892
Information Service Operations	12,741	16,097	151,424
Others	13,332	15,664	147,344
Corporate and elimination	(16,235)	(16,319)	(153,513)
Consolidated	¥ 329,391	¥ 340,207	\$ 3,200,148
Depreciation			
Transportation Equipment-related Operations	¥ 14,660	¥ 17,641	\$ 165,939
Information Service Operations	500	620	5,837
Others	12	63	594
Consolidated	¥ 15,173	¥ 18,324	\$ 172,371
Impairment loss			
Transportation Equipment-related Operations	¥ 5	¥ 75	\$ 712
Information Service Operations	—	—	—
Others	—	—	—
Consolidated	¥ 5	¥ 75	\$ 712
Capital expenditures:			
Transportation Equipment-related Operations	¥ 19,899	¥ 21,806	\$ 205,125
Information Service Operations	1,026	464	4,372
Others	29	33	311
Consolidated	¥ 20,955	¥ 22,304	\$ 209,809

Geographic areas:

	Yen (Millions)		U.S.Dollars (Thousands)
	Year ended March 31		Year ended March 31
	2017	2018	2018
Sales and operating revenue:			
Japan			
Customers	¥ 107,845	¥ 109,641	\$ 1,031,338
Intersegment	57,512	55,219	519,421
Total	165,358	164,861	1,550,760
America			
Customers	¥ 87,381	¥ 108,633	\$ 1,021,852
Intersegment	4,282	5,458	51,342
Total	91,664	114,091	1,073,194
Asia			
Customers	¥ 110,587	¥ 150,361	\$ 1,414,371
Intersegment	59,846	77,662	730,532
Total	170,434	228,024	2,144,904
Europe			
Customers	¥ 22,163	¥ 18,549	\$ 174,488
Intersegment	1,150	793	7,466
Total	23,313	19,343	181,955
Corporate and elimination	(122,792)	(139,134)	(1,308,763)
Consolidated	¥ 327,977	¥ 387,186	\$ 3,642,051
Operating income:			
Japan	¥ 5,728	¥ (351)	\$ (3,305)
America	921	827	7,782
Asia	14,865	18,128	170,529
Europe	740	131	1,237
Corporate and elimination	432	366	3,449
Consolidated	¥ 22,687	¥ 19,103	\$ 179,692
Identifiable assets:			
Japan	¥ 252,243	¥ 271,764	\$ 2,556,337
America	43,033	33,823	318,158
Asia	115,364	103,780	976,206
Europe	17,714	14,614	137,470
Corporate and elimination	(98,965)	(83,774)	(788,024)
Consolidated	¥ 329,391	¥ 340,207	\$ 3,200,148

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, 2018, 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, 2018, 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, 2018 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 22, 2018
Tokyo, Japan

Shinjuku Audit Corporation



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