

To Our Shareholders

Report on 88th Fiscal Year

(April 1, 2016 to March 31, 2017)

We at Nitta Corporation would like to thank all our shareholders for their continued support of our business.

We are pleased to submit our report for the 88th fiscal year.

This year, we have established the Nitta Group Mission to propel us towards our next stage. The entire Group is determined to work as one to create further value as a truly global company.

We ask our shareholders for their continued support and guidance.

Representative Director/President **Motonobu Nitta**
June 2017



NITTA Group Mission

Mission

Going ahead with you

NITTA strives to move the world with innovative and meaningful ideas that provide the vision for a more advanced society and a more harmonious way of life.

Values

Passion

Innovation

Integrity

Respect

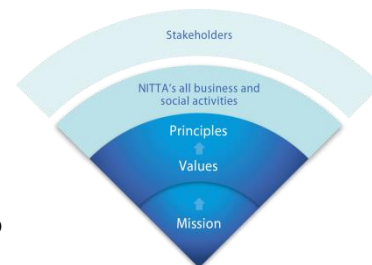
Principles

Driving positive change through the relentless pursuit of excellence

Shaping the future with creative ideas and products

Exceeding customer expectations through individual dedication

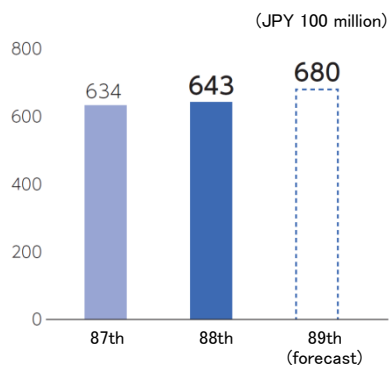
Respecting and valuing all people leading to beneficial contributions to society and the global environment



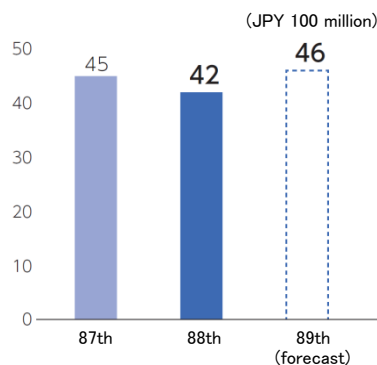
● Consolidated Financial Highlights

Net sales	64.3 billion	+1.5% year-on-year
Operating income	4.2 billion	-6.7% year-on-year
Ordinary income	9.6 billion	-8.3% year-on-year
Net income attributable to parent company shareholders	7.8 billion	-7.1% year-on-year

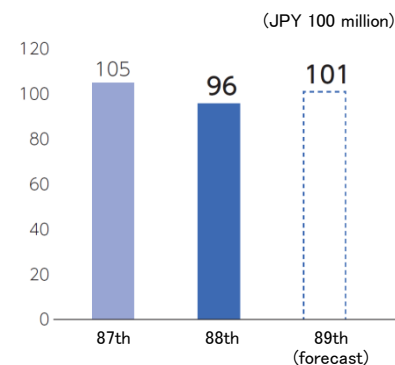
Net sales



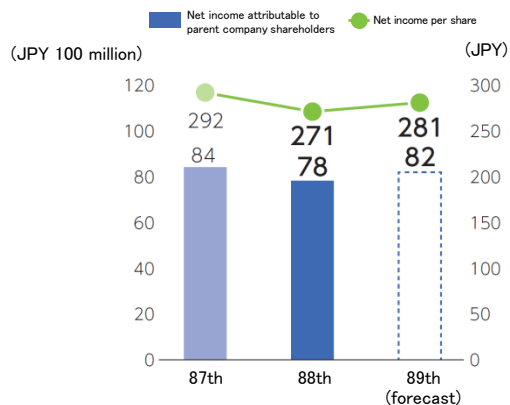
Operating income



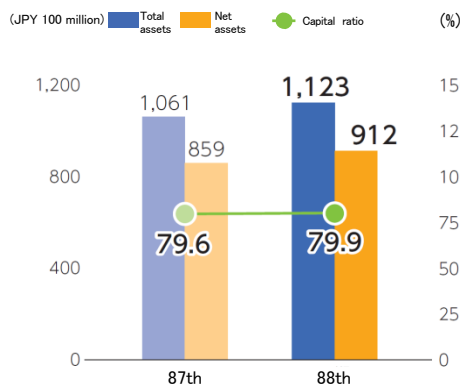
Ordinary income



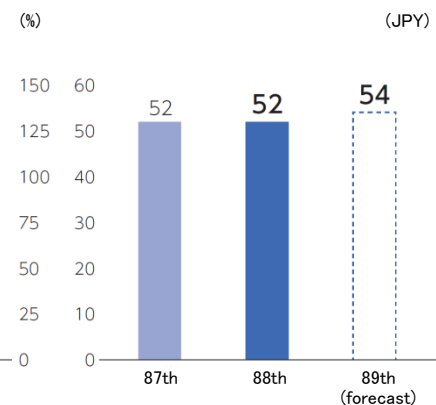
Net income attributable to parent company shareholders / Net income per share



Total assets/Net assets/Capital ratio



Dividends per share



This document contains forecasts based on assumptions, outlook, and plans and the Company does not guarantee their achievement. Actual results may differ substantially due to a number of factors.

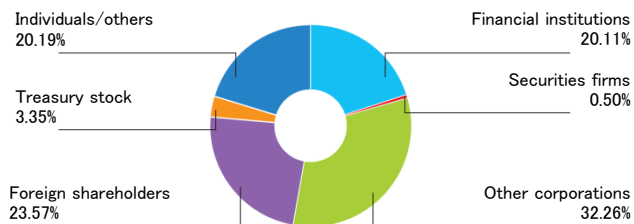
■ Basic Information on Stocks

Total number of shares authorized to be issued	100,000,000 shares
Total number of shares issued	30,272,503 shares
Number of shareholders	4,029

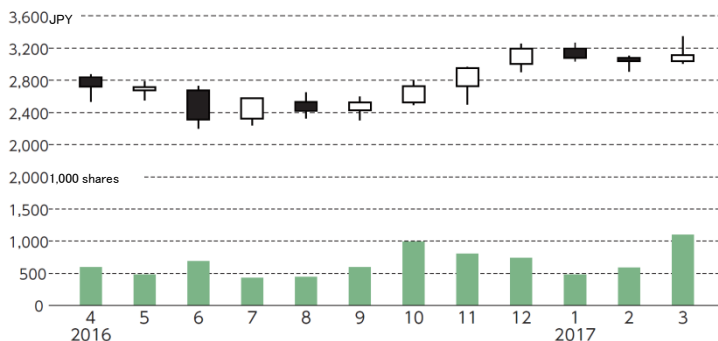
■ Major Shareholders

	No. of shares held (thousand)	Shareholding Ratio (%)
NITTA RUBBER INDUSTRIAL CO., Ltd.	2,842	9.71
IBP Co., Ltd.	2,301	7.86
Japan Trustee Services Bank, Ltd. (trust account)	1,495	5.11
Onga Holdings LLC	1,430	4.88
The Master Trust Bank of Japan, Ltd. (trust account)	1,428	4.88
J. P. MORGAN BANK LUXEMBOURG S.A. 380578	1,068	3.65
Nitta Business Partners Shareholder Association	957	3.27
Nitta Kyoeikai	574	1.96
Japan Trustee Services Bank, Ltd. (trust account 9)	555	1.89
GOLDMAN SACHS & CO.REG	552	1.88

■ Distribution of Shareholdings



■ Stock Price



■ Corporate Data

Trade name:	NITTA CORPORATION
Founded:	March 1885
Established:	February 1945
Paid-in Capital:	JPY 8,060 million
Employees:	2,271 (Consolidated basis)

■ Executives (as of June 23, 2017)

Directors and Audit & Supervisory Board Members

Representative

Director/President	Motonobu Nitta
Director	Osamu Nishimura
Director	Kazumi Inoue
Director	Keiji Yoshimura
Director	Yasunori Ishikiriya
Director	Takeshi Kobayashi
Outside Director	Mitsuyuki Suga
Outside Director	Masataka Nakao
Audit & Supervisory Board Member	Kouji Fujita
Audit & Supervisory Board Member	Kiyotaka Inoue
Outside Audit & Supervisory Board Member	Hiroaki Shodono
Outside Audit & Supervisory Board Member	Miyoshi Morimoto

Executive Officers

President	Motonobu Nitta
Managing Executive Officer	Osamu Nishimura
Managing Executive Officer	Kazumi Inoue
Executive Officer	Takeshi Kobayashi
Executive Officer	Keiji Yoshimura
Executive Officer	Yasunori Ishikiriya
Executive Officer	Takahiro Shigeno
Executive Officer	Haruki Shimada
Executive Officer	Shigeki Shinoda
Executive Officer	Takahiko Yoshida

Memorandum to Shareholders

Fiscal year	From April 1 to March 31 of the following year
Ordinary general shareholders meeting	June every year
Record date	Ordinary general shareholders meeting March 31 every year Year-end dividends March 31 every year Interim dividends September 30 every year Other dates with prior notification, as necessary
Transfer agent	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, 100-8233 Sumitomo Mitsui Trust Bank, Limited
Transfer agent location	5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639 Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Mailing address	8-4 Izumi 2-chome, Suginami-ku, Tokyo, 168-0063 Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Shares per unit	100 shares
Public notice	The Company posts information about public notices on its website (http://www.nitta.co.jp/ir/index.html)
Stock exchange listing	Tokyo Stock Exchange


Notifications and inquiries regarding shares including a change of address

Shareholders who have accounts at securities firms are requested to direct inquiries to their respective securities firms since Sumitomo Mitsui Trust Bank is unable to perform such procedures. Shareholders who do not have accounts at securities firms are requested to contact the telephone number listed below.

Special Account

For shareholders who did not use “Hofuri” (Japan Securities Depository Center, Inc.) prior to the introduction of the electronic share certificate system, an account (called a Special Account) was opened at Sumitomo Mitsui Trust Bank, Limited, which is the administrator of the shareholder registry. For inquiries regarding the Special Account and notification of a change of address, please contact the telephone number listed above.

Telephone:

 0120-782-031

URL:

<http://www.smtb.jp/personal/agency/index.html>



For inquiries, please contact the following:
4-4-26 Sakuragawa, Naniwa-ku, Osaka, 556-0022, Japan
Nitta Corporation Corporate Center General Affairs &
CSR Promotion Group
Telephone: +81-6-6563-1211 <http://www.nitta.co.jp/>

Consolidated Financial Statements
(unaudited)

Nitta Corporation

Years ended March 31, 2017 and 2016

Nitta Corporation

Consolidated Financial Statements (unaudited)

Years ended March 31, 2017 and 2016

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The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥112.19 = U.S. \$1.00, the approximate rate of exchange in effect on March 31, 2017. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at such rate.

Consolidated Balance Sheets (unaudited)

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Assets			
Current assets:			
Cash and deposits	¥ 24,978	¥ 19,774	\$ 222,640
Short-term investments	6,000	8,000	53,481
Notes and accounts receivable:			
Affiliates	814	520	7,256
Trade	20,011	19,034	178,367
Allowance for doubtful accounts	(38)	(44)	(339)
	20,787	19,510	185,284
Inventories	6,597	6,161	58,802
Deferred income taxes	684	661	6,097
Other current assets	1,534	1,915	13,673
Total current assets	60,580	56,021	539,977
Property, plant and equipment, at cost:			
Land	2,650	2,580	23,621
Buildings and structures	30,145	29,712	268,696
Machinery, equipment and vehicles	17,559	16,715	156,511
Tools, furniture and fixtures	5,119	4,926	45,628
Construction in progress	978	759	8,717
Accumulated depreciation	(37,074)	(36,116)	(330,457)
Property, plant and equipment, net	19,377	18,576	172,716
Investments and other assets:			
Investments in securities	9,786	7,827	87,227
Investments in affiliates	20,769	21,820	185,123
Intangible assets	533	626	4,751
Assets for retirement benefits	259	256	2,309
Deferred income taxes	107	110	954
Other assets	934	947	8,370
Total investments and other assets	32,388	31,586	288,689
Total assets	¥ 112,345	¥ 106,183	\$ 1,001,382

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2017	2016	2017
Liabilities and net assets			
Current liabilities:			
Current portion of long-term debt and lease obligations	¥ 7	¥ 205	\$ 62
Notes and accounts payable:			
Affiliates	556	483	4,956
Trade	11,406	10,307	101,667
Construction	92	175	820
	12,054	10,965	107,443
Accrued expenses	569	614	5,072
Accrued income taxes	450	594	4,011
Accrued employees' bonuses	940	921	8,379
Other current liabilities	1,227	1,206	10,936
Total current liabilities	15,247	14,505	135,903
Long-term liabilities:			
Long-term debt and lease obligations	512	522	4,564
Deferred income taxes	834	464	7,434
Accrued retirement benefits for directors and corporate auditors	40	41	357
Liability for retirement benefits	3,403	3,591	30,332
Other long-term liabilities	1,061	1,091	9,457
Total long-term liabilities	5,850	5,709	52,144
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 100,000,000 shares			
Issued: 30,272,503 shares in 2017 and 2016	8,061	8,061	71,851
Capital surplus	7,874	7,874	70,185
Retained earnings	73,625	67,318	656,253
Treasury stock: 1,176,185 shares in 2017 and 1,219,099 shares in 2016	(1,921)	(2,030)	(17,123)
Total shareholders' equity	87,639	81,223	781,166
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities	2,258	1,689	20,127
Translation adjustments	38	1,925	339
Accumulated adjustments for retirement benefits	(143)	(278)	(1,275)
Total accumulated other comprehensive income	2,153	3,336	19,191
Non-controlling interests	1,456	1,410	12,978
Total net assets	91,248	85,969	813,335
Total liabilities and net assets	¥ 112,345	¥ 106,183	\$1,001,382

Nitta Corporation

Consolidated Statements of Income (unaudited)

Years ended March 31, 2017 and 2016

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2017	2016	2017
Net sales	¥ 64,360	¥ 63,437	\$ 573,670
Cost of sales	46,790	45,668	417,061
Gross profit	17,570	17,769	156,609
Selling, general and administrative expenses	13,281	13,170	118,379
Operating income	4,289	4,599	38,230
Other income (expenses):			
Interest and dividend income	201	188	1,792
Interest expense	(14)	(15)	(125)
Equity in earnings of affiliates	5,393	5,852	48,070
Exchange loss, net	(220)	(80)	(1,961)
Loss on sales or disposal of fixed assets	(13)	(17)	(116)
Impairment losses on fixed assets	(146)	(142)	(1,301)
Gain on sales of fixed assets	53	9	472
Gain on sales of investments in securities	9	32	80
Subsidy income	-	86	-
Insurance income	30		267
Other, net	(43)	(11)	(383)
Net income before taxes	9,539	10,501	85,025
Income taxes:			
Current	1,430	1,668	12,746
Deferred	13	101	116
	1,443	1,769	12,862
Net income	8,096	8,732	72,163
Profit attributable to non-controlling interests	209	246	1,863
Profit attributable to owners of parent	¥ 7,887	¥ 8,486	\$ 70,300

Nitta Corporation

Consolidated Statements of Comprehensive Income (unaudited)

Years ended March 31, 2017 and 2016

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2017	2016	2017
Net income	¥ 8,096	¥ 8,732	\$ 72,163
Other comprehensive income:			
Net unrealized holding gain(loss) on securities	576	(685)	5,134
Translation adjustments	(894)	(784)	(7,969)
Accumulated adjustments for retirement benefits	173	(89)	1,542
Share of other comprehensive income of affiliates accounted for by the equity method	(1,096)	(1,419)	(9,768)
Total other comprehensive income (loss)	(1,241)	(2,977)	(11,061)
Comprehensive income	¥ 6,855	¥ 5,755	\$ 61,102
Comprehensive income attributable to:			
Owners of parent	¥ 6,704	¥ 5,577	\$ 59,756
Non-controlling interests	151	178	1,346

Nitta Corporation

Consolidated Statements of Changes in Net Assets (unaudited)

Years ended March 31, 2017 and 2016

		Millions of yen					
		Shareholders' equity					
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	
Balance at April 1, 2015	30,272,503	¥ 8,061	¥ 7,874	¥ 60,258	¥ (2,121)	¥ 74,072	
Net income attributable to owners of parent	—	—	—	8,486	—	8,486	
Cash dividends	—	—	—	(1,433)	—	(1,433)	
Change in the scope of consolidation	—	—	—	7	—	7	
Purchases of treasury stock	—	—	—	—	(0)	(0)	
Sales of treasury stock	—	—	—	—	91	91	
Other changes	—	—	—	—	—	—	
Balance at April 1, 2016	30,272,503	¥ 8,061	¥ 7,874	¥ 67,318	¥ (2,030)	¥ 81,223	
Net income attributable to owners of parent	—	—	—	7,887	—	7,887	
Cash dividends	—	—	—	(1,580)	—	(1,580)	
Change in the scope of consolidation	—	—	—	—	—	—	
Purchases of treasury stock	—	—	—	—	(1)	(1)	
Sales of treasury stock	—	—	—	—	110	110	
Other changes	—	—	—	—	—	—	
Balance at March 31, 2017	30,272,503	¥ 8,061	¥ 7,874	¥ 73,625	¥ (1,921)	¥ 87,639	

	<i>Millions of yen</i> Accumulated other comprehensive income (loss)					Total net assets
	Net unrealized holding gain on securities	Translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	
Balance at April 1, 2015	¥ 2,360	¥ 4,069	¥ (183)	¥ 6,246	¥ 1,346	¥ 81,664
Net income attributable to owners of parent	—	—	—	—	—	8,486
Cash dividends	—	—	—	—	—	(1,433)
Change in the scope of consolidation	—	—	—	—	—	7
Purchases of treasury stock	—	—	—	—	—	(0)
Sales of treasury stock	—	—	—	—	—	91
Other changes	(671)	(2,144)	(95)	(2,910)	64	(2,846)
Balance at April 1, 2016	¥ 1,689	¥ 1,925	¥ (278)	¥ 3,336	¥ 1,410	¥ 85,969
Net income attributable to owners of parent	—	—	—	—	—	7,887
Cash dividends	—	—	—	—	—	(1,580)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	(1)
Sales of treasury stock	—	—	—	—	—	110
Other changes	569	(1,887)	135	(1,183)	46	(1,137)
Balance at March 31, 2017	¥ 2,258	¥ 38	¥ (143)	¥ 2,153	¥ 1,456	¥ 91,248

Nitta Corporation

Consolidated Statements of Changes in Net Assets (unaudited) (continued)

Years ended March 31, 2017 and 2016

<i>Thousands of U.S. dollars</i>					
Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2016	\$ 71,851	\$ 70,185	\$ 600,036	\$ (18,094)	\$ 723,978
Net income attributable to owners of parent	—	—	70,300	—	70,300
Cash dividends	—	—	(14,083)	—	(14,083)
Change in the scope of consolidation	—	—	—	—	—
Purchases of treasury stock	—	—	—	(9)	(9)
Sales of treasury stock	—	—	—	980	980
Other changes	—	—	—	—	—
Balance at March 31, 2017	<u>\$ 71,851</u>	<u>\$ 70,185</u>	<u>\$ 656,253</u>	<u>\$ (17,123)</u>	<u>\$ 781,166</u>

<i>Thousands of U.S. dollars</i>						
Accumulated other comprehensive income (loss)						
	Net unrealized holding gain on securities	Translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2016	\$ 15,055	\$ 17,158	\$ (2,478)	\$ 29,735	\$ 12,568	\$ 766,281
Net income attributable to owners of parent	—	—	—	—	—	70,300
Cash dividends	—	—	—	—	—	(14,083)
Change in the scope of consolidation	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	(9)
Sales of treasury stock	—	—	—	—	—	980
Other changes	5,072	(16,819)	1,203	(10,544)	410	(10,134)
Balance at March 31, 2017	<u>\$ 20,127</u>	<u>\$ 339</u>	<u>\$ (1,275)</u>	<u>\$ 19,191</u>	<u>\$ 12,978</u>	<u>\$ 813,335</u>

Nitta Corporation

Consolidated Statements of Cash Flows (unaudited)

Years ended March 31, 2017 and 2016

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2017	2016	2017
Operating activities:			
Net income before taxes	¥ 9,539	¥ 10,501	\$ 85,025
Adjustments for:			
Depreciation and amortization	1,771	1,711	15,786
Impairment losses on fixed assets	146	142	1,301
Amortization of goodwill	19	2	169
Increase in liability for retirement benefits	61	28	544
(Decrease) in assets for retirement benefits	(3)	(105)	(27)
(Decrease) in accrued retirement benefits for directors and corporate auditors	(1)	(113)	(9)
(Decrease)increase in allowance for doubtful accounts	(2)	0	(18)
Interest and dividend income	(201)	(188)	(1,792)
Interest expense	14	15	125
Exchange loss , net	69	54	615
Equity in earnings of affiliates	(5,393)	(5,852)	(48,070)
(Gain) on sales of investments in securities	(9)	(32)	(80)
(Gain) on investment in partnership	(3)	(4)	(27)
(Gain)loss on sales or disposal of fixed assets, net	(40)	7	(357)
(Increase) in notes and accounts receivable	(1,647)	(2)	(14,680)
(Increase) in inventories	(733)	(501)	(6,534)
Increase(decrease) in notes and accounts payable	1,460	(223)	13,014
Other, net	(93)	(498)	(828)
Subtotal	4,954	4,942	44,157
Interest and dividends received	6,023	5,770	53,685
Interest paid	(16)	(14)	(143)
Income taxes paid	(1,614)	(1,703)	(14,386)
Net cash generated from operating activities	¥ 9,347	¥ 8,995	\$ 83,313

Nitta Corporation

Consolidated Statements of Cash Flows (unaudited) (continued)

Years ended March 31, 2017 and 2016

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2017	2016	2017
Investing activities:			
Proceed from cancellation of money held in trust	¥ -	¥ 997	\$ -
Purchases of property, plant and equipment	(3,074)	(1,930)	(27,400)
Proceeds from sales of property, plant and equipment	230	10	2,050
Purchases of intangible assets	(63)	(137)	(562)
Proceeds from sales of intangible assets	19	-	169
Purchases of investments in securities	(1,931)	(1,446)	(17,212)
Proceeds from sales of investments in securities	811	292	7,229
Acquisition of shares of subsidiary, net of cash acquired	-	(331)	-
Other	(204)	50	(1,817)
Net cash used in investing activities	(4,212)	(2,495)	(37,543)
Financing activities:			
Proceeds from long-term debt	100	-	891
Repayment of long-term debt	(313)	(117)	(2,790)
Purchases of treasury stock	(0)	(0)	(0)
Proceeds from sales of treasury stock	110	91	980
Cash dividends paid	(1,686)	(1,547)	(15,028)
Other	2	(0)	20
Net cash used in financing activities	(1,787)	(1,573)	(15,927)
Effect of exchange rate changes on cash and cash equivalents	(357)	(328)	(3,182)
Increase in cash and cash equivalents	2,991	4,599	26,661
Cash and cash equivalents at beginning of the year	27,626	22,984	246,243
Increase due to change in scope of consolidation	-	42	-
Cash and cash equivalents at end of the year	¥ 30,617	¥ 27,625	\$ 272,904