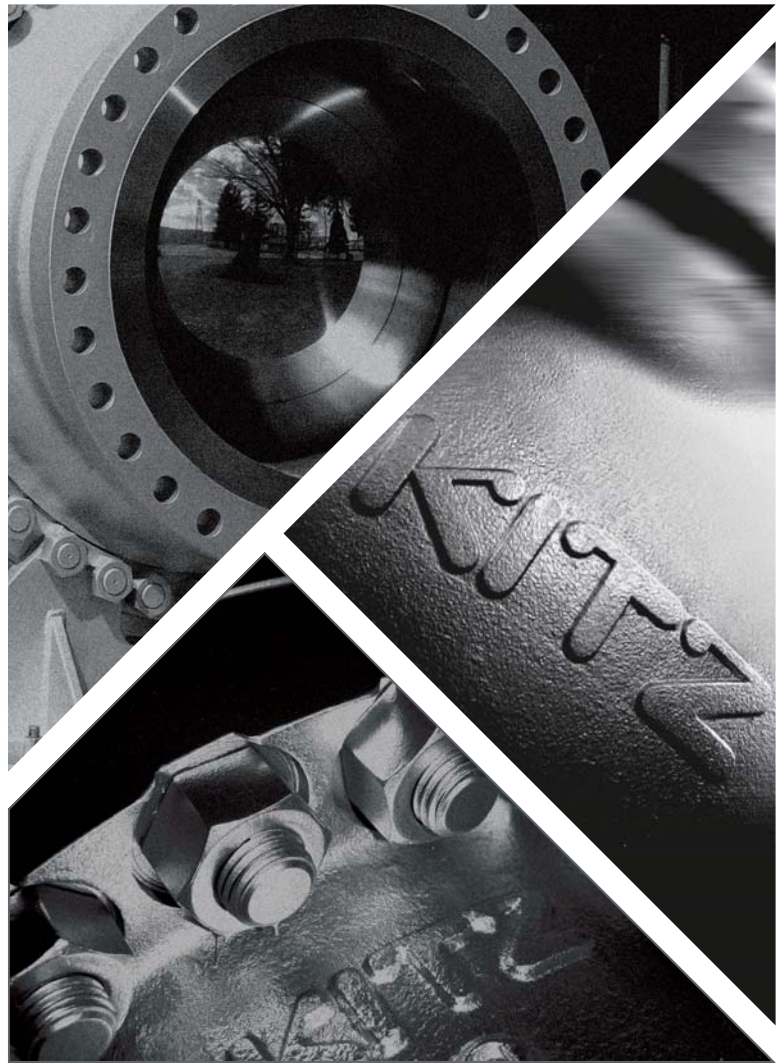


KITZ



Corporate Report 2016

KITZ CORPORATION



"We want to offer the highest quality products to industrial facilities throughout the world. As we make this happen, we will be able to see a brighter and broader future."
(Sales Department)



Doing Our Part Today Creating the Future

Dependable supply of water to any location.
Uninterrupted supply of oil and gas.
Precision control systems for clean environments.

The KITZ Group helps enrich our world by producing precision valves to control the flow of water, air, oil and gas, all the fluids we need to sustain our industries, our communities and life itself.

KITZ professionals are in a constant state of challenge, designing and directing the science of fluid flow control to provide products and services that exceed customer expectations, to create innovations that will encompass new fields and new applications throughout the world and to help conduct the flow of civilization into the future.

"I would like to see KITZ become a model company, one that is trusted by people throughout the world."
(Sales Department)



"The KITZ Group's most treasured assets are its employees. No matter what, we intend to remain a company that places the highest value on our people."
(Human Resources Department)



"We are doing all we can to make sure our people can enjoy a working environment that is free of strife, where KITZ is always in harmony with other people around the globe."
(Environment Enhancement Department)



"There's a whole world of craftsmanship and advanced technology in KITZ valves. They are part of the unseen lifeline that keeps the world moving every day."
(Engineering Department)

"I want to make the KITZ brand recognizable to more and more people and to raise the image of our brand worldwide."
(PR & IR Department)



"We intend to continue being a company that is indispensable in the continuously evolving semiconductor industry."
(a Group company)



Contents

Page 03

The KITZ Group's Value Creation Process

- 05 KITZ Group's Growth Trajectory
- 07 Financial and Non-Financial Highlights

Page 09

To Our Stakeholders

- 09 Message from the President
- 13 Message from the CFO



Page 33

Human Resources

- 33 Message from Director in Charge of Human Resources
- 35 KITZ in the Words of Younger Employees

Page 37

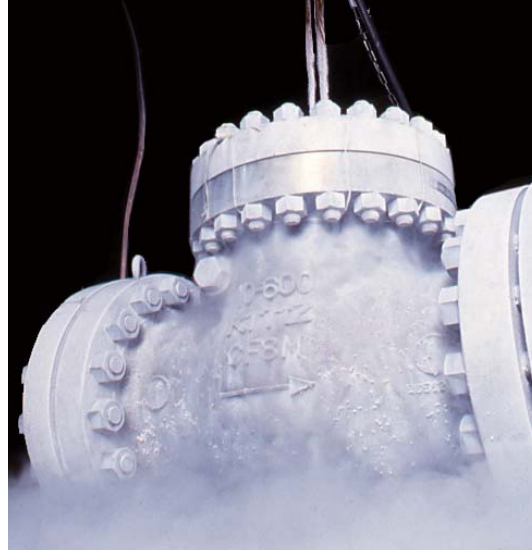
ESG of the KITZ Group

- 38 Board of Directors, Corporate Auditors and Executive Officers
- 41 Corporate Governance
- 43 Internal Control System, Promotion of Compliance and Risk Management
- 44 Environmental Activities
- 47 Communication with Our Stakeholders
- 49 Social Contribution Activities

Page 51

Data Section

- 51 Financial Data
- 57 Group Network
- 61 Approvals and Authorizations of the Group's Principal Plants
- 62 Corporate Data / Stock Information



To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Editorial Policy

The KITZ Group published *Corporate Report 2016* to provide its shareholders, investors and other stakeholders with information about the Group's initiatives toward sustainable growth. The report focuses on value creation in the short, medium and long term based on the framework presented by the International Integrated Reporting Council (IIRC).

Website

Further details of the KITZ Group are available on the KITZ websites.

<http://www.kitz.co.jp/english/>

<http://www.kitz.com/>

The KITZ Group's Value Creation Process

Based on sound and highly transparent management, the KITZ Group strives to continuously enhance its corporate value through the manufacture and sales of valves utilizing the Group's strengths. Through these efforts, the Group shall contribute to its shareholders, investors, customers, business partners and employees and to society in various ways and help to create a prosperous society.

The KITZ Group's Strengths



Value Creation Process

Management strategy for realizing sustainable growth

Pages 9-14

KITZ

Valve manufacturing business that generates value as professionals in fluid flow control

Pages 17-31

キッツ宣言

KITZ' Statement of Corporate Mission

キッツは、
創造的かつ質の高い商品・サービスで
企業価値の持続的な向上を目指し、
ゆたかな社会づくりに貢献します。

*To contribute to the global prosperity,
KITZ is dedicated to continually enriching its corporate value
by offering originality and quality
in all products and services.*

行動指針

Action Guide

Do it **KITZ** Way

- Do it True (誠実・真実)
- Do it Now (スピード・タイムリー)
- Do it New (創造力・チャレンジ)

Value Delivery

Corporate governance that realizes sound and highly transparent management

Pages
37-50

- Creation of a comfortable living environment through support for the stable supply of water and energy

- Customer/supplier confidence and coexistence with local communities

- Development of global human resources and creation of a corporate culture in which employees are always motivated

- Business activities that minimize the impact on the environment and strengthening of the environmental management system

- Continuous enhancement of shareholder value

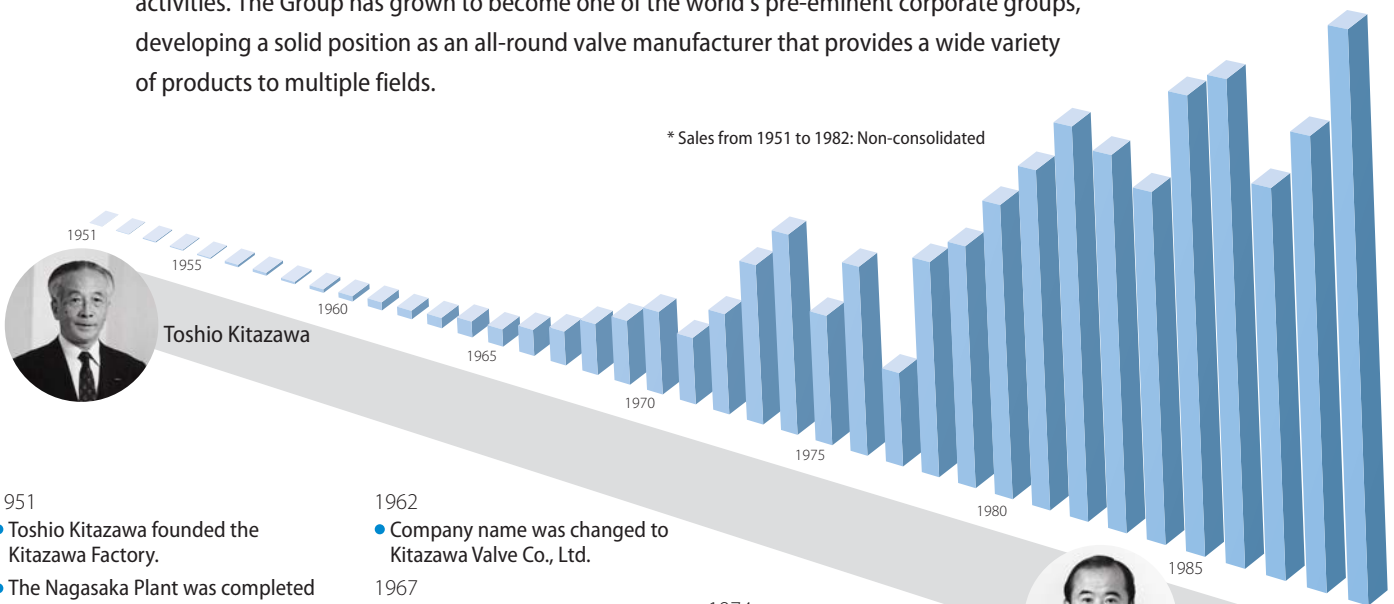
Education system that develops a motivated corporate culture

Pages
33-36



KITZ Group's Growth Trajectory

The Kitazawa Factory (now KITZ Corporation) was founded in 1951 when Japan was in the transition period from the chaotic aftermath of the postwar era to the approaching era of high growth. Guided by Toshio Kitazawa's founding principle, the Company positioned integrated production as the basis of its operations, in which all processes are carried out under one roof, from materials to finished products and from casting through machining, assembly, inspection and shipment. Furthermore, the Company has built a structure that provides customers with meticulous service and post-sale follow-ups. This insistence on "better quality" has been upheld and passed down as the cornerstone of the KITZ Group's activities. The Group has grown to become one of the world's pre-eminent corporate groups, developing a solid position as an all-round valve manufacturer that provides a wide variety of products to multiple fields.



- 1951
- Toshio Kitazawa founded the Kitazawa Factory.
 - The Nagasaka Plant was completed and the manufacture and sales of copper valves started.
- 1952
- A nationwide distributors' association was organized, marking the establishment of a distribution system for the domestic market.
- 1959
- Started manufacturing brass rods.

- 1962
- Company name was changed to Kitazawa Valve Co., Ltd.
- 1967
- Started manufacturing and selling ductile case iron valves and stainless steel valves.
- 1968
- Started manufacturing and selling butterfly valves.
- 1969
- Started manufacturing and selling cast iron valves.

- 1974
- Started manufacturing and selling cast steel valves.
- 1977
- Listed on the Second Section of the Tokyo Stock Exchange.
- 1978
- **KITZ** became a registered trademark.

- 1985
- Yusuke Shimizu was appointed as President.
- 1989
- The Nagasaka and Ina plants obtained ISO 9001 quality management system certification, making KITZ the first Japanese company to receive this certification.
- 1991
- Spanish ball valve manufacturer ISO S.A. (currently KITZ Corporation of Europe, S.A.) joined the KITZ Group.

History



1951
The Nagasaka Plant begins operation in Japan with just 12 employees in a small workshop, not a full factory.



1962
Japan's first forged brass valves called FH and FS introduced.

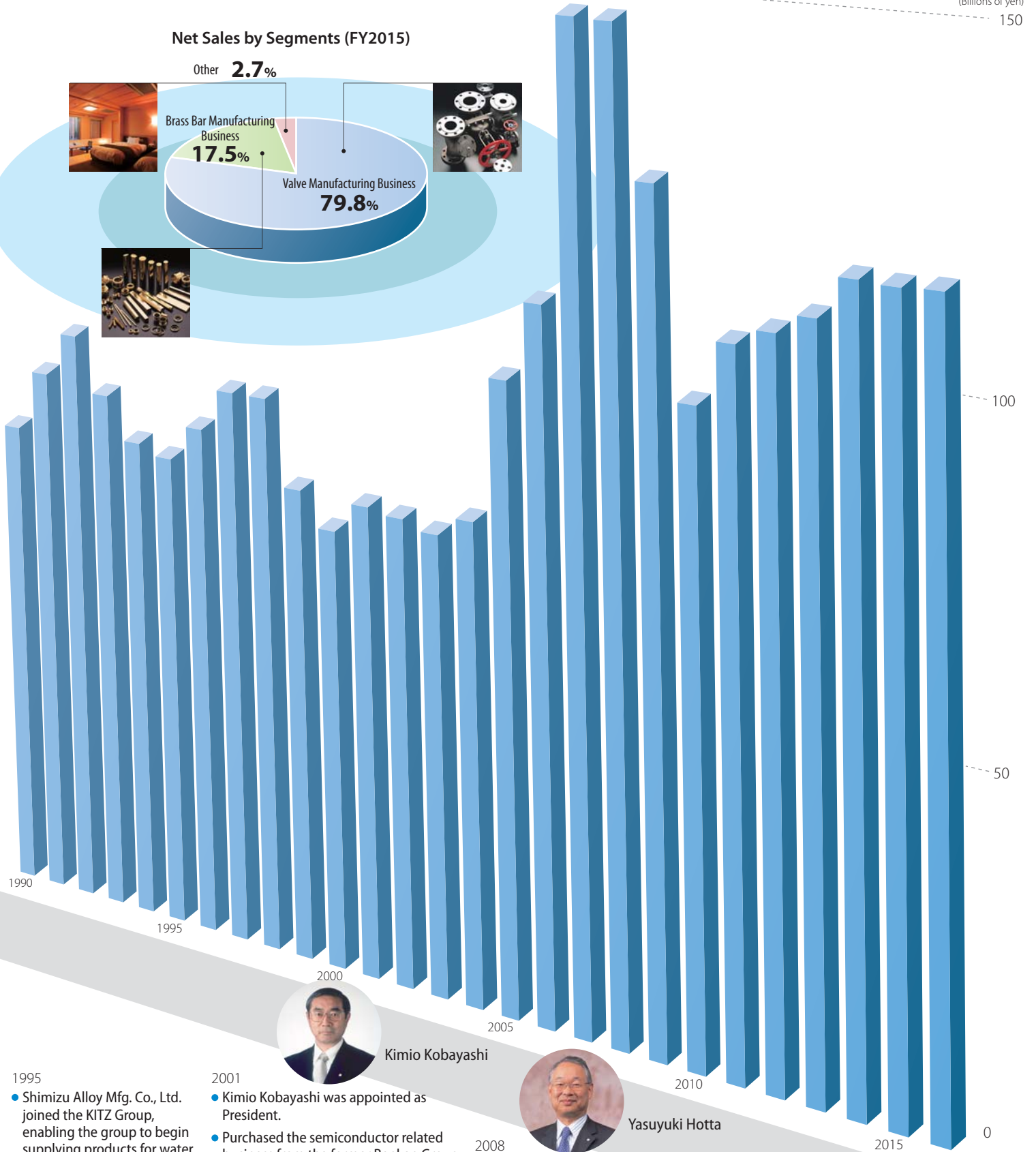
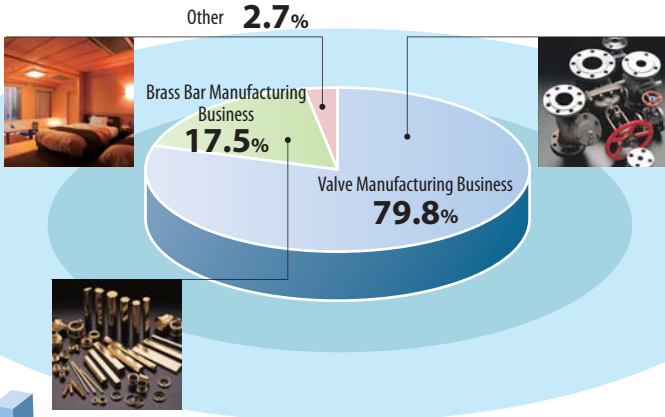


1980
An ergonomically designed handwheel, popularly known as A "CHRYSANTHEMUM-HANDLE®," the corporate symbol, introduced for cast bronze valves.



1984
Listed on the First Section of the Tokyo Stock Exchange.

Net Sales by Segments (FY2015)



1995
 • Shimizu Alloy Mfg. Co., Ltd. joined the KITZ Group, enabling the group to begin supplying products for water supply systems.

2001
 • Kimio Kobayashi was appointed as President.
 • Purchased the semiconductor related business from the former Benkan Group.

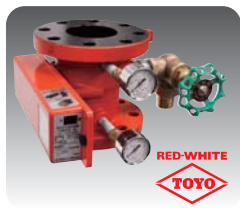
2008
 • Yasuyuki Hotta was appointed as President.

2009
 • Perrin GmbH, a ball valve manufacturer in Germany, joined the KITZ Group.

2015
 • Indian industrial valve manufacturer Micro Pneumatics Pvt. Ltd. joined the KITZ Group.
 • Brazilian industrial ball valve manufacturer Metalúrgica Golden Art's Ltda. joined the KITZ Group.



1992
 Head office relocated from Tokyo to newly built offices in Chiba City. Renamed KITZ Corporation from Kitazawa Valve Co., Ltd.



2004
 Toyo Valve Co., Ltd., another well-known Japanese valve manufacturer, joins the KITZ Group.



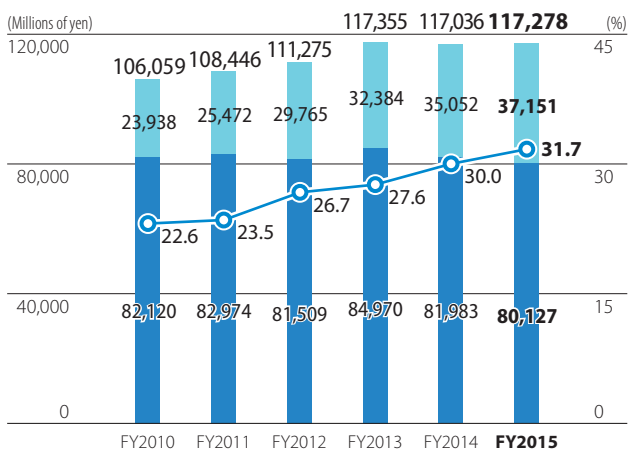
Financial and Non-Financial Highlights

Financial Highlights

31.7%

Overseas Sales Ratio

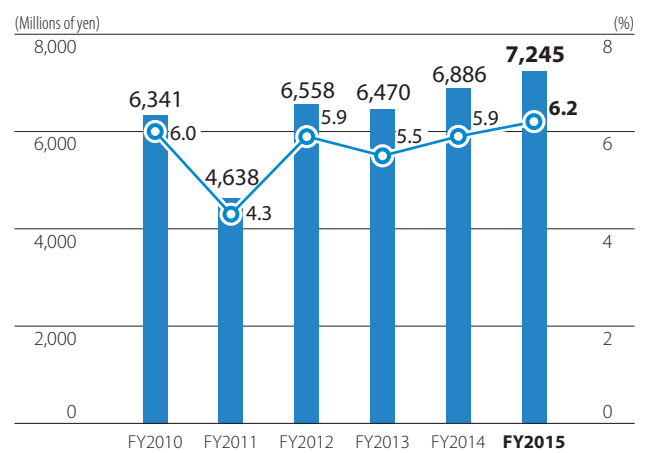
■ Domestic Sales ■ Overseas Sales ○ Overseas Sales Ratio



7.2 Billion Yen

Operating Income

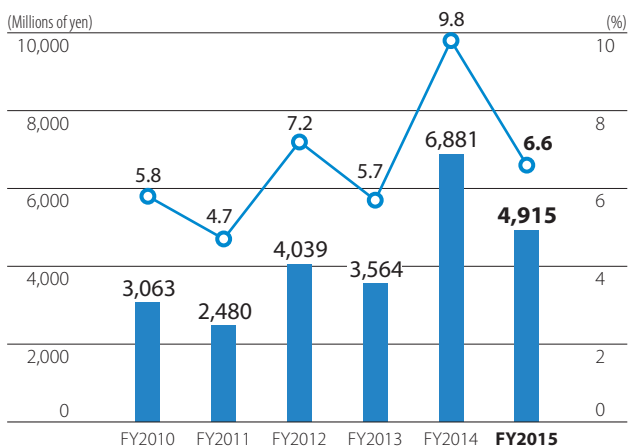
■ Operating Income ○ Operating Income to Net Sales



6.6%

ROE

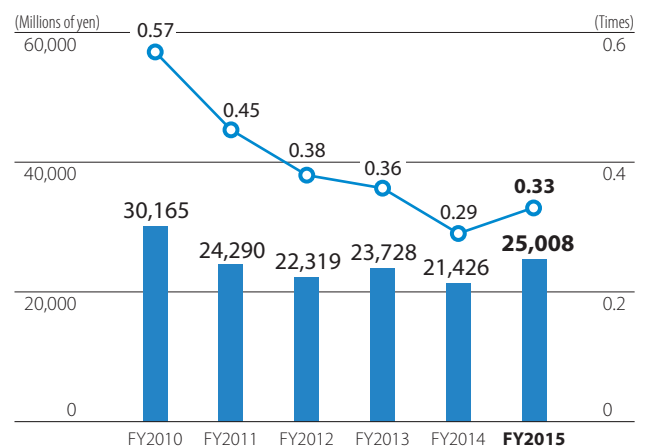
■ Net Income Attributable to Owners of the Parent ○ ROE



25 Billion Yen

Interest-Bearing Liabilities

■ Interest-bearing Liabilities ○ DER

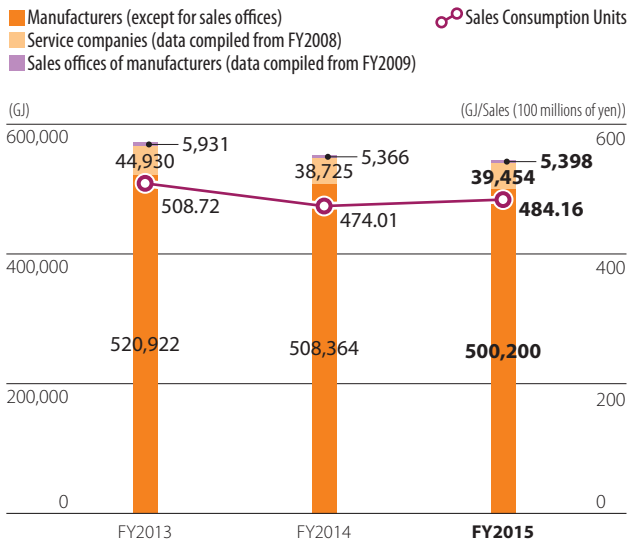


* Pursuant to a revision to the Accounting Standard for Business Combinations, etc., the representation of "net income" was changed to "net income attributable to owners of the parent" on and after April 1, 2015. The same change in representation is applied to the terms in or before FY2014 appearing after this page to ensure consistency.

Non-Financial Highlights

545,052_{GJ}

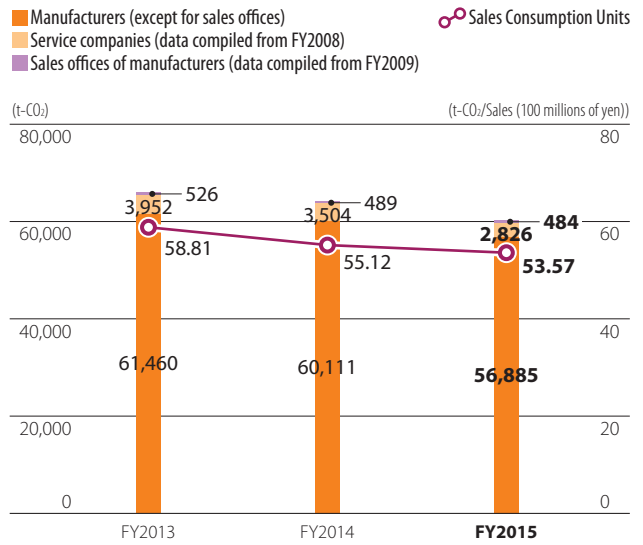
Energy Consumption



* Sales consumption units at KITZ Corporation and domestic group companies (except for sales offices)

60,195_{t-CO₂}

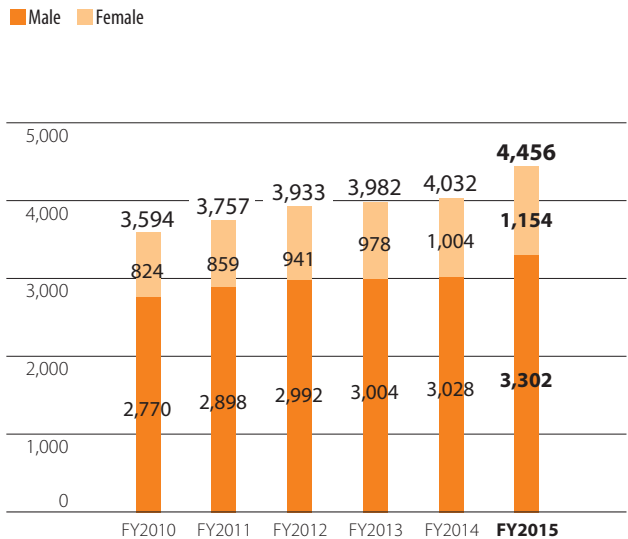
CO₂ Emissions



* Sales consumption units at KITZ Corporation and domestic group companies (except for sales offices)

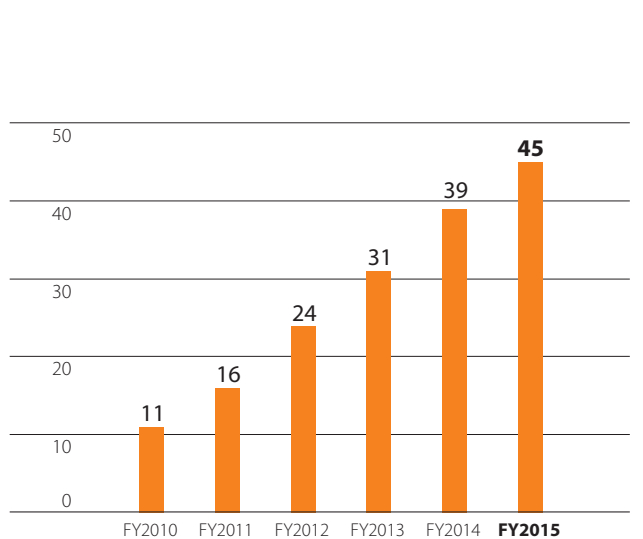
4,456

Number of Employees (consolidated basis)



45

Total Number of Employees Taking Childcare Leave (cumulative total for KITZ Corporation)



Message from the President

Aiming to enhance our corporate value by mobilizing the full potential of the KITZ Group

Yasuyuki Hotta

President and CEO

Financial Results for the Year Ended March 2016

Consolidated net sales for the year ended March 2016 increased ¥242 million compared with the previous fiscal year, to ¥117,278 million.

In the valve manufacturing business, net sales increased ¥3,427 million compared with the previous fiscal year, to ¥93,579 million. Although affected to some extent by distribution inventory adjustments in products for building facilities in the Japanese market, demand for use in semiconductor manufacturing equipment and industrial filters remained strong. In overseas markets, the Company saw higher sales, attributable to favorable effects of weaker yen exchange rates and the inclusion of sales from a new subsidiary in India, Micro Pneumatics Pvt. Ltd.

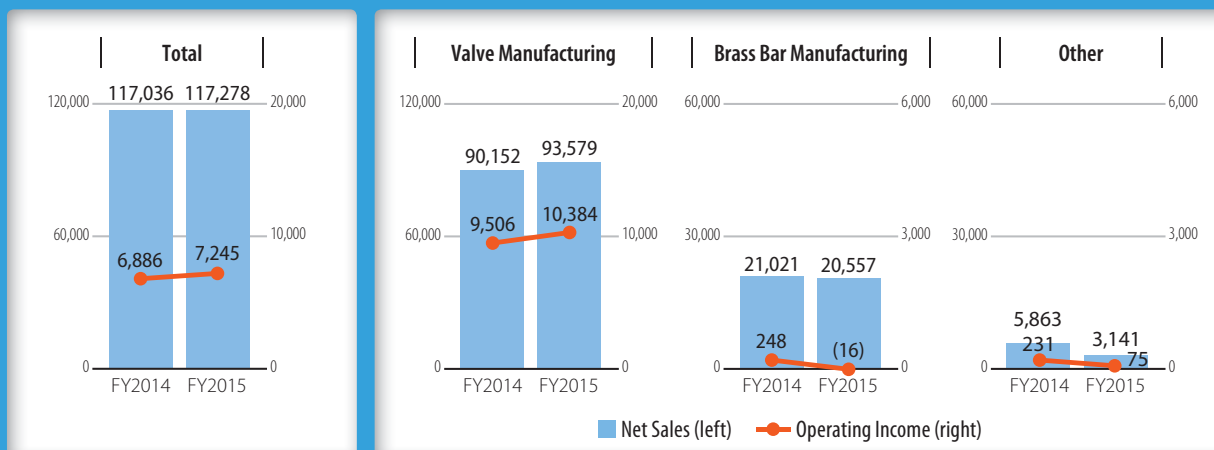
In the brass bar manufacturing business, net sales decreased ¥463 million year-on-year due to a decline in the copper market throughout the year ended March 2016,

impacting the sales prices of brass rods. Net sales in the other segment (service-related business) dropped ¥2,721 million year-on-year due to the exclusion of the fitness business from the scope of consolidation in the previous fiscal year. However, this was more than offset by the increase in sales in the valve manufacturing business, and overall consolidated net sales exceeded the level of the previous fiscal year.

Segment operating income in the valve manufacturing business rose ¥877 million compared with the previous fiscal year, which was attributable to higher sales of products for use in semiconductor manufacturing equipment and the impact of a reduction in production costs, despite cost increases in software-related expenses associated with system development and higher general and administrative expenses such as M&A-related expenses. On the other hand, operating income in the brass bar manufacturing business decreased ¥265 million due to the impact of a decline in the

Net Sales and Operating Income by Segments

(Millions of yen)



copper market, and operating income in the other segment (service-related business) declined ¥156 million year-on-year due to the exclusion of the fitness business from the scope of consolidation in the previous fiscal year. These decreases were offset by the increase in earnings in the valve manufacturing business, and overall consolidated operating income increased ¥358 million compared with the previous fiscal year, to ¥7,245 million.

General Review of the Second Phase of the Medium-Term Management Plan

Although we have achieved higher revenues and earnings in FY2015 compared with the previous fiscal year, unfortunately we were unable to meet the targets for the second phase of the Medium-Term Management Plan (FY2013-FY2015).

Looking at a comparison of the final year of the second phase (FY2015), net sales fell ¥25.7 billion yen, or 18%, short of the target and operating income fell ¥4.3 billion, or 37.5%, below the target. This reflects the impact of results that were not achieved in the mainstay valve manufacturing business, with net sales falling ¥17.8 billion, or 16.0%, short of the target and operating income ¥3.5 billion, or 25.6%, below the target.

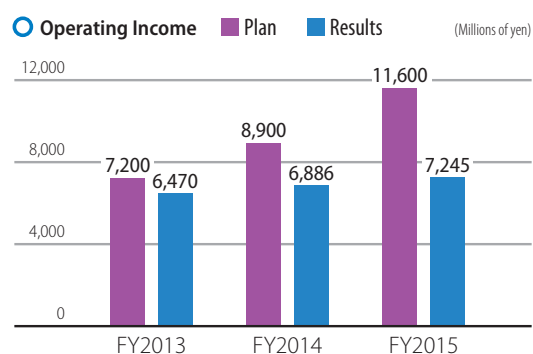
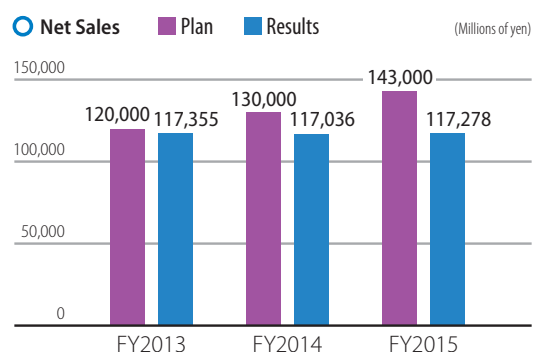
In the valve manufacturing business, actual demand failed to gain strength to the level expected when the plan was formulated three years ago. In the Japanese market for building facilities, there was a series of unsuccessful bids for public works due primarily to the labor shortage, and delivery times for valves were postponed in construction projects that were underway. In overseas markets, economies continued to be confronted by harsh conditions as the slowing of economic growth in China led to global economic sluggishness, intensified competition and price declines, while a sharp fall in crude oil prices resulted in a significant decrease in capital investments of energy-related companies.

Strategic Initiatives to Achieve Medium-to-Long-Term Growth

Although the numerical targets were not met, we actively promoted the reorganization of our businesses by acquiring Micro Pneumatics Pvt. Ltd. in India, Metalúrgica Golden Art's Ltda. in Brazil and Hokutoh Giken Kogyo Corporation in Japan, while selling shares of KITZ Wellness Co., Ltd. and implementing the external sale of the insurance agency business of KITZ G&I Co., Ltd. We also formed an alliance with the GIVA Group in Italy and TOA Valve Engineering Inc. (listed on the Second Section of the Tokyo Stock Exchange). Furthermore, we established a production system by materials in domestic plants and achieved functional enhancement through the transfer of the location of our Tokyo Branch (sales department) from Mihama-ku in Chiba city to Nihombashi, Chuo-ku, in Tokyo. In the new business segment, our

Net Sales and Operating Income (FY2013-FY2015)

Note: Planned values in the graph and table represent those set out in 2013 as initial plan.



○ Net Sales by Segments (Millions of yen)

	FY2015 (Plan)	FY2015 (Results)
Valve Manufacturing	111,400	93,579
Brass Bar Manufacturing	21,700	20,557
Other	9,900	3,141
Total	143,000	117,278

○ Operating Income by Segments (Millions of yen)

	FY2015 (Plan)	FY2015 (Results)
Valve Manufacturing	13,950	10,384
Brass Bar Manufacturing	550	(16)
Other	400	75
Adjustments	(3,300)	(3,197)
Total	11,600	7,245

ultrahigh-pressure ball valves for hydrogen stations attracted attention. Furthermore, progress was made regarding preparations for entry into the aquaculture market. Through such measures, we are confident that we have set the stage for achieving medium-to-long-term growth.

Third Phase of the Medium-Term Management Plan

In light of the actual performance in the second phase of the medium-term management plan and changes in the market environment, we reformulated the third phase of the Medium-Term Management Plan (FY2016-FY2018). As the sluggishness

in the economies in China and other emerging countries and low crude oil prices are expected to persist over a long period of time, not ending after a single year, it would not be possible to expect significant growth in sales by any economic expansion. Accordingly, the KITZ Group will seek to expand our product lineup through new product development and alliances with other manufacturers, proactively consider M&A projects and aim to develop new customers and new markets.

As a means to enhance shareholder returns, we will take a proactive stance for the acquisition of treasury stock.

— Basic Policy —

- 1. Concentrate management resources in the focused market fields (Building Facility, Petrochemistry and General Chemistry, and Clean Energy) where we can make use of our advantages. Introduce new products and concentrate capital/R&D investment in those fields. Strengthen the Company-wide strategic implementation structure by following the PDCA cycle of prioritized measures.**
- 2. Improve costs through global procurement, self-manufacture and increasing productivity. Aggressively make capital investments which generate profit. Reorganize the business and eliminate waste. Aim for thorough implementation of the profit/cash flow-oriented policy and a further increase in shareholder value by improving ROE.**
- 3. Through the above initiatives, aim to achieve operating income of 10 billion yen or more in fiscal 2018 and a record-high profit in fiscal 2020.**
- 4. As a means to enhance shareholder returns, we have set a target consolidated dividend payout ratio of 25% and will take a proactive stance for the acquisition of treasury stock.**

— Three Strategic Pillars —

- 1. Narrow down the focused market fields and focused regions and seek to expand the Group's market share through the introduction of new specialized products and the reinforcement of multifunctionalization.**
 - a) Focused areas: Building Facility, Petrochemistry and General Chemistry, and Clean Energy (hydrogen and LNG)
 - b) Focused regions: Focus on Japan + three Regional HQs, two hub markets*¹ (particularly, ASEAN and Americas) and reinforce multifunctionalization: Sales, Marketing, Engineering, Stock Maintenance and Service

*1 Three Regional HQs: Europe, Americas and ASEAN Two hub markets: China and India
- 2. Promote business strategies by strengthening the dual-point focus of the management of the "organization" and "products" based on the matrix structure consisting of vertical elements (organization by functions) and horizontal elements (Company-wide organization).**
 - a) Management of the organization: Ensure the management of the progress in the execution of key measures by the existing organization and the thorough implementation of the PDCA cycle, and through strengthening the function and authority of the Business Planning Dept.
 - b) Management of products: Implement product management by newly establishing the Product Management Center to launch product groups that are strategically necessary in a timely and expeditious manner based on comprehensive marketing in the focused market fields.
- 3. Expand sales and profit by improving global cost competitiveness and by utilizing existing resources with economy and thoroughly.**
 - a) Seek to achieve significant cost improvement through the enhancement of the cost improvement promotion system that is anchored by the Production Head Office and through global procurement, self-manufacture and improvement of productivity.
 - b) Newly establish the Engineering Center to improve the profitability of special order products.

Targets (FY2016-FY2018)

(Millions of yen)

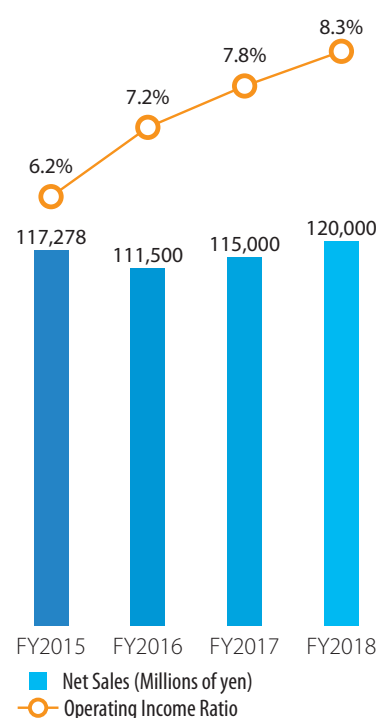
	FY2015 (Results)	FY2016	FY2017	FY2018
Net sales	▶ 117,278	▶ 111,500	▶ 115,000	▶ 120,000
Operating income	▶ 7,245	▶ 8,000	▶ 9,000	▶ 10,000
Ordinary income	▶ 7,300	▶ 7,700	▶ 8,700	▶ 9,700
Net income attributable to owners of the parent	▶ 4,915	▶ 5,000	▶ 5,700	▶ 6,300
Operating income to net sales	▶ 6.2%	▶ 7.2%	▶ 7.8%	▶ 8.3%
Overseas sales ratio	▶ 31.7%	▶ 31.8%	▶ 32.7%	▶ 34.2%
ROE	▶ 6.6%	▶ 6.6%	▶ 7.2%	▶ 7.7%
Equity ratio	▶ 62.9%	▶ 63.9%	▶ 64.7%	▶ 64.0%

○ Net sales by segments

Valve manufacturing	▶ 93,579	▶ 92,000	▶ 95,000	▶ 100,000
Brass bar manufacturing	▶ 20,557	▶ 16,400	▶ 16,500	▶ 16,500
Other	▶ 3,141	▶ 3,100	▶ 3,500	▶ 3,500

○ Operating income by segments

Valve manufacturing	▶ 10,384	▶ 11,000	▶ 11,900	▶ 13,150
Brass bar manufacturing	▶ (16)	▶ 250	▶ 350	▶ 100
Other	▶ 75	▶ 100	▶ 150	▶ 150



Revision of Targets of the Long-Term Management Plan

Since formulating “KITZ Global Vision 2020” in 2010, we have been developing measures for achieving numerical targets based on the expectation of an economic recovery from the aftermath of the Lehman Shock. However, looking at the subsequent developments in the business environment, the significant effects of slowing Chinese economic growth have caused stagnation not only in China but also in other emerging economies, while capital investments of energy-related companies have been cut back due to the sharp drop in crude oil prices. In Japan, while demand for products related to building facilities for the 2020 Tokyo Olympic and Paralympic Games is anticipated, the prospects for corporate performance are uncertain on the back of the stagnant global economy, and we cannot expect aggressive capital investments. In light of the above factors, we have changed our focus from the expansion of our business scale to steady profit growth based on the judgment that it is extremely unlikely to have an optimistic outlook for future business results.

In the future, the entire KITZ Group will work toward achieving the third phase of the medium-term management plan and revised targets set for fiscal 2020 with the aim of further raising corporate value. We ask for your continued support.



(Millions of yen)

	Revised FY2020 Plan Targets	
	After	Before
Net sales	▶ 135,000	▶ 250,000
Operating income	▶ 12,500	▶ 20,000
Operating income to net sales	▶ 9.3%	▶ 8.0%
Overseas sales ratio	▶ 37.7%	▶ 50.0%
ROE	▶ 9.0%	▶ 7.0%
Equity ratio	▶ 62.9%	▶ 70.0%

Message from the CFO



We will work toward sustainable profit growth and the improvement of capital efficiency, aiming to create a stronger financial standing and the enhancement of shareholder returns.

Taro Kimura

Executive Officer and Deputy Division Manager, Corporate Administration Division

Reforms in Business Structure and Concentration of Management Resources

The KITZ Group had been expanding our business domains other than the core valve manufacturing business with an eye to the diversification of operations. However, in view of the sluggish Japanese economy and globalizing competition, the decision was made to concentrate management resources on the valve manufacturing business and the business of manufacturing brass bars, a valve material. On this basis, the restructuring of businesses is currently underway.

In recent years, the KITZ Group has transferred the fitness business and the insurance agency business to external parties and reorganized its production bases in Japan. At the same time, the Group has added valve manufacturing and sales companies in India and Brazil through M&A. We are now seeking to reduce production costs, develop overseas markets and carry out production at optimal sites. The Group is also expanding market fields and overseas sales of our micro filter business and operations around our main businesses such as those related to land aquaculture.

The KITZ Group has adopted the basic policy of limiting capital investment and funds for M&A activities within the scope of cash flows provided from operating activities. However, we will also consider the optimal financing method at the relevant point when significant funds are needed for M&A activities and other operations.

In FY2015, the KITZ Group could almost cover capital expenditure of the valve manufacturing business and brass bar manufacturing business, the development cost of the technical information management system and M&A related expense for the acquisition of a Brazilian valve manufacturer by cash flows provided from operating activities of a single year.

Fund Efficiency Improvement and Financing

KITZ Group companies manage their surplus funds on a daily basis within the Group through the Cash Management System (CMS) in Japan. The Company and Group companies overseas are putting surplus funds to practical use in the same currency and managing funds in ways that keep credits and debts in balance, in principle.

The Company is also focusing on the cutback of funds on hand to reduce interest-bearing liabilities. The Company has signed a specified line of credit (commitment line) agreement for short-term borrowings totaling ¥4,000 million with its respective relationship banks to prepare for unexpected demand for funds.

Regarding the procurement of medium- and long-term funds, the Company is maintaining good relationships with the respective banks where it holds accounts. In the meantime, the Company is also raising funds through corporate bonds offered for public subscription, keeping financing from capital markets in mind. With respect to the issuance of corporate bonds offered for public subscription, the Company is using the advance issuance registration system to make flexible financing possible. In the fiscal year ended March 31, 2016, the Company set the total issuance limit at ¥20,000 million and acquired an A- rating from Rating and Investment Information, Inc. (R&I). The Company used this system for the redemption of corporate bonds offered for public subscription on the second occasion in December 2015, totaling ¥6,000 million (redeemable in five years), and issued corporate bonds offered for public subscription amounting to ¥10,000 million (redeemable in seven years) on the third occasion. In connection with the third issuance of corporate bonds for public subscription, the Company acquired an A-

rating once again from two companies, R&I and Japan Credit Rating Agency, Ltd. (JCR).

Consolidated interest-bearing liabilities at the end of March 2016 totaled ¥25,000 million. The debt-equity ratio came to 0.33 times and net interest-bearing liabilities excluding cash on hand and deposits amounted to ¥10,300 million yen.

Strengthening Financial Standing and Shareholder Returns

The KITZ Group considers it essential to strengthen its financial standing to execute new growth strategies for enhancing corporate value and preparing for losses, such as goodwill impairment incurred due to large-scale M&A, damage resulting from a major natural disaster and geopolitical risks. For these purposes, the Group will work to increase shareholders' equity by continuing to retain reasonable profits.

Consolidated shareholders' equity at the end of March 2016 excluding non-controlling interests amounted to ¥70,800 million, up ¥3,000 million from the end of the previous fiscal year. The equity ratio incorporating total accumulated other comprehensive income came to 62.9%.

The Company positions returning profits to shareholders as one of the highest priorities. The Company considers that a dividend payout ratio of about 25% of net income attributable to owners of the parent as a desirable level for cash dividends with consideration given to their consistency and stability. The Company aimed to distribute approximately one-third of net income attributable to the owners of the parent as a total payout ratio, including the purchase of treasury stock.

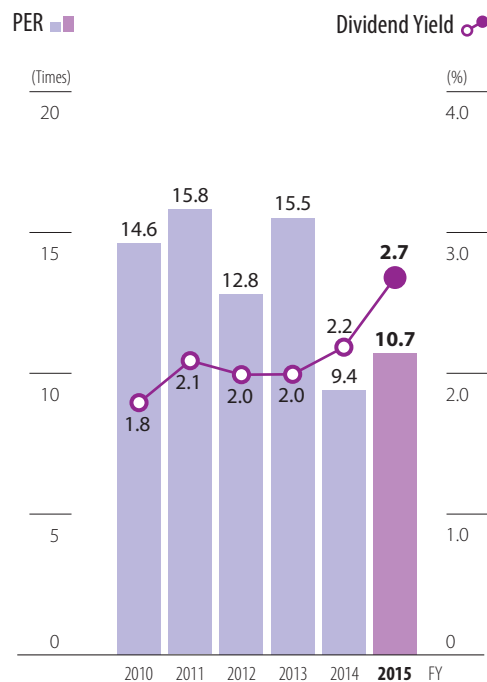
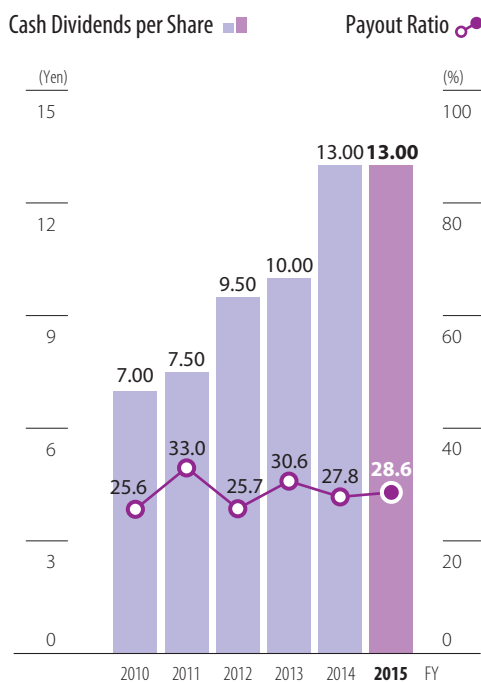
The Company paid ¥13 per share as cash dividends for the



year ended March 2016. The dividend payout ratio came to 28.6%. Same as FY2014, the Company acquired 1 million of its own shares as treasury stock in FY2015, bringing the total payout ratio to 38.8%.

Regarding the treasury stock owned, the Company cancelled 10 million shares in February 2016. As a result, the number of treasury shares in its possession fell to 3.18 million at the end of March 2016. On the occasion of developing the third phase of the medium-term management plan, the Company has decided to raise its total return ratio target from around one third to return more profits to shareholders by acquiring treasury stock more aggressively. Based on this policy, the Company decided to acquire 2.4 million shares of treasury stock (upper limit of ¥1,200 million) in May 2016.

The Company also recognizes return on equity (ROE) as one of the key management indexes. The Company will work to maintain profit growth by improving management efficiency through the concentration of management resources and expanding businesses. At the same time, the Company will make efforts such as the acquisition of treasury stock. The Company has resolved to address the improvement of capital efficiency, aiming to raise ROE from the current level of 6.6% to 9% in FY2020 and to 10% in the near future.



Business Summary and Strategy



Challenging New Possibilities



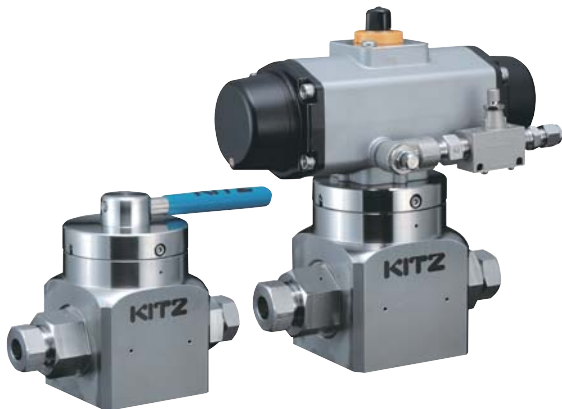
The KITZ Group takes on the challenge of new possibilities such as the development of environmentally friendly new products. We strive to achieve further growth by making the most of the Group's synergy effects.

Japan's First Super High-Pressure Ball Valve Series for Hydrogen Stations

KITZ developed Japan's first super high-pressure ball valves for hydrogen stations and launched sales in 2012.

Fuel cell vehicles are called the "ultimate eco-cars." They do not emit harmful exhaust into the environment while driving and discharge water only. Thanks to innovative water purification technology, sales were launched in 2014. Movements for utilizing hydrogen energy are becoming active. For instance, hydrogen energy supply networks will be deployed in the stadiums and Olympic Village of the 2020 Tokyo Olympic and Paralympic Games, which will be held in 2020.

KITZ will contribute to achieving a hydrogen energy society by providing highly functional and high-quality valves.



Super high-pressure ball valves for hydrogen stations



We use the fuel cell vehicle MIRAI as a company car.

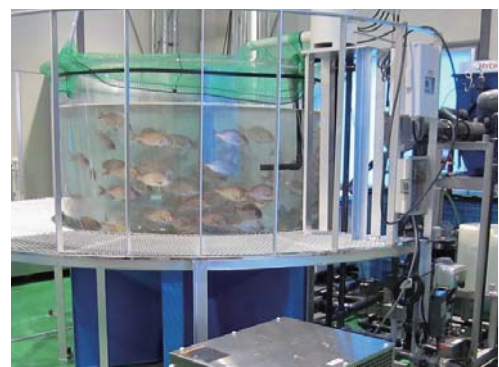
KITZ Smart Aquaculture: A New Form of Aquaculture Business Equipped with an Innovative Water Purification Technology

KITZ has succeeded in developing a new water purification system: KITZ RECIRQUA*. With this technology, we have built our own RAS (Recirculating Aquaculture System) facility in our Chino plant (located in Japan). So far, we have been successful in the long-term culturing of red sea bream with no medication. Furthermore, the RAS facility is equipped with our newly developed automatic control and remote monitoring system. KITZ Smart Aquaculture will connect all the RAS plants around the world with the use of cloud computing.

Due to the growing demand and the lack of natural resources in the fisheries market, it is estimated that farmed fish will account for about half of the fish which is produced in the market and is expected to accelerate further. In recent years, farming fish in RAS has become very popular in the United States and Europe. This is because RAS allows for the farmer to culture fish indoors on land where the fish are unaffected by both natural disasters such as typhoons and marine pollution such as red tide.

KITZ plans to go into the expanding aquaculture market in FY2016.

* Combination of Recirculate and Aqua to create the image of recirculating water



RAS facility in Chino plant



Red sea bream cultured in the RAS facility

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Valve Manufacturing Business

Message from Unit General Manager,
Flow Control Business Unit



We support the stable supply of water and energy and improve an environment in which people can live with a sense of reassurance.

Toshiaki Natori

Director, Senior Executive Officer and Unit General Manager, Flow Control Business Unit

What are Valves?

Valves are a general term for fluid control devices that have the function of flowing and stopping fluids (water, air, oil, gas, etc.) in pipes and controlling the flow.

The origin of valves dates back to woodcocks that were excavated from ancient Egyptian ruins dating from around 1000 BC. Around the mid-1800s, when boilers for spinning were imported, metal valves were used for the first time in Japan. At the start of the Meiji era, when water service and town gas service commenced, valve manufacture began in Japan.

Today, valves are connected with diverse pipes in a wide range of fields from those close to our daily life, such as water and sewage, hot-water supply, gas and air conditioning, to the production processes in industrial fields, such as oil, chemical and pharmaceutical products and food. Valves play an extremely important role. Although we are rarely aware of their existence in our daily life, valves strongly support our life behind the scenes.



As an All-Round Valve Manufacturer

The reason why the KITZ Group has become a world-leading corporate group is that we have established a position as an all-round valve manufacturer that provides diverse products in every field. Many manufacturers specialize in limited fields or produce and sell products by narrowing down materials and shapes, whereas the KITZ Group provides a lineup of products in a variety of shapes using various materials, such as bronze, brass, stainless steel, cast iron and carbon steel, and provides products globally to areas from the fields of our lives to industrial fields. These products are produced in an integrated production system, starting from materials. The KITZ brand is well established for its reliability.

The Market-Oriented Concept in “KICS” Activities

While the market situation is changing rapidly and price fluctuations are intensifying, KITZ has been implementing “KICS” activities to respond promptly to the diversification of customers’ needs and the short life cycles of products by keeping minimum work in process and minimum inventories since 1986.

The KITZ Innovative and Challenging System (KICS) is an innovative management system for thoroughly eliminating stagnation and waste in a series of processes from order receipt and product development through production to delivery. We support the market-oriented concept by deploying these activities and deliver products when necessary and in the quantities required and at a lower price with better quality, which also contributes to easing the customer’s burden of carrying large inventories.

Aiming for True Globalization

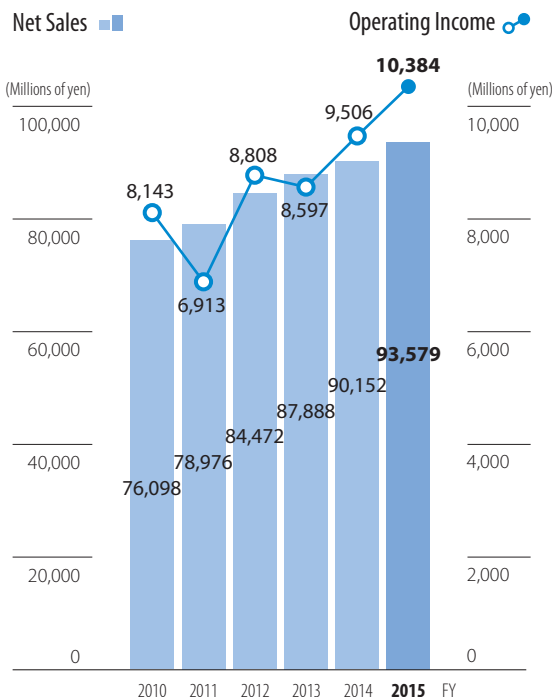
The KITZ Group invests its management resources in expanding fields effectively and efficiently, and strives to improve profitability through the reform of business characteristics. We are aiming to evolve to become a true global company by taking these measures.

We launch global strategic products and high value-added products, which are developed based on global standards, onto the market together with expanding our market share. We are also cultivating markets by combining and reinforcing the functions of global bases in three regional HQs (Europe, Americas, ASEAN) and two hubs (China and India), and by implementing a strategy suitable for each area.



KITZ Group uniform model trunnion mounted ball valves

Net Sales & Operating Income in Valve Manufacturing Business Segment



* The operating profit of the valve business shows the figures before the elimination of corporate expenses, etc.

Working toward Medium- and Long-Term Growth

The KITZ Group is also aggressively pursuing business expansion through M&A. In February 2015, we made Indian valve manufacturer Micro Pneumatics Pvt. Ltd. a Group company, thereby obtaining a production site and sales network simultaneously in India, which we regard as a strategic market. In November 2015, KITZ acquired the Brazilian valve manufacturer Metalúrgica Golden Art's Ltda. in the Americas, which is also positioned as a focus area, and we are confident that this acquisition will provide the impetus for further developing our global business in the future.



Newly added product lineup

Moreover, in February 2016 we concluded a capital and business alliance agreement with Toa Valve Engineering Inc. (Second Section of the Tokyo Stock Exchange), a top-class manufacturer in the field of electricity and power generation. We will develop the collaboration structure by taking advantage of the strengths that the two companies possess in the aspects of procurement, technology, production, sales and service.

The KITZ Group continues to support the enrichment of daily lives as an all-round manufacturer of fluid flow control devices centered on valves, and strives to be a reliable company for everyone.



Joint press conference with Toa Valve Engineering Inc.

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

KITZ Group



Water

Water: The Source of Life

— Bringing Renewed Confidence to Water Usage —

Water is the source of life and essential for sustaining all lives on the earth. The KITZ Group helps to make people's daily lives more comfortable by supporting stabilized water supply through its safety-conscious products and services.

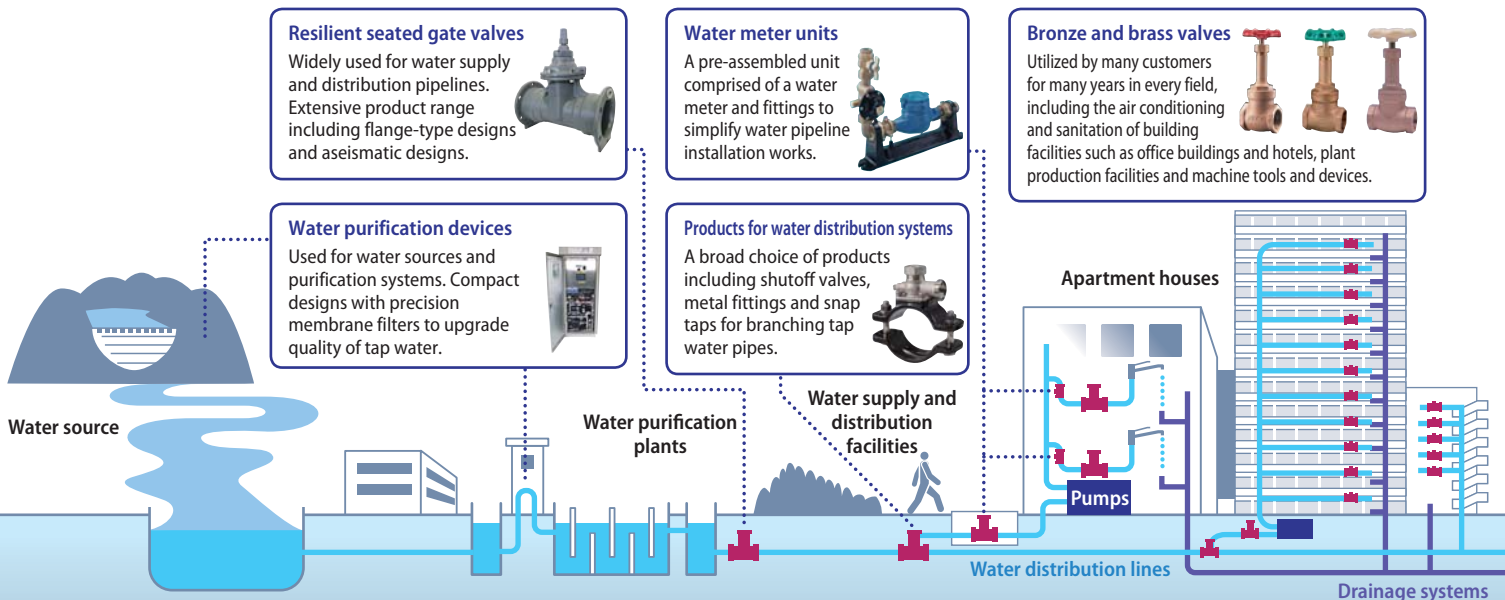
Evolution of Water Treatment Technology

The KITZ Group's history began with water products. Since we started producing bronze valves, we have been supplying water service valves that control distribution of water to homes, buildings and industrial facilities. Our products are now installed in waterworks, water reservoirs, sewage plants and water pipelines as well as millions of homes.

Working toward Solving Water-Related Issues

Today, we work actively on the development of environmentally friendly technologies, such as surface treatment technology to prevent elution of nickel and lead from valves, and lead-free copper alloy materials, and meet the international standards for water quality.

The KITZ Group is seeking new solutions for various water-related problems by harnessing the Group's combined capabilities, utilizing every group member's experience, know-how, technologies, products and services.





Valves for water supply systems

Made of special chemical ingredients to minimize or eliminate lead elution into tap water for protection of human health.



Valves for water heaters

Designed for easy installation on compact, space-saving type for water heaters.



Water conditioners for commercial applications

Unique water conditioners sterilize bacteria and decompose organic materials to chemically improve water quality for application to swimming pools, hot springs, fish farms and metal plating processes where water needs to be recycled.



Tap water filters for home use

Hollow fiber membranes purify tap water. Available in the counter tap type and the under-sink type.



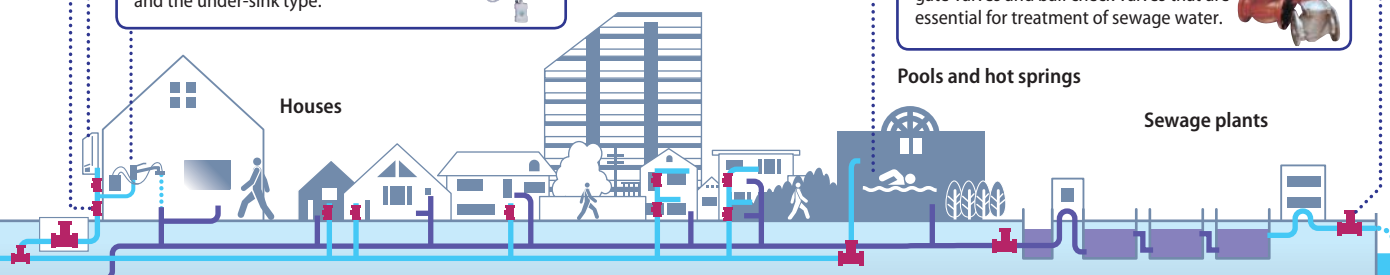
Valves for sewage plants

An extensive lineup of valves including gate valves and ball check valves that are essential for treatment of sewage water.



Pools and hot springs

Sewage plants



KITZ Group



Energy

Oil and Gas: The Valuable Energy Resources for Industry-Running

— Providing Oil and Gas to Users in an Endless Stream —

The KITZ Group provides a wide scope of products that play a key role in maintaining the flow of oil and gas— essential energy resources—to oil refineries, petrochemical plants, chemical plants and innumerable other industrial processes through oil and gas pipelines, loading/off-loading terminals and other modes of transportation.

Controlling the Flow of Fluids in Extreme Harsh Environments

For handling oil and gas, valves must be able to withstand severe conditions like extremely high temperatures and pressure with no possibility of failure. Before introducing any new product, the KITZ Group repeats stringent laboratory tests, analyses and evaluations based on actual on-site service environments. Only those products that have passed such verification procedures are added to our

product lineup. The KITZ Group's steel valves are in great demand for their reliability in the Middle East as well as along the U.S. Gulf Coast, where many of the world's largest petrochemical processing plants are being operated. Many of our cryogenic service valves are installed at LNG loading/off-loading terminal processes in many locations, while fully-welded design ball valves efficiently serve natural gas transportation.

Product Development for a Clean Energy Society

The KITZ Group is also investing its resources in the development of environmentally friendly products. We were the first in Japan to develop ball valves for hydrogen stations that feed high-pressure hydrogen gas to fuel cell vehicles (FCVs), an important part of the next-generation transportation media.

Metal seated ball valves

Specifically prepared for severe service plant operations handling high temperature, highly corrosive fluids.



Carbon steel valves

Reputed well due to high cost performance and availability of a variety of materials including low and high alloy steel for high temperature, high pressure services.



Automated valves

Pneumatic and electric actuators mounted gate, globe, ball and butterfly valves for automated operation.



Three-piece trunnion mounted ball valves

Introduced for a broad range of applications in petrochemical processing and chemical plants where periodic valve maintenance is essential.



Stainless steel valves

Available with various alloy steel including super duplex stainless steel. In recent years, their market has been expanded to light industry and building construction business, thanks to their high cost performance.

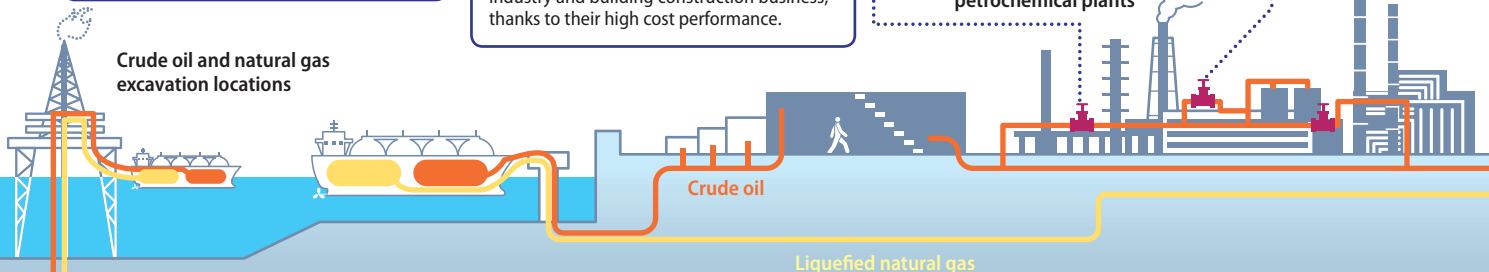


Actuated compact ball valves

Designed for pneumatic or electric operation of compact ball valves for small-sized in-process piping systems for light industries.



Oil refineries and petrochemical plants





To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Fully-welded type pipeline ball valves

Comprised of a fully-welded forged steel shell with double seals in all seal assemblies to guarantee leak-free control of fluid flow within pipelines.



Cryogenic and low temperature service shut-off valves

Stainless steel gate, globe and ball valves specifically designed for handling industrial low temperature fluids as low as -196°C including LNG and ethylene.



Cryogenic and low temperature service control valves

Stainless steel globe valves designed for automated precise control of flow rate for industrial low temperature fluids, under technical collaboration with Valtek Inc. USA (currently Flowsolve Corp.)



High-pressure ball valves for hydrogen stations

High-pressure ball valves have been developed for hydrogen stations to supply fuel (hydrogen) to fuel cell vehicles.



Industrial filters

Recommended for micro-filtration of chemical solutions, compressed air and water, with our ultra-micropore hollow fiber membranes.



Valves for high-purity gas service

Featuring extra high durability with a choice of the stainless steel diaphragm valve series or the bellows seal valve series.



LNG terminal and transportation facilities

Thermal power plants

Semiconductor manufacturing facilities

Hydrogen stations



KITZ—A Reliable Brand

The KITZ Group provides a full lineup of products, and its quality is highly regarded by customers in Japan and overseas. Our 11 brands have a presence in virtually all markets and fields centered on the KITZ brand.

KITZ

KITZ CORPORATION

<http://www.kitz.com/>

As an all-round player, KITZ provides countless product items worldwide, with particular strengths in building utility markets and petrochemical processing industries.

perrin

Perrin GmbH

<http://www.perrin.de/>

A German industrial ball valve manufacturer. Its strength is metal sheet technology for special high temperature and high pressure applications.

RED-WHITE



Toyo Valve Co., Ltd.

<http://www.toyovalve.co.jp/en/>

Toyo Valve was the first company in Japan to manufacture valves. The products are highly reputed in building utilities and fire prevention markets.

"Jso"

KITZ CORPORATION OF EUROPE, S.A.

<http://www.kitzeurope.com/>

A Spanish manufacturer of cast steel and stainless steel ball valves.



Miyoshi Valve Co., Ltd.

<http://www.miyoshivalve.com/>

Miyoshi Valve focuses on building utilities markets centering on water supply systems. Valves for turbo refrigeration units and regenerative air conditioning units are its unique products.



Micro Pneumatics Pvt. Ltd.

<http://www.micropneumatics.in/>

An automated ball valve and butterfly valve manufacturer for Indian industrial applications (chemicals, food and oil).



Shimizu Alloy Mfg. Co., Ltd.

<http://www.shimizugokin.co.jp/>

SGS's products range from valves for water supply systems to those for water purification systems.



Metalúrgica Golden Art's Ltda.

<http://www.mga.com.br/>

A Brazilian industrial ball valve manufacturer.

KITZ SCT

KITZ SCT Corporation

<http://kitz-sct.jp/english/>

KITZ SCT manufactures valves and fittings for semiconductor manufacturers and other factories where high-purity fluid is handled.

YKV

YKV Corporation

<http://www.kitz.co.jp/ykv/>

YKV was incorporated as a joint venture of KITZ Corp.; Yokogawa Electric Corp., an instrumentation device manufacturer; and U.S.-based Valtek Inc. (currently Flowserve Corp.), famous for control valve technologies. YKV produces control valves for various applications.

KITZ MICRO FILTER CORPORATION

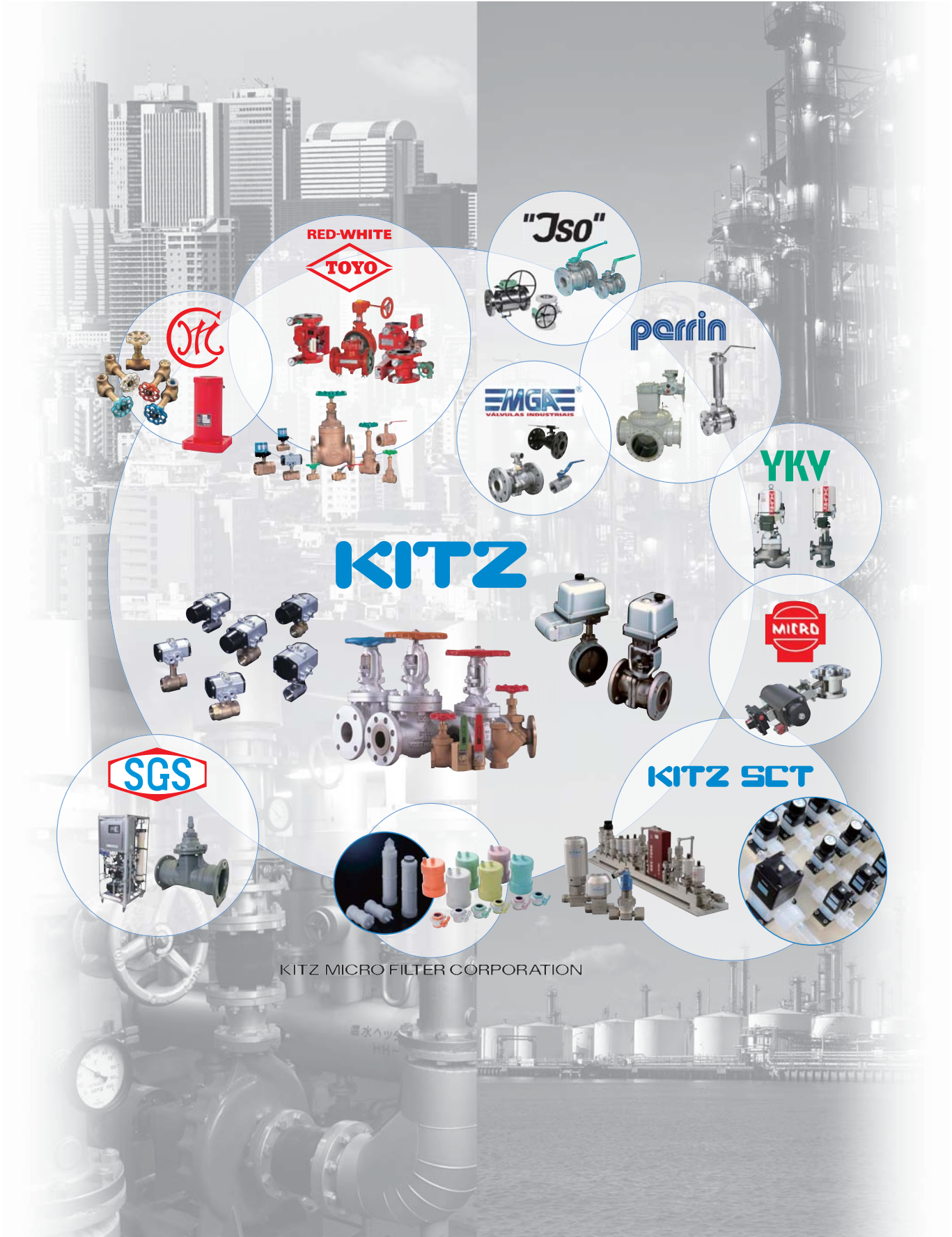
<http://www.kitzmf.com/english/>

KITZ Micro Filter works on industrial precision filters and water conditioners.

A "CHRYSANTHEMUM-HANDLE[®]" is a symbol of **KITZ**, the brand of valve reliability.

Created in cooperation with Mr. Sori Yanagi, a prominent Japanese industrial designer. Pursues the ease of holding from the perspective of ergonomics. Because the shape of the finger-holds embodies plumpness that is reminiscent of large chrysanthemum petals, it is nicknamed the "chrysanthemum handle." It was employed for the design of the handle for bronze valves in September 1980 and has gradually been applied to other products.





To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Research and Development System Creating High Added Value

In order to meet the diverse needs of the times, we take immense pride in producing fluid control devices delivering safety, durability and reliability.

R&D Concept

KITZ's Product Development Department is proactive in its approach to R&D activities in line with its action guideline to "continuously provide customers with impressive and creative products, strengthen its technology structure and constantly improve corporate value."

■ Core technologies

We integrate state-of-the-art process technologies in the fields of material and process engineering that serves as the core of our R&D operations.

■ Solution provider

We strengthen our corporate structure to become a source of technology-based ideas that can solve customers' problems.

■ Speed

We take the lead from the competition by identifying and completing R&D objectives ahead of the curve.

Ceaseless Advancement of Product Development —From General Purpose to Specialty and Value-Added Systems

KITZ Corporation started operations from manufacturing general-purpose valves. Over the years, KITZ has continually gone a step ahead of the needs of emerging markets and developed high value-added products, advancing from manually operated shut-off valves to automated control valves, and from single valves to complex modular products. In addition, KITZ works actively on technological development that has less impact on people and the global environment such as engineering methods, development of materials and material procurement. For the development of materials, in particular, we focus on product development including lead-free copper alloy and European RoHS Directive-compliant materials to meet the increasing demands of society regarding the environment and safety.

In order to respond to the diverse needs of the times, each engineer strives to improve his or her skills and will continue taking on the challenge of value creation on a daily basis. This enables the KITZ Group to take tremendous pride in creating fluid control devices that deliver excellent safety, durability and reliability.

● Product development constantly moving forward on the crest of the world's most advanced fluid flow control technologies



Expansion of product lineup

PFA lined butterfly valves

Butterfly valves for chemical process whose fluid contact area is lined with high-grade PFA, having a unique sealing mechanism both features of which enable the valves to have an excellent anti-chlorine permeation performance and a reliable sealing function.



Development of new materials

<Lead-free valves for North America>

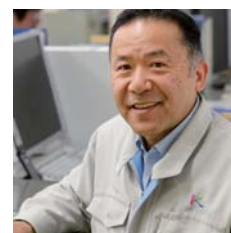
Valves developed jointly with KITZ Metal Works Corporation. They are made of lead-free brass materials for new corrosion resistance and achieve both high recyclability and excellent cutting performance.



High precision high performance technology

<KITZ Micro Filter's hollow fiber membrane filters for chemical solutions>

Offering nano-filtration service to pharmaceutical plants to maintain parity with constantly evolving semiconductor manufacturing technology.



Earning the Trust of Users Globally with World-Class Valve Technologies

While maintaining its position as the industry leader, KITZ is guided by a market-driven approach to constantly provide customers with innovative, high-quality products. The KITZ Group works in unison to cultivate product development and production technologies that achieve high functionality and ultra-precision and nurtures the seeds of these technologies in today's diversified business fields.

Unique R&D System that Continuously Creates High Value-Added Products

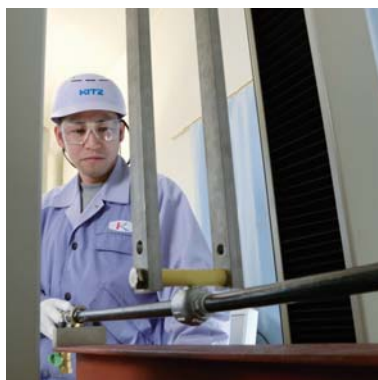
The driving forces underpinning KITZ'S R&D activities are our advanced testing, analysis and measurement technologies carried out at our laboratories. The quality of all our products is controlled through rigorous in-house laboratory testing and analysis, and only those products that satisfy stringent criteria are made available to customers.

• Laboratory tests and analyses simulating user's on-site operation conditions



Flow rate test

Evaluating differential pressures of fluids flowing in a piping system simulating on-site service conditions.



Bending test

In recent years, pipe connection has required earthquake resistance and light weight. Concentrated stress added in the process of the system is assessed for the valve connection section to ensure quality.



Blow-off test

Significant force is applied for high temperature and high pressure fluid flow control when valves are opened and closed. We verify the durability to ensure that valves can operate properly even under the conditions of application limits and ensure high quality.



Cryogenic test

Liquefied natural gas (LNG) is an environmentally friendly clean energy, and liquefied plants for LNG have been constructed all over the world. Because it is a low-temperature fluid, we conduct tests to reproduce the low temperature conditions and make every effort to continuously improve quality so as to demonstrate its precise fluid flow control capabilities.



Fire test

We verify as to whether valve functions can be maintained, even if a fire occurs and the valve seal materials are burned out completely, and reflect these findings in the basic design structure of products.



Simulation analyses technology

We actively introduce various simulation analyses technologies, which are ever advancing, and perform prior verification of product functions and establish the casting method that has fewer defects. Accordingly, we contribute significantly to improving product reliability and reducing the development period.

Production Systems that Assure High-Quality Products

The KITZ Group's manufacturing is based on the concept of delivering products when necessary and in the quantities required with better quality.

Integrated Production System That Provides Quality Control Starting from Castings

Based on integrated production, the KITZ Group positions castings (forge and foundry materials) that are valve materials as the core technology and produces them internally from castings. We have established an integrated production system in which our Group has its own casting facilities for the main valve materials such as bronze, casting iron, ductile, stainless steel and casting steel, thus putting in place a quality assurance system starting from materials. We also provide a wide variety of products in small quantities.

Aiming for Coexistence with the Global Environment

The main materials of valves are metals, which are natural resources. KITZ uses scrap metal as a material of valves. KITZ also strives to recycle scrap and cutting chips generated in the production process by utilizing the know-how it has accumulated over many years. In addition, for casting sand to be used in the casting process, chunks are crushed, sorted and processed in the sand process for recycling. If casting sand is used repeatedly and becomes smaller than the

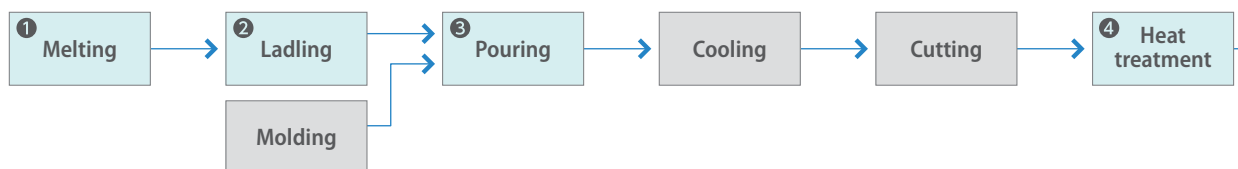
standard particle diameter, it will become waste. However, casting sand that is disposed of will be used as auxiliary materials for cement.

In this way, KITZ aims to achieve coexistence with the global environment and promotes the effective use of limited resources.

KICS Supports Manufacturing Operations Based on Market-Oriented Concept

What supports manufacturing operations based on the market-oriented concept is the production method according to the KITZ Innovative and Challenging System (KICS). KICS provides a mechanism of sending only good products to the subsequent process by producing each product one by one in the sequence of processes at the exact timing with which it can be sold. It also achieves the elimination of stagnation and waste in a series of processes from order receipt to production and delivery. Moreover, we strive to further reduce delivery times and reinforce production lines continuously by thoroughly implementing standard work and improving processes.

Stainless Steel Valve Manufacturing Process



1 Melting
Raw materials are melted in high-frequency electric furnaces.



2 Ladling
Melted metal is ladled for pouring.



3 Pouring
Melted metal is poured into a casting mold. The melted metal flows into the cavity between the upper mold, the lower mold and the core.



4 Heat treatment (solution heat treatment)
Raw materials are quenched after having been heated up to 1,100°C. This process forms a uniform metallic structure and makes mechanical properties such as tensile strength and elongation higher.



KITZ Brand is Backed by Quality Management Systems

KITZ Corporation recognized the importance of conformance to the international standard on quality management systems earlier than anyone in the industry. In November 1989, KITZ became the first Japanese company to earn ISO 9001 certification. At present, all domestic and international production bases in the KITZ Group have been certified to this standard. In July 2001, KITZ Corporation was also certified, for the first time in the valve industry in Japan, in accordance with the Pressure Equipment Directive 97/23/EC (PED) for CE marking required for European markets. KITZ plants in Taiwan, Thailand and China also have now obtained certification regarding PED as well.

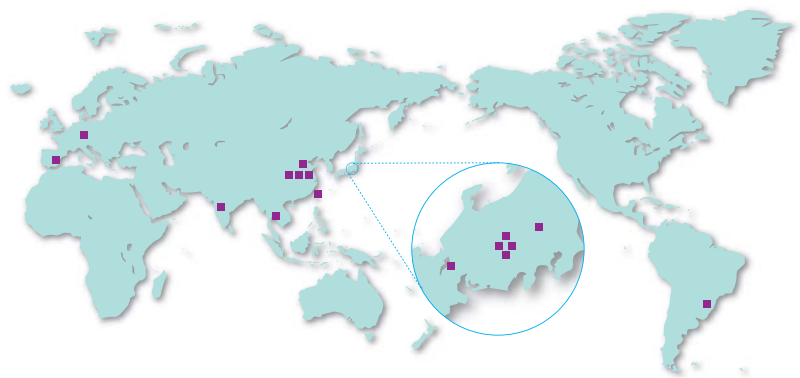
In Japan, KITZ Corporation is approved by the Ministry of Economy, Trade and Industry as an authorized gas tester under the High Pressure Gas Safety Act. It supplies Japan Industrial Standards (JIS) certified products and complies with standards of the Japan Water Works Association.

KITZ Corporation is also certified to display the API Monogram of the American Petroleum Institute Production Department.

Global Production Network: Manufacturing Facilities Located in the Optimum Location

The KITZ Group is building a structure for undertaking production in the most suitable locations for its operation around the world.

Under this structure, we produce high value-added products in Japan, while Japan also plays a crucial role as the command center for our global manufacturing activities. The KITZ Group now has international factories in Thailand, Taiwan, China, India, Spain, Germany and Brazil.



5 Acid pickling
Pickling castings in acid solution removes impurities such as oxidized scales on the casting surface caused by heat treatment and shot blasting. At the same time, a protective film is formed on the casting surface for higher corrosion resistance.



6 Machining
Castings are cut, drilled and processed with machines.



7 Assembly
Various parts and components are assembled to complete valves.



8 Pressure tests
Valves are pressurized with air and/or water and operated to verify that they satisfy the quality requirement.



9 Shipment
After coating and product protection measures are taken, satisfactorily tested products are gathered on a shipping platform under strict control and shipped in a timely manner to each designated destination.

Developing a Global Sales Network

Since its foundation, the KITZ Group has established a strong sales network covering all of Japan. Today, we are working on the development of a global sales network in order to meet customers' requests with regard to quality, price, delivery and service.

Full Distribution System

In terms of sales bases in Japan, branch offices are located in Tokyo, Osaka and Chubu (Nagoya), and branches are located in Hokkaido, Tohoku (Sendai), Kita-Kanto (Saitama), Chugoku (Hiroshima) and Kyushu (Fukuoka). In addition, there are sales offices in major cities nationwide. In January 2015, the sales department in charge of the Tokyo metropolitan area, which had been located within the headquarters (Mihama-ku, Chiba), was moved to Nishinomiya, Chuo-ku, Tokyo. As a result, there is a system in place to undertake sales activities that are far closer to customers than before.

In addition, we have developed a sales structure to respond to customer requests immediately through a strong distributors' network covering all of Japan. These distributors and KITZ are connected via dedicated lines and the Internet. As a result, information on market demand is fed back directly to the production site, and this also achieves marked improvements in business efficiency and the acceleration of business. We have also adopted a pull production system, a system for setting a standard volume of customer inventory for each product and replenishing the quantity shipped on a daily basis to maintain the inventory at a certain level. With this, customers do not need to monitor the inventory volume of products for which standard inventory is set and can meet needs for rapid delivery.



Comprehensive After-Sales Service

KITZ Engineering Service Co., Ltd. (KESCO), our Group company, is in charge of after-sales service for products.

Repairs and managing aging plants have been promoted at the existing plants in Japan in recent years, and there is an increasing awareness of maintenance. In this situation, KESCO serves as a maintenance department for KITZ and responds to diverse needs by taking advantage of KITZ's sales network and various data. The company also provides efficient, comprehensive maintenance service in locations nationwide in cooperation with the service center and subcontractors.

In addition to valve maintenance, KESCO provides technical consultations and analysis of specifications regarding fluid control, valve automation and remodeling and dispatches routine repair managers and other engineers to plants.





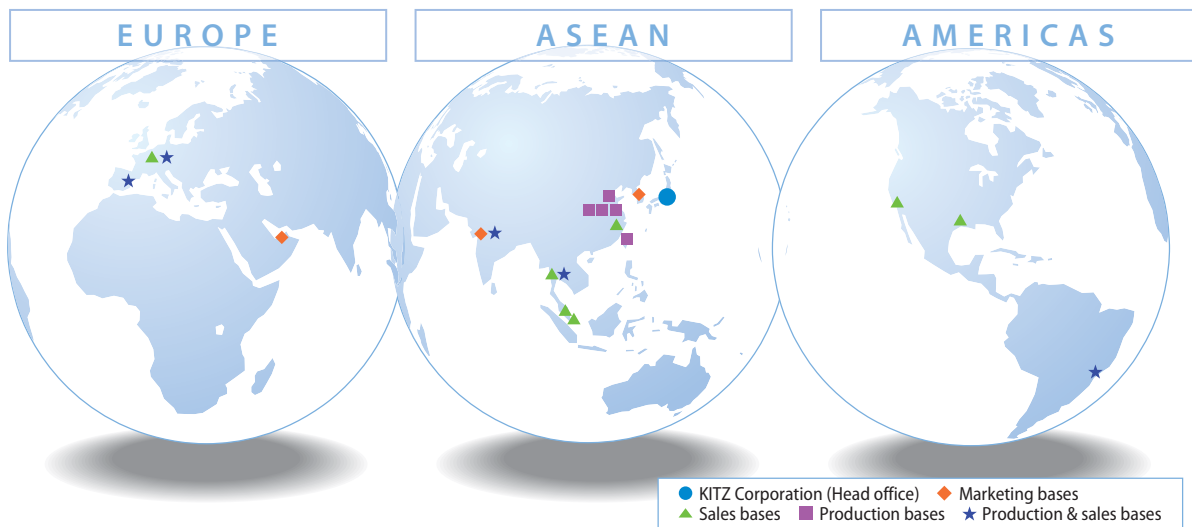
Straightening and Consolidating Our Supply System Prioritizing Key Regions and Important Countries

The KITZ market covers the entire globe, with priority given to the regions that have the greatest demand for KITZ products. Beyond the home market in Japan, our priority market zones are centered in the three key market regions of Europe, the Americas and ASEAN nations, and the two important countries of China and India. Globally, we have established regional headquarters that provide the functions of sales, marketing, engineering, stock, maintenance and

service for each area, and conduct business close to the region and provide products and services to satisfy local customers' needs.

In addition to the representative offices in India, UAE, and Korea, we have established sales bases in China, Singapore, Thailand, the United States, Germany, Spain and Brazil and have developed global sales networks. In order to respond to individual requests and problems with products, we are endeavoring to develop the KITZ Official Modification Shop network for the modification and repairs of valves.

KITZ Group Production and Sales Networks



Three Regional Headquarters

• Europe

We set up KITZ Europe GmbH in Nidderau, Germany, to implement our production and sales strategies focused on the entire European region, including Eastern Europe and Russia.



• ASEAN

We operate KITZ Corporation of Asia Pacific Pte. Ltd. in Singapore as our marketing and sales promotion center for the ASEAN member countries.



• Americas

Located in Texas in the United States, KITZ Corporation of America carries out marketing and sales activities in North America as well as in Central and South American countries.



As a Leading Company in the Valve Industry

As a leading company in the valve industry, KITZ has cultivated advanced technology and a wealth of experience over the course of many years. KITZ utilizes these to provide a wide range of services regarding valves to meet the diverse needs of customers.

Valve Technical Training for Customers

The KITZ Training Center was established in 1981 as Japan's only permanent training center for valve technology, and it has been used by many people since then. In recent years, the industries using valves have experienced the significant advancement of new technology responding to more stringent environmental and safety standards, as well as automation technology to provide more advanced functions and save labor, and changes are occurring at an unprecedented speed. As training programs to support these advanced technologies, we provide a basic course for valves and a basic course for automated valves.

A number of attendees take these courses, including distributors, contractors, users, device manufacturers, plant-related companies and students. We help them enhance their skills through practical training on valve disassembly and assembly and pipes, and through lectures by engineers who have extensive practical experience.



KITZ Training Center



Practical training room

Valve Meister System

KITZ introduced the Valve Meister System for certifying sales representatives who have reached a certain level of skills and knowledge regarding automated valves and metal materials for valves as Valve Meisters in FY2014. In order to become Valve Meisters, sales representatives must undergo technical education and training based on practices for about one year. Those who pass the certification test are awarded the title of Valve Meister.

Every sales representative works hard to improve their skills regarding valve technology and to provide greater value for customers, thus contributing to enhancing the knowledge and skills of the entire industry.



The certification mark is displayed on the business cards of sales representatives who are certified Valve Meisters.

Customer Satisfaction Survey

To provide better products and services, KITZ has conducted a customer satisfaction survey targeting more than 1,000 companies annually since 1997. Based on the results of the responses collected from customers and analyzed, we work toward additional improvements to further enhance customer satisfaction.



The survey has been conducted via a Web questionnaire system since 2013.

Brass Bar Manufacturing Business

Manufacture and Sales of Brass Bars

Brass bars are widely used for machines, construction materials and other items.

Widely Selling Brass Bars

KITZ Metal Works Corporation conducts the wrought copper and copper alloy products business and serves as a supply base to provide brass bars to valve business operations, a major area of the KITZ Group. In addition, it manufactures and sells high-quality brass bars that are widely used as materials for faucet metal fittings and components for gas equipment and home appliance products. KITZ Metal Works increases the efficiency of the information flow from order receipt to delivery and achieves high quality and short delivery times.

Development of Environmentally Friendly New Materials

KITZ Metal Works actively works on the development and sales of new materials that are friendly to people and the environment, and meets regulations by utilizing the alloy technology that it has cultivated for many years. They include dezincification corrosion-resistant brass bars, lead-free brass bars and cadmium-free brass bars. In recent years, responding to the revised U.S. Safe Drinking Water Act, it developed the lead-free brass bar KEEPALLOY II (XA metal and XC metal) featuring improved recyclability and superior corrosion resistance, and launched sales.

Increased Efficiency in the Machined Product Business

In July 2015, Hokutoh Giken Kogyo Corporation, a manufacturer of cutting and machined products for brass bars, joined the KITZ Group. In addition, the brass cutting/forging process of the KITZ Group is being integrated with KITZ Metal Works to enhance the efficiency of the manufacturing process and increase earnings. In May 2016, a new plant for forging and machined products was constructed. We will increase the efficiency in the machined product business, such as cutting and machined products and brass forging products, by using brass bar products produced in-house, while meeting the diverse needs of the faucet metal fittings, air-conditioning and home appliance markets.



Production line



KITZ Metal Works Corporation

Hotel Beniya is also a KITZ Group Company

Suwa city, Nagano, is the birthplace of KITZ founder Toshio Kitazawa. Many of the offices and plants of the KITZ Group are located in the Suwa region today.

Hotel Beniya is a resort hotel where visitors can enjoy a variety of hot springs in the grand nature of Shinshu overlooking Lake Suwa. The hotel is not only used by tourists but also by local residents as a place for relaxation.



To Our Stakeholders

Business Summary and Strategy

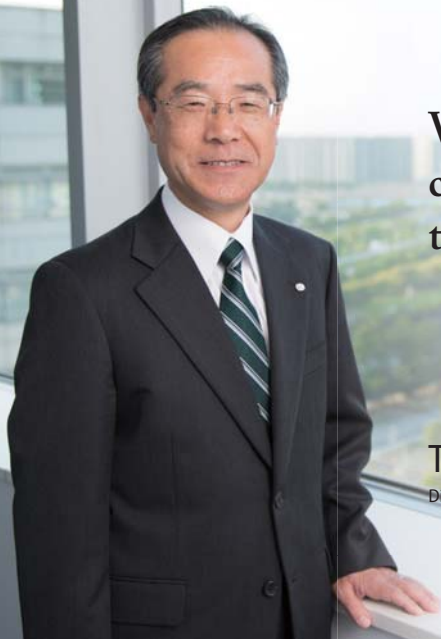
Human Resources

ESG of the KITZ Group

Data Section

Human Resources

Message from Director in Charge of Human Resources



We develop human resources who are able to compete worldwide and foster a corporate culture that keeps employees highly motivated.

Toshiyuki Murasawa

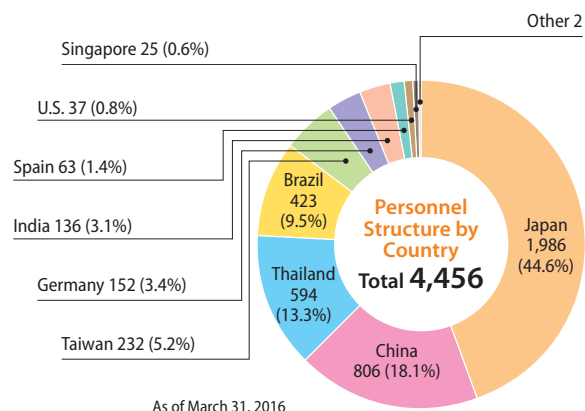
Director, Executive Officer and Division Manager, Corporate Administration Division

Desired Personnel

“Do it True” (referring to sincerity and the truth) is the first action guide at KITZ. Being sincere and being serious are the values that the KITZ Group considers to be the most important. We consider these to be values that make KITZ good at what we do. The action guides that follow it are “Do it Now” (referring to speed and timeliness) and “Do it New” (referring to creative ability and challenges). We need ideas outside KITZ conventions and the ability to act to develop businesses faster and globally, and to meet market demands that are changing rapidly. We need human resources who are able to understand the superior aspects of Japan, think about matters from a global perspective and carve out a future for themselves through challenges on this stage called KITZ.

Toward Becoming a Truly Global Company

At present, the KITZ Group maintains operating bases in 12 countries worldwide. Employees working in countries other than Japan (including those on loan) account for 55.4% of the Group’s total workforce (as of March 31, 2016). About 100 KITZ employees also share the experience of being assigned overseas. However, we cannot call KITZ a truly global company at this point in time. At a truly global company, which we aim to become, all employees have freed themselves from a Japan-centric way of thinking. They can think and take actions by keeping the world in mind. To train human resources who are able to compete globally, we are increasing opportunities for our young engineers to gain experience at Group companies overseas. We expect them to work and live overseas and grow into human resources who support KITZ based on their overseas experience. At the same time, we will continue active personnel exchanges with Group companies overseas.



As of March 31, 2016

Approaches to Diversity

Companies need human resources with diverse personalities who can perceive various customer demands in order to amass such demands. From this point on, companies must also build systems for accepting diverse human resources, preparing a working environment in which each of them can display their strengths and enabling all employees to work energetically. We believe that we can enable each of our employees to flourish in his or her job, feeling a sense of worth and pride, by extending this way of thinking.

KITZ is advancing the following initiatives to develop an environment that enables each employee to demonstrate his or her abilities to the maximum extent possible, irrespective of gender, age and nationality.

<ul style="list-style-type: none"> ● The Right People in the Right Places 	Set organizational strategies and direction, specifically by closely determining whether employees are suitable for the relevant divisions and operations, assigning the right human resources in the right places and training them with care.
<ul style="list-style-type: none"> ● Personnel System Reforms 	Provide equal opportunities to take on challenges and reform the personnel system to make jobs rewarding to employees.
<ul style="list-style-type: none"> ● Changes in Corporate Culture and Mind 	Foster a corporate culture in which diverse employees are accepted while maintaining traditions from the point of foundation. Encourage a change from the way of thinking that traditional methods of doing things are a matter of course to the way of thinking that looks for new approaches at all times.
<ul style="list-style-type: none"> ● Promoting the Active Participation of Woman 	Prepare systems and structures that enable women to display their abilities to their full potential.

Human Resources Development

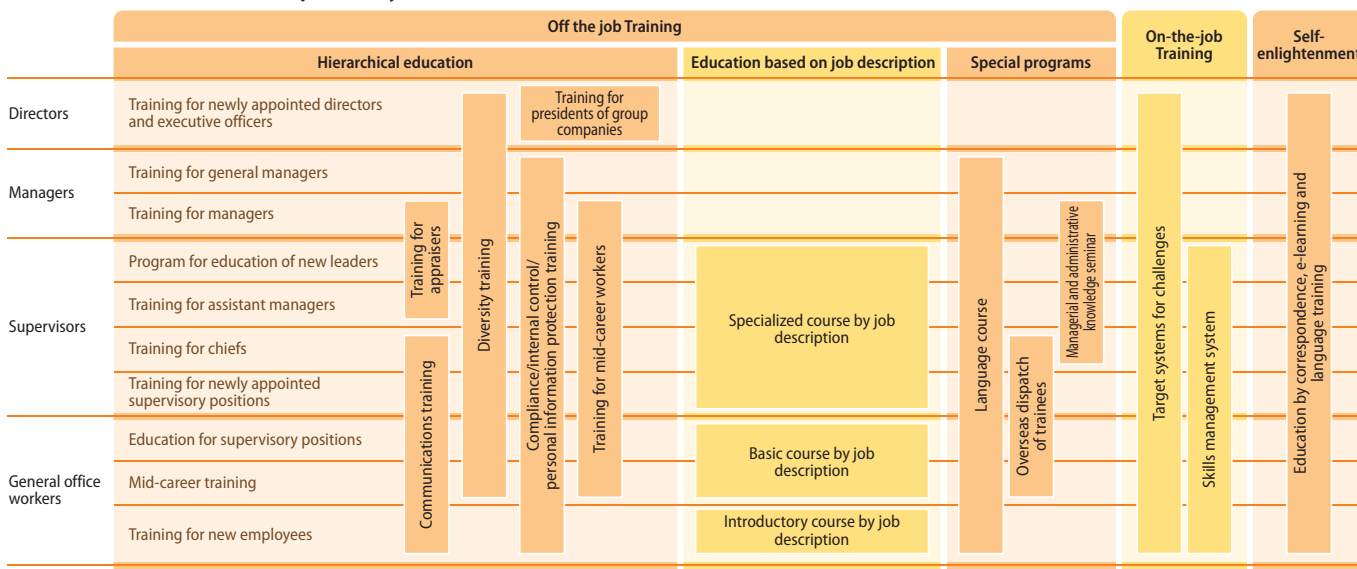
KITZ approaches training for its employees with “displaying human resources competence” and “displaying organizational capacity” as dual targets. KITZ is improving its programs for human resources development, such as programs for professional education based on duties and job classifications and programs for educating specially selected employees, with hierarchical education as a pillar. In addition, KITZ is developing a corporate culture that enables its employees to keep their motivation high by operating a target system for challenges and linking their development to their evaluation and treatment.

Regarding the safety and health of employees, KITZ is working to establish a management system (for ensuring compliance with laws and regulations related to safety and sanitation), provide machinery and facilities, take safety measures for people (to prevent similar disasters) and develop an office atmosphere (by advancing a zero disaster campaign). There is a saying that “companies depend on people.” In our view, reforms and the unquestionable social value of companies depend entirely on the actions, way of thinking and way of living of each of their employees.



Employee training

Human Resources Development System



KITZ in the Words of Younger Employees

We introduce how younger employees work at creating value at their own posts.



KITZ provides us with opportunities to work on a global scale.

Roderick Andal Perez

Engineering Group, Customer Engineering Department

As an engineer, I support project work from a technical aspect. My duties include the selection of valves, actuators and auxiliary equipment with the specifications required in the project, as well as the preparation of engineering calculation documents.

All KITZ employees work hard and respect each other. I can work comfortably every day thanks to my friendly colleagues and good environment. Working for KITZ also means that we can have an opportunity to take an active role globally.

The more motivated you become, the more you can expand your own potential.

Sachiko Shiroki

Project Engineering Group 1, Project Engineering Department

I am in charge of assembly and parts drawings and parts lists for low temperature and cryogenic valves.

At KITZ, we do not have a negative way of thinking such as “women should act like women.” As long as you have the motivation, you can play an important role regardless of age and gender. I want to further expand my potential and use my skills to make a contribution to society.



I find my job rewarding when improvements can be observed.

Junya Minami

Stainless Steel Manufacturing Group 2, Production Department, Nagasaki Plant

The Stainless Steel Manufacturing Group plays a core part of valve production. We process the castings, cutting and drilling them by using various machine tools, and finish the products after assembling them together with other parts and inspect them.

My current job is to make improvements to raise production efficiency. I find my job rewarding when improvements can be observed, for example, shortening the manufacturing process per product.





I hope to keep improving my language skills and take on a job where English ability is required.

Marie Ueno

Project Sales Office 1, Project Sales Department

As a salesperson for project works, I am in charge of sales and marketing for EPCs. I find a sense of satisfaction when receiving an order and delivering the product without any problems after a prolonged discussion on the specifications with the client.

KITZ provides ample training opportunities to English learners. I hope to keep on improving my language skills and take on a job where English ability is required.

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

I still cannot forget my supervisor's words: "Do whatever you can do."

Yuuki Ishihara

Department of Overseas Operation

I am in charge of sales activities mainly for distributors, contractors and petrochemical companies in Asia. Just one and a half years after joining the company, I was placed solely in charge of a Taiwanese client. "Do whatever you can do" are unforgettable words that my supervisor said at that time.

Our competitors exist all over the world, so it is important for us to act on the offensive. I work toward becoming a world-class salesperson who is more creative than those in competitive manufacturers around the world.



I feel that the broad experience and stimulation that I have obtained through my work has made me grow.

Hiroaki Tanaka

Legal Group, Legal Department

The Legal Group prevents possible disputes in corporate activities from a legal standpoint and endeavors to resolve disputes that actually arise. My main tasks are preparing and examining contract agreements with other companies, providing legal consultation as well as offering legal education through seminars and other means. I am satisfied with having done responsible work from my early years. I feel that the broad experience and stimulation that I have obtained through my work has made me grow.

ESG of the KITZ Group

* ESG: Environment, Social and Governance



Title of artwork:
Vase "Rose de France"
Artist name: Émile Gallé
Circa: 1901
Height: 43.0cm

At the time of Gallé, his hometown in a part of the Lorraine region was being annexed by Germany. This artwork features a wild rose (*Rosa gallica*: a French rose), which is believed to bloom only in Mount Saint-Quentin looking down on the town of Metz, an occupied area. A red bud representing sacrifice is drawn on the front, while on the back, the quietly blooming flower expresses its valiant resistance. It is a masterpiece designed in commemoration of Simon, a horticulturist from Metz, leaving the association in Nancy.

From Kitazawa Museum of Art's collection

KITZ Corporation supports the public interest incorporated foundation Kitazawa Museum of Art as a part of social contribution activities.

Board of Directors, Corporate Auditors and Executive Officers

(as of June 29, 2016)

Directors

President Yasuyuki Hotta



Born: June 18, 1955
 Number of shares owned: 123,100 shares
 Number of years' service as a Director: 9 years

Mar. 1978 Joined KITZ
 Jan. 1997 Branch Manager, Chubu Branch, Sales Division
 Apr. 2001 Plant Manager, Nagasaki Plant
 Oct. 2001 Managing Executive Director, KITZ SCT Corporation
 Jun. 2004 Representative Director and President, KITZ SCT Corporation
 Apr. 2006 Managing Executive Officer, General Manager, Flow Control Business Division
 Apr. 2007 Senior Executive Officer, General Manager, Flow Control Business Division
 Jun. 2007 Director, Senior Executive Officer, General Manager, Flow Control Business Division
 Jun. 2008 President and Chief Executive Officer, General Manager, Flow Control Business Division
 Apr. 2009 President and Chief Executive Officer (present position)

Reason for Appointment:

Since being named President and Chief Executive Officer of the Company in 2008, Yasuyuki Hotta has shown strong leadership as the top executive and has pushed strengthening the globalization and corporate governance of the KITZ Group. It was decided that this knowledge and experience will contribute to increasing the value of the KITZ Group.

Director Toshiaki Natori



Born: January 20, 1957
 Number of shares owned: 26,700 shares
 Number of years' service as a Director: 5 years

Mar. 1980 Joined KITZ
 Oct. 1999 Plant Manager, Chino Plant, Production Division
 Apr. 2004 Managing Executive Director, KITZ Metal Works Corporation
 Jul. 2009 Representative Director and President, KITZ Metal Works Corporation
 Apr. 2010 Executive Officer, Division Manager, Production Division
 Jun. 2011 Director, Executive Officer, Division Manager, Production Division, Supervisor of the NEW KICS Center and production divisions of the group companies
 Apr. 2013 Director, Managing Executive Officer, Unit General Manager, Flow Control Business Unit, Division Manager, NEW KICS Center, Supervisor production divisions of the group companies
 Apr. 2014 Director, Senior Executive Officer, Unit General Manager, Flow Control Business Unit, Division Manager, NEW KICS Center, Supervisor of production divisions of the group companies and sales divisions (present position)

Reason for Appointment:

Toshiaki Natori has been the Executive Officer in charge of production areas and President of a Group company. He has supervised valve manufacturing business from 2011. It was decided that his knowledge and experience also will contribute to increasing the value of the KITZ Group.

Director Takahito Hirashima



Born: September 10, 1959
 Number of shares owned: 90,440 shares
 Number of years' service as a Director: 4 years

Mar. 1985 Joined KITZ
 Jul. 2002 Plant Manager, Suwa Plant, Production Division
 Apr. 2004 Director, KITZ Micro Filter Corporation
 Apr. 2006 President and Chief Executive Officer, KITZ Micro Filter Corporation
 Apr. 2011 Executive Officer, Division Manager, Engineering Division, Supervisor of engineering divisions of the group companies
 Jun. 2012 Director, Executive Officer, Division Manager, Engineering Division, Supervisor of engineering divisions of the group companies
 Apr. 2013 Director, Executive Officer, Division Manager, Engineering Division, Flow Control Business Unit, Supervisor of engineering divisions of the group companies
 Apr. 2016 Director, Executive Officer, Division Manager, Engineering Division, Flow Control Business Unit, Division Manager, Product Management Center, Flow Control Business Unit, Supervisor of engineering divisions of the group companies (present position)

Reason for Appointment:

Takahito Hirashima has been the Executive Officer of the technology & development areas and President and Chief Executive Officer of a Group Company and, since becoming a Director of the Company in 2012, has been in charge of technology development for the KITZ Group. It was decided that his knowledge and experience also will contribute to increasing the value of the KITZ Group.

Director Toshiyuki Murasawa



Born: February 9, 1959
 Number of shares owned: 56,900 shares
 Number of years' service as a Director: Newly appointed

Mar. 1981 Joined KITZ
 Apr. 2003 General Manager, Corporate Planning Department
 Apr. 2009 Executive Officer, General Manager, Corporate Planning Department, Supervisor of Publicity and IR Promotion Office and related businesses
 Apr. 2011 Executive Officer, Deputy Division Manager, Corporate Planning Division, Supervisor of Corporate Planning Department, Publicity and IR Promotion Office, and related businesses
 Oct. 2011 Executive Officer, Division Manager, Corporate Planning Division
 Apr. 2014 Executive Officer, Division Manager, Corporate Planning Division, Supervisor of related businesses (brass bar manufacturing business)
 Apr. 2016 Executive Officer, Division Manager, Corporate Administration Division, Supervisor of Internal Audit Office and Group's risk management
 Jun. 2016 Director, Executive Officer, Division Manager, Corporate Administration Division, Supervisor of Internal Audit Office and Group's risk management, Supervisor of administration divisions of the group companies (present position)

Reason for Appointment:

Toshiyuki Murasawa has been the Executive Officer in charge of the corporate planning area and Director of a Group Company, devising business strategy plans, has pulled management of the Group together into a unified whole. It was decided that his knowledge and experience also will contribute to increasing the value of the KITZ Group.

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Outside Director **Kazuyuki Matsumoto**



Born: September 21, 1945
Number of shares owned: 2,900 shares
Number of years' service as a Director: 3 years

Apr. 1970 Joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation)
Jun. 2001 Director, Teijin Seiki Co., Ltd.
Sep. 2003 Executive Officer, Nabtesco Corporation
Jun. 2004 Director, Nabtesco Corporation
Jun. 2005 Representative Director, President & CEO, Nabtesco Corporation
Jun. 2011 Chairman, Nabtesco Corporation
Jun. 2013 Advisor, Nabtesco Corporation, Outside Director, TOPCON CORPORATION (present position), Director of KITZ (present position)

Reason for Appointment:

Kazuyuki Matsumoto has long been active as an executive of Nabtesco Corporation and, in addition to having rich experience as a corporate executive, has broad insights on technical strategies. It was decided that he also will contribute to increasing the value of the KITZ Group.

Outside Director **Minoru Amoh**



Born: December 9, 1951
Number of shares owned: 600 shares
Number of years' service as a Director: 1 year

Apr. 1979 Joined Du Pont Far East, Inc. Japan Representative Office (currently DuPont Kabushiki Kaisha).
Mar. 2000 Director, DuPont Kabushiki Kaisha
Mar. 2002 Managing Executive Director, DuPont Kabushiki Kaisha
Mar. 2004 Senior Executive Director, Regional Director, Asia-Pacific Region, Engineering Polymer Business Division, DuPont Kabushiki Kaisha
Jul. 2005 Director, Vice President, DuPont Kabushiki Kaisha
Sep. 2006 Representative Director, President, DuPont Kabushiki Kaisha
Jan. 2013 Representative Director, Chairman, DuPont Kabushiki Kaisha, President, DuPont Asia Pacific Limited
Sep. 2014 Honorary Chairman, DuPont Kabushiki Kaisha
Jun. 2015 Director of KITZ (present position)

Reason for Appointment:

Minoru Amoh has long been active as an executive of DuPont K. K., which has businesses around the world, and has high principles based on his abundant corporate management experience. It was decided that he also will contribute to increasing the value of the KITZ Group.

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member **Takafumi Azuma**



Born: February 26, 1948
Number of shares owned: 97,100 shares
Number of years' service as an Audit & Supervisory Board Member: 11 years

Apr. 1976 Joined KITZ
Jun. 1998 Director, Manager, Overseas Business Department
Apr. 1999 Executive Officer, Manager, Overseas Business Department
Jun. 2005 Standing Audit & Supervisory Board Member (present position)

Reason for Appointment:

Takafumi Azuma has long been active and has accumulated experience in business management as the Company's Executive Officer and General Manager of the Overseas Business Department and possesses the knowledge expected of an auditor. It was decided and expected that his extensive experience as the Company's Standing Audit & Supervisory Board Member will be reflected in the audits of the Company.

Outside Audit & Supervisory Board Member **Akio Mitsufuji**



Born: February 4, 1948
Number of shares owned: 2,900 shares
Number of years' service as an Audit & Supervisory Board Member: 3 years

Apr. 1972 Joined Toyo Engineering Corporation
Mar. 1999 Joined Ebara Corporation
Jun. 2000 Director, Ebara Corporation
Jun. 2002 Senior Executive Officer, Ebara Corporation and President, I.T. Engineering Co., Ltd.
Jun. 2004 Director, Managing Executive Officer, Ebara Corporation
Apr. 2006 Managing Executive Officer, Ebara Corporation
Jun. 2008 President, Ebara Agency Co., Ltd.
Jun. 2011 President, Project Management Association of Japan (present position)
Jun. 2013 Audit & Supervisory Board Member of KITZ (present position)

Reason for Appointment:

It was decided that Akio Mitsufuji will contribute to securing the sound management of the Company from the position of which independence and neutrality are guaranteed while reflecting his extensive experience and in-depth insight as an executive in the audits of the Company.

Standing Audit & Supervisory Board Member **Masahiko Kondo**



Born: September 8, 1952
Number of shares owned: 31,400 shares
Number of years' service as an Audit & Supervisory Board Member: Newly appointed

Aug. 1977 Joined KITZ
Jul. 2000 General Manager, General Administration and Human Resource Department
Apr. 2004 Executive Officer, General Manager, General Administration and Human Resource Department, Supervisor of labor, environment safety and Publicity and IR Promotion Office
Apr. 2010 Executive Officer, Deputy Division Manager, Corporate Administration Division, Supervisor of General Administration and Human Resource Department, environment safety and Group's risk management
Jun. 2012 Director, Executive Officer, Division Manager, Corporate Administration Division, Supervisor of Internal Audit Office and Group's risk management, Supervisor of administration divisions of the group companies
Apr. 2014 Director, Managing Executive Officer, Division Manager, Corporate Administration Division, Supervisor of Internal Audit Office and Group's risk management, Supervisor of administration divisions of the group companies
Jun. 2016 Standing Audit & Supervisory Board Member of the Company (present position)

Reason for Appointment:

Masahiko Kondo is involved in management of the Company as a Director in charge of the corporate administration areas which bring the Group companies together and has pushed for strengthening management infrastructure and has built and pushed for the strengthening of the Group's risk management system. It was decided and is expected that his knowledge and experience in business management, labor, accounting and finance will be reflected in the audits of the Company.

Outside Audit & Supervisory Board Member **Tatsuhiko Takai**



Born: February 3, 1952
Number of shares owned: 3,600 shares
Number of years' service as an Audit & Supervisory Board Member: 1 year

Jul. 1974 Joined Mitsui Mining & Smelting Co., Ltd.
Jun. 2004 Executive Officer, General Manager, Finance Department, Mitsui Mining & Smelting Co., Ltd., Outside Audit & Supervisory Board Member, MESCO, Inc.,
Jun. 2007 Chief Financial Officer, Senior Executive Officer, General Manager, Finance Department of Mitsui Mining & Smelting Co., Ltd.
Jun. 2008 Standing Audit & Supervisory Board Member, Mitsui Mining & Smelting Co., Ltd.
Jun. 2011 Outside Audit & Supervisory Board Member, Nakabohtec Corrosion Protecting Co., Ltd.
Jun. 2015 Audit & Supervisory Board Member of KITZ (present position)

Reason for Appointment:

Tatsuhiko Takai took charge of accounting operations for Mitsui Mining & Smelting Co., Ltd. for many years and successively assumed the position of Chief Financial Officer, etc., having accumulated a considerable amount of knowledge in finance and accounting. It was also decided that his extensive experience as a Standing Audit & Supervisory Board Member of the said company will be reflected in the audits of the Company.

Executive Officers

President and Chief Executive Officer **Yasuyuki Hotta**
 Senior Executive Officer **Toshiaki Natori**
 Executive Officer **Takahito Hirashima**
 Executive Officer **Toshiyuki Murasawa**

Executive Officer **Kazuhiko Shimodaira**

Born: May 31, 1953

Mar. 1977 Joined KITZ
 Nov. 1999 General Manager, Legal and Intellectual Property Department
 Apr. 2009 Executive Officer, General Manager, Legal and Intellectual Property Department, Management Division
 Apr. 2011 Executive Officer, General Manager, Legal Department, Supervisor of the Intellectual Property Department (present position)

Executive Officer **Taro Kimura**

Born: August 4, 1959

Dec. 1991 Joined KITZ
 Jun. 2001 General Manager, Accounting & Finance Department
 Apr. 2010 General Manager, Accounting Supervisory Department, Corporate Administration Division
 Apr. 2011 Executive Officer, Deputy Division Manager, Corporate Administration Division, Supervisor of Accounting & Finance Department and the Internal Control Promotion Office
 Apr. 2013 Executive Officer, Deputy Division Manager, Corporate Administration Division, Supervisor of the Accounting & Finance Department and internal control (present position)

Executive Officer **Kazuhiko Hirabayashi**

Born: August 6, 1959

Mar. 1982 Joined KITZ
 Apr. 2004 General Manager, Production Planning Department, Flow Control Business Unit, Production Division
 Apr. 2012 Deputy Division Manager, Production Division
 Apr. 2013 Executive Officer, Division Manager, Flow Control Business Unit, Production Division (present position)

Executive Officer **Tetsuo Sakane**

Born: July 23, 1955

Mar. 1980 Joined KITZ
 Apr. 2001 Branch Manager, Chugoku Branch, General-purpose Valve Division
 Apr. 2011 Branch Manager, Osaka Branch, Sales Division
 Apr. 2014 Executive Officer, Division Manager, Domestic Sales Division, Flow Control Business Unit (present position)

Executive Officer **Yukinari Koide**

Born: January 15, 1959

Mar. 1982 Joined KITZ
 Aug. 1999 Managing Director, Miyoshi Valve Co., Ltd.
 Dec. 2004 Branch Manager, Chubu Branch, Domestic Sales Division
 Apr. 2008 General Manager, Sales Planning Department, Domestic Sales Division
 Apr. 2013 General Manager, Business Planning Department, Flow Control Business Unit
 Apr. 2015 Executive Officer, Division Manager, IT Control Division (present position)

Executive Officer **Yoriyuki Koyama**

Born: March 9, 1959

Mar. 1984 Joined KITZ
 Apr. 2007 General Manager, Production Engineering Department, Production Division, Flow Control Business Division
 Oct. 2008 General Manager, SC Manufacturing Department, Production Division, Flow Control Business Division
 Apr. 2013 General Manager, Production Engineering Center, Production Division, Flow Control Business Unit
 Apr. 2015 Executive Officer, Division Manager, Customer Support Division (present position)

Executive Officer **Makoto Kohno**

Born: March 10, 1966

Apr. 1988 Joined KITZ
 Aug. 2008 General Manager, Project Sales Department, Overseas Sales Division, Flow Control Business Division
 Dec. 2011 General Manager, Project Control Department
 Apr. 2013 General Manager, Production Management Department, Production Division, Flow Control Business Unit
 Apr. 2015 General Manager, Business Planning Department, Flow Control Business Unit (present position)
 Apr. 2016 Executive Officer, Division Manager, Corporate Planning Division, Supervisor of related businesses (brass bar manufacturing business, service business) (present position)

Corporate Governance

Basic Policy

KITZ's corporate philosophy is pursuing the sustainable improvement of its corporate value by providing creative and high-quality products and services. As a company having social responsibility, the Company works to achieve management in consideration of its shareholders and all other stakeholders.

To enhance business efficiency and compliance, the Company works to achieve management that is prompt, efficient, sound and transparent. To this end, the Company takes steps to enhance its corporate governance.

Board of Directors, Directors

KITZ's Board of Directors assumes fiduciary responsibility to shareholders and discusses and makes decisions on major management issues, including management policy, medium- to long-term management plans and business plans for each fiscal year, aiming to achieve the sustainable growth of the KITZ Group and a medium- to long-term improvement in its corporate value. The Board of Directors supervises business execution and is responsible for building the entire Group's internal control system.

The Board of Directors consists of six members: four Executive Directors and two Outside Directors. In principle, a meeting of the Board of Directors is held every month, where the members discuss issues prescribed in the Rules of the Board of Directors and make resolutions. The members conduct vigorous discussions on other important management issues as well. To facilitate decision-making and clarify executive responsibilities, the term of office of the Directors is one year.

The Outside Directors have a great deal of experience in corporate management and a broad range of knowledge. They participate in the Board of Directors' business decisions. They provide appropriate advice for the Company's business judgments and supervise the execution of operations.

From May 2016, the Board of Directors conducted a survey of Directors and Audit & Supervisory Board Members on the effectiveness of the Board of Directors and is discussing issues to improve the effectiveness based on the results of the survey.

Audit & Supervisory Board and Its Members

KITZ's Audit & Supervisory Board supervises the process of the Directors' decision-making and the performance of their duties in accordance with the Audit & Supervisory Board Members' auditing standards and auditing plans created by the Audit & Supervisory Board, under laws and regulations, the Articles of Incorporation, and internal regulations. The board receives quarterly reports from the Accounting Auditor

about the results of accounting audits and exchanges opinions with the Accounting Auditor.

The Audit & Supervisory Board Members attend the meetings of the Board of Directors and monitor and examine the status of the Board of Directors' decision-making and respective Director's performance of their obligation to supervise. They attend also other important meetings and visit offices and subsidiaries to carry out audits. They supervise the Directors' performance of their duties by obtaining information from the Directors, Executive Officers and employees.

The Audit & Supervisory Board consists of four Audit & Supervisory Board Members: two full-time members and two outside members. In principle, a meeting of the Audit & Supervisory Board is held every month.

The Outside Audit & Supervisory Board Members have a great deal of experience in corporate management and a broad range of knowledge. They carry out audits from a neutral and objective perspective to enhance the soundness of management. At least one Audit & Supervisory Board Member who has strong expertise about finance and accounting is to be appointed.

To support the Audit & Supervisory Board Members' performance of their duties, the Audit & Supervisory Board has established The Auditors Board Office, whose full-time staff gather information and conduct surveys in accordance with the directions of the Audit & Supervisory Board Members and cooperate with the Accounting Auditor and the Internal Audit Office.

Management Conference, Executive Officers

In principle, KITZ holds a meeting of the Management Conference consisting of Executive Officers (including Executive Directors) every month to determine policies on major management issues through strategic and multilateral discussions. KITZ is reviewing its standards for proposals to the Board of Directors and is transferring authority to the Executive Officers so that the Board of Directors can focus on the discussion of major issues relating to general management, including management policy and business plans.

Appointments of Directors, Audit & Supervisory Board Members and Executive Officers

A meeting is held at the request of the representative director to discuss candidates for Directors and Audit & Supervisory Board Members in consideration of their ability, knowledge, experience, expertise, achievements and fairness, and the Board of Directors determines candidates. If Audit & Supervisory Board Member candidates are appointed, the Audit & Supervisory

Board needs to discuss and agree on them.

The representative director nominates Executive Officer candidates in consideration of their ability, knowledge, experience, expertise, achievements and fairness, and the Board of Directors appoints Executive Officers.

Independence of Outside Officers

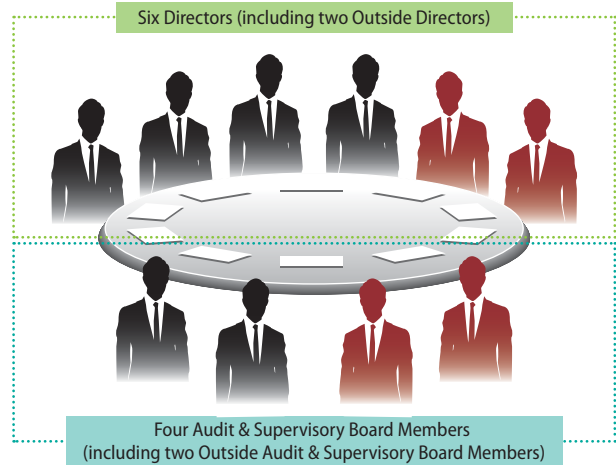
KITZ's Outside Directors and Outside Audit & Supervisory Board Members all satisfy the independence criteria prescribed by the Tokyo Stock Exchange. The Company registers its independent officers with the Tokyo Stock Exchange.

Remunerations to Directors and Executive Officers

A meeting is held to discuss remuneration to Executive Directors and Executive Officers at the request of the representative director, and the Board of Directors determines remuneration.

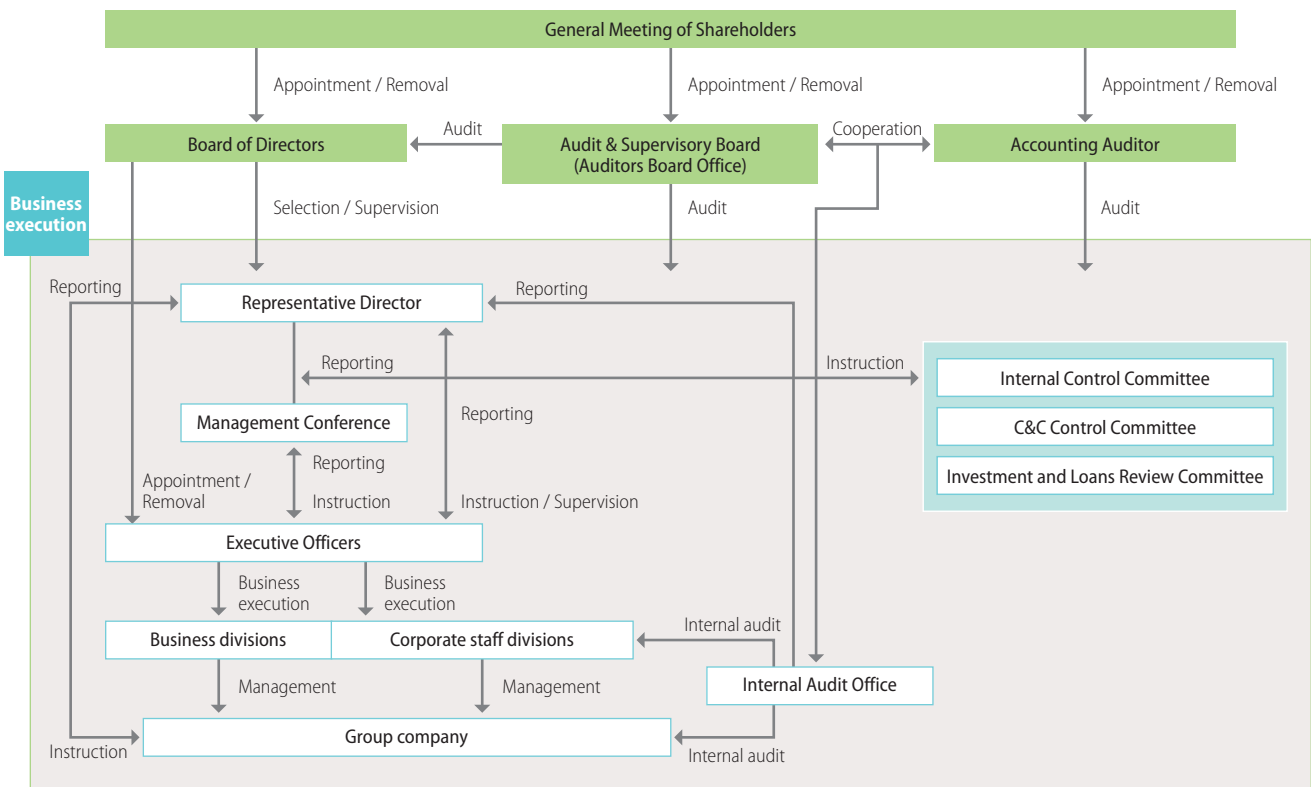
The remuneration consists of monthly remuneration and bonuses. Bonuses shall be paid if certain conditions prescribed in internal regulations are met and reasonable profits are earned. The source of remuneration is around 1% of net income attributable to owners of the parent.

In July 2016, the Company introduced a performance-



based stock compensation plan, where shares in the Company are granted as part of monthly remuneration and bonuses in accordance with the performance level in each term, to make the correlation between remunerations and the stock value clearer and raise awareness of contributions to an improvement in results in the medium to long term and an increase in its corporate value.

● Overview of the Corporate Governance System



* C&C : Crisis & Compliance

Internal Control System

Basic Policy

KITZ believes that building an appropriate internal control system is the basic condition for meeting the expectations and trust of its shareholders and all the other stakeholders and the important responsibility of the Board of Directors. Under the basic policy on the building of the internal control system that has been established by the Board of Directors, the entire Group works to develop and operate the internal control system.

Development and Operation of Internal Controls

To improve the transparency of financial standing and management under the Financial Instruments and Exchange Act, KITZ and the Group companies have each division to inspect internal controls and conduct internal audits about the status of the building of an internal control system to establish and operate internal controls.

Promotion of Compliance and Risk Management

Promotion of Compliance

KITZ believes that compliance management is a basic and essential condition for the company to develop sustainably.

KITZ has established KITZ' Statement of Corporate Mission, which describes its corporate philosophy. The top line of its guidelines for action says "Do it True." The Company takes steps to raise awareness of compliance and improve knowledge about compliance.

Risk Management

KITZ believes that controlling a variety of risks associated with corporate activities is a significant challenge for management. The entire Group works to determine and analyze a variety of risks in business activities appropriately, considers initiatives to prevent and control the emergence of risk and carries out the initiatives. The Group also works to develop a system to respond to crises promptly and appropriately.

C&C Control Committee

In 2002, KITZ established a C&C (Crisis & Compliance) Control Committee. The committee formulates policies and takes steps for the prevention of the occurrence of management risk, response to crises and thorough compliance management.

Compliance Education

For thorough compliance management, KITZ has created a Compliance Guidebook, which is commonly used within the Group. The guidebook describes the importance of compliance management, basic policy, the code of conduct related to compliance, a whistle-blower hotline, compliance

education and disciplinary action to violators. Guidebooks are distributed to the officers and employees of KITZ and the Group companies.

To raise awareness of compliance and improve knowledge about compliance, the Company plans educational seminars about laws and regulations and legal affairs every year.

Establishment of a Whistle-Blower Hotline

To gather internal information that cannot be obtained through the ordinary internal control system and compliance system, KITZ has established and operates a whistle-blower hotline. Through the hotline, the Compliance Information Desk (internally referred to as "CID") receives information on violations of the code of compliance (including compliance with laws and regulations) from the officers and employees of KITZ and its Group companies, and the C&C Control Committee investigates the information promptly and takes appropriate action.

Each Group company has a CID. KITZ and its corporate lawyer's office each has a CID, which can be commonly used within the Group. When the CID receives information, the confidentiality of the informer is protected, and the C&C Control Committee chaired by president of each Group company will take appropriate steps promptly.

Protection of Personal Information

In December 2004, KITZ established its personal information protection policy and started to take measures to protect personal information. The Company carefully manages personal information.

Environmental Activities

The entire KITZ Group promotes environment-oriented management for the conservation of the global environment.

KITZ Group Principle of Environmental Activities

KITZ Group companies aspire to become operations worthy of society's confidence through the supply of environmentally friendly products and services and promotion of environment-responsive corporate activities.

KITZ Group Companies: Environmental Action Policy

KITZ Group companies shall recognize environmental issues as an essential perspective of corporate management and every employee shall positively participate in the following activities.

1. Development and supply of environmentally friendly products and services
2. Effective use of resources
3. Promotion of reduction, reuse and recycle of waste
4. Prevention of environmental contamination

The KITZ Group has designated "Group-wide promotion of environmentally conscious management" as a measure for strengthening its business infrastructure, aiming at evolving into a truly global company. Based on this, it has established two targets of the "Enhancement of Environmental Management System" as well as "Reduction in Environmental

Impact and Compliance with Environment-Related Laws and Regulations."

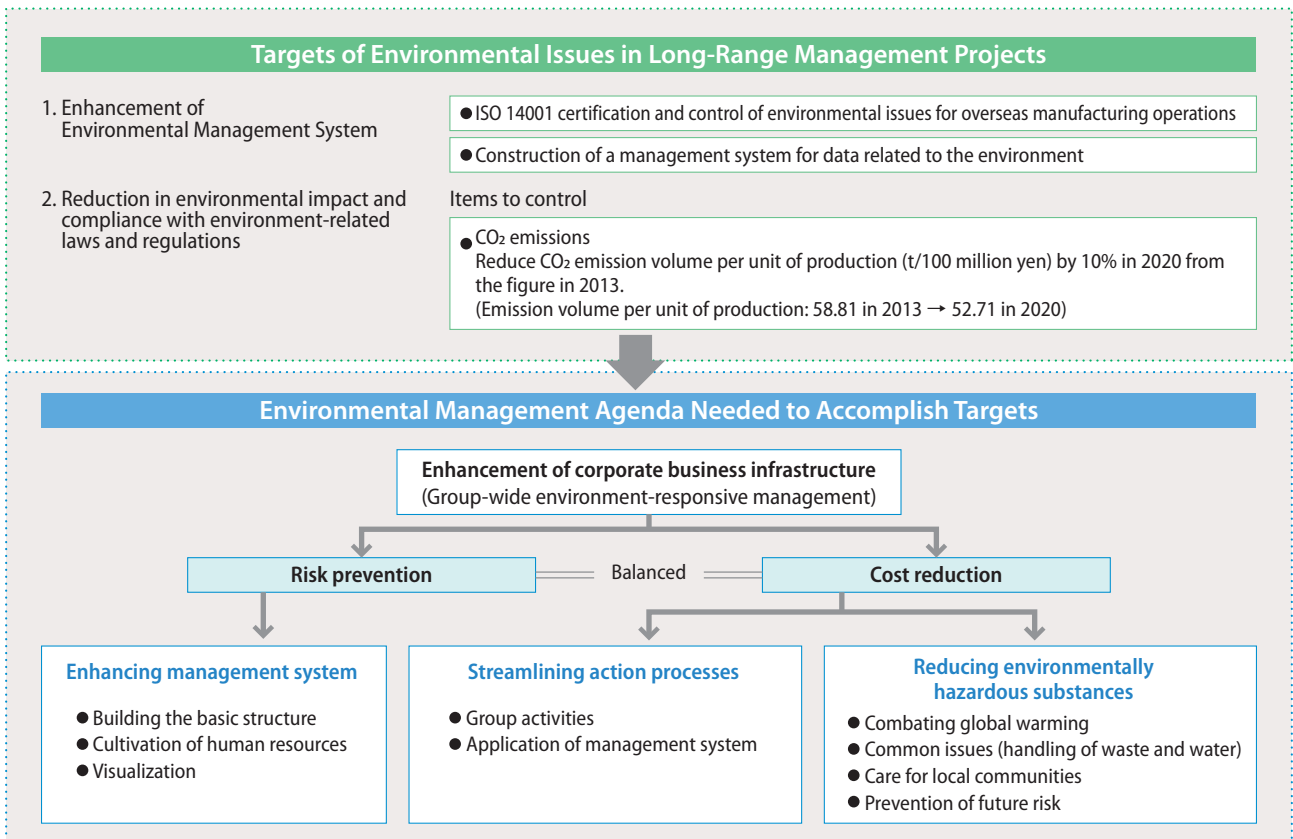
● Enhancement of Environmental Management System

We obtained certification for ISO 14001 at all our production plants in Japan and will now expand efforts for obtaining ISO 14001 certification at our overseas bases. We will strive to complete the acquisition of ISO 14001 certification at all overseas manufacturing bases in the near future with the aim of building an environment management system as a truly global company.

● Compliance with Environment-Related Laws and Regulations and Reduction in Environmental Impact

Besides complying with various environment-related laws and regulations, for addressing environmental problems amid a tightening of restrictions worldwide, including in Japan, Europe, Asia and the United States, we also engage in activities to eliminate all environmental risk associated with our business activities.

In addition, we will be undertaking efforts to reduce consumption of energy and water resources used for our business activities as well as the discharge of carbon dioxide, industrial waste and chemical pollutants from our business activities. We will effectively use finite resources while extensively eliminating waste to reduce environmental impacts in terms of total volume and basic units.



Environmental Target and Results in FY2015

We introduced “promotion of Group environment-responsive business operations” in the Second Mid-term Management Plan (FY2013 – FY2015) to promote environmental activities.

Focused subject	Actions planned	Target for FY2015	Results in FY2015
Enhancement of Environmental Management System	1. Strengthening environmental management system		
	(1) Building the basic structure for group-wide environmental management system	(1) Revice to integrated ISO 14001 (2) Implement environmental results management at overseas production bases (energy, waste materials, others).	(1) Completed the Group review in October 2015. (2) Metalúrgica Golden Art's Ltda. (Brazil) carried out environmental audit.
Reduction in Environmental Impact	2. Establishment of a recycling-oriented society		
	(1) Reducing discharged waste	Sales consumption units 7.07t/¥100 million	6.81t/¥100 million (*)
	(2) Reducing finally disposed waste	Sales consumption units 0.30t/¥100 million	0.31t/¥100 million (*)
	(3) Reducing consumed water resource	Sales consumption units 414.71m³/¥100 million	438.75 m³/¥100 million (*)
	3. Reduce hazardous chemical substances		
	(4) Reducing discharged PRTR Class-1 chemicals	Sales consumption units 0.24t/¥100 million	0.24t/¥100 million (*)
	4. Prevent global warming		
	(5) Reducing energy consumption	Sales consumption units 469.27GJ/¥100 million	484.16GJ/¥100 million (*)
	(6) Reducing CO ₂ emission	Sales consumption units 54.57t-CO ₂ /¥100 million	53.57t-CO ₂ /¥100 million (*)
	5. Visualization of environmental risk and responses		
Compliance with Environment-Related Laws and Regulations	(1) Legal compliance	(1) Enhanced structure for gathering information about law revisions and made responses.	Responded to revised fluorocarbons law
	(2) PCB	(2) Disposal of PCB waste materials at the KITZ Group in Japan	Completed disposal of three of high-concentration PCB and six of low-concentration PCB.

(*) KITZ and domestic group companies (except for sales offices)

Environmental Activity Topic

The LNG tank (satellite) was installed at the Nagasaka Plant in November 2015 and started operation in January 2016. We are converting the fuel used during the production process from liquefied petroleum gas (LPG) and Bunker-A oil to liquefied natural gas (LNG). The installment of the LNG satellite base was adopted as a project covered by the subsidy from the Ministry of the Environment for projects to control CO₂ emissions in fiscal 2015.

The fuel conversion to LNG is expected to produce effects such as the reduction of CO₂, prevention of air pollution, reduction of environmental risk, enhancement of safety and reduction of energy costs.

All the valves used in the LNG satellite base of the Nagasaka Plant, including low temperature and cryogenic valves, are manufactured by KITZ. In the future, the

satellite is to be used not only as a field where the verification tests are conducted for products being placed on the market but also as a visitor facility.



LNG tank (satellite), Nagasaka Plant

Overall Image of Environmental Impact in FY2015

INPUT

Major Energies	KITZ Group (KITZ Corporation and manufacturers)	KITZ Group (sales offices)	KITZ Group (service companies)	Main Raw Materials	KITZ Group (KITZ Corporation and manufacturers)
<ul style="list-style-type: none"> Electricity Purchased electric power (1,000 kWh) Solar power generation (1,000 kWh) City gas (1,000 m³) LNG (t) Bunker A (kl) LPG (t) Kerosene (kl) Cold and hot water (GJ) 	93,920 44 9 145 640 1,889 629 3,146	407 15 24	4,010 283 65 161 25	<ul style="list-style-type: none"> Lead (t) Nickel (t) Manganese (t) Chrome (t) Copper (t) Zinc (t) 	2,357 425 1,424 495 42,460 20,047
<ul style="list-style-type: none"> Clean water (1,000 m³) Underground water (1,000 m³) 	135 252	1	101	<ul style="list-style-type: none"> Sand for cores and castings (t) Paint and thinner (t) Oil solution (t) 	4,841 176 183



OUTPUT

Emission in Air	KITZ Group (KITZ Corporation and manufacturers)	KITZ Group (sales offices)	KITZ Group (service companies)	Discharge of Waste	KITZ Group (KITZ Corporation and manufacturers)	KITZ Group (sales offices)	KITZ Group (service companies)
<ul style="list-style-type: none"> CO₂ (t) Dust (t) NO_x (t) SO_x (t) 	56,885 4.4 4.9 3.7	484	2,826 0.1 2.1	<ul style="list-style-type: none"> Industrial waste (t) Non-industrial waste (t) Valuable substances (t) Final disposal (t) 	7,203 163 6,200 307	1 2	91 139 57 43
<ul style="list-style-type: none"> Air (t) Waste (t) Public water (t) 	64 201 0.1			<ul style="list-style-type: none"> Discharge of PRTR Target Chemicals 			

Environmental Accounting in FY2015

Environmental Conservation Costs

(Thousand of yen)

Category	Main actions	Capital investment	Expenditures
Cost for premises		576,358	453,003
Breakdown	Pollution control	284,739	144,698
	Global environment protection	290,249	122,361
	Resource circulation	1,369	185,944
Product recycling	Collection and recycling of used goods	0	6,961
Administrative duties	ISO-related works, environmental measurement and disclosure of environmental information	0	66,195
Research and development	Development of lead-free and other environmentally friendly products	0	85,345
Social activities	Promotion of greening activities	0	2,363
Damaged environment recovery	Purification of underground water	0	1,250
Other costs		0	0
Total		576,358	615,117
Total costs	Costs for environmental conservation	Total operation costs (A)	
Total capital investment	10.1% against total operation cost (A)	5,691,340	
Total R&D expenditures	3.9% against total operation cost (A)	2,182,474	

Environmental Conservation Effects

Category	Numerical targets (Unit)	Results in FY2014	Results in FY2015	FY2015 less FY2014
Effects related with input resources	Consumed total energies (GJ)	547,090	539,654	(7,436)
	Consumed PRTR materials (ton)	4,876	4,995	119
	Consumed clean water (m ³)	231,029	236,619	5,590
	Consumed underground water (m ³)	252,455	252,411	(44)
Effects related with output waste and pollutants	Greenhouse gas emission (ton-CO ₂)	63,615	59,711	(3,905)
	Discharged or displaced chemicals (ton)	278	265	(12)
	Discharged total waste (ton)	8,407	7,595	(812)

Economic Effects of Environmental Conservation Activities

(Thousand of yen)

Details of effects		Amount
Profits	Earned from recycling waste and used products	334,280
Saved expenditures	Saved by energy saving activities	(37,393)
	Reduced recycling expenditures	210,373
	Saved by waste reduction	9,257
Total		516,517

Scope of compilation is KITZ Corporation (Head Office, Nagasaki, Ina, Chino), KITZ Metal Works Corporation, KITZ Micro Filter Corporation, KITZ SCT Corporation, Shimizu Alloy Mfg. Co., Ltd., KITZ Engineering Service Co., Ltd. and Hotel Beniya Co., Ltd.
Target Period: Target period was FY2015 (April 1, 2015-March 31, 2016) and the results for the period are reported.
Scope of Reporting: KITZ Corporation and six group companies in Japan (see website)

Communication with Our Stakeholders

KITZ provides opportunities for direct communication through activities to build relationships of mutual trust with shareholders and investors, as well as with other stakeholders including customers, business partners, employees and society. We feed back information obtained by constructive communication to the management team, and create a structure that enables us to reflect the outcomes in efforts to improve the efficiency and transparency of management.



With Shareholders

At the annual general meeting of shareholders, chaired by the president, the new medium-term management plan was explained. We seek to disclose information at an early stage, wherein we send the notice of the general meeting of shareholders around one week earlier than the legal requirement and the contents are posted on the website prior to sending. Starting from the annual general meeting of shareholders held in June 2016, the English translation can be read on the website. We are preparing a system that enables our shareholders to exercise voting rights online for their convenience.

With Individual Investors

For the purpose of getting more people interested in becoming a KITZ's shareholder, we hold briefings for individual investors multiple times a year. In addition, we are striving to improve the shareholder special benefit plan as well as to provide information on a timely basis both on the website and in the shareholder report.

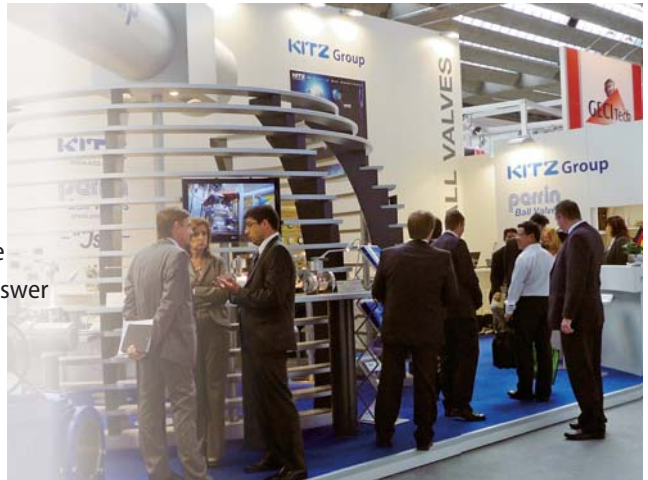


With Institutional Investors

We hold results briefings for institutional investors and analysts on a quarterly basis. The president explains the achievements and the medium- and long-term strategy.

With Customers

To introduce the KITZ Group's products to a wider audience, we proactively exhibit at domestic and foreign trade shows and answer questions from customers who visit our booth.



With Business Partners

The meeting of presidents of domestic general distributors is held annually. We promote mutual understanding and further deepen our partnership with distributors.

With Employees 1

The management team including the president regularly visits manufacturing sites and promotes better understanding through communication with employees there.



With Employees 2 (Internal IR Briefing)

An internal investor relations (IR) briefing is held biannually at our main domestic branches and plants. We carefully answer questions from employees about our achievements and our medium- and long-term strategy.

Social Contribution Activities

KITZ focuses its various social contribution activities on areas including regional development (regional contribution), environment preservation, social and international contribution, and culture development.

Regional Development (Regional Contribution) and Environmental Preservation



Project for Regenerating Kujukuri Coastal Forest Preserve

In collaboration with the NPO Life Style Research Institute of Forests, we work on regenerating the forest preserve at Hasunuma Tonoshita coastal area (Kujukuri coastal area) in Sammu city, Chiba Prefecture, which was damaged by the tsunami caused by the Great East Japan Earthquake.



Regeneration of a *Satoyama* – *Oomurasaki* Forest

In an effort to regenerate a *Satoyama* (undeveloped village forest) to serve as a habitat for the giant purple *Oomurasaki* butterfly, Japan's national butterfly and the symbol of Hokuto city, Yamanashi Prefecture, where the Nagasaka Plant is located, we participate in tree-planting activities sponsored by the NPO Oomurasaki Center.



Provision of Chino Plant as a Shelter in the Event of Disaster

KITZ has concluded an agreement on refugee support in the event of a disaster with Chino city, Nagano Prefecture. When a natural disaster occurs, we provide the company cafeteria at the Chino Plant as a temporary refuge for citizens.



Social and International Contribution



Support for the Japan Para-Alpine Ski Team

KITZ is an official sponsor of the Alpine ski team, Ski Association of Japan for the Disabled. The purposes of this activity are to develop players that can excel in world-class events, including the Paralympics and the World Cup, and to help people with disabilities overcome their challenges and participate in society through skiing.

Introduction of TABLE FOR TWO program

Our company cafeterias have introduced an activity that simultaneously seeks to eliminate hunger in developing countries and obesity and lifestyle-related diseases in developed countries. Each time an employee eats a meal from our healthy menu, we donate 20 yen out of the cost paid by an employee that is included in the price of the meal to support school lunch projects in developing countries in Africa. KITZ received a certificate of gratitude as "a gold supporter" from the NPO TABLE FOR TWO International in July 2015.



Photo : TABLE FOR TWO

Culture Development



Support for Kitazawa Museum of Art

KITZ supports the activities of the Kitazawa Museum of Art. The Kitazawa Museum of Art permanently displays excellent pieces of artwork, including some of the world's best French glassworks made during the art nouveau era at the end of 19th century and modern Japanese paintings. These works are highly acclaimed both in Japan and overseas.

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Financial Data

	FY2005	FY2006	FY2007	FY2008
For the Year				
Net sales	107,631	149,512	149,274	127,095
Domestic Sales	89,031	120,580	119,654	100,001
Overseas sales	18,599	28,932	29,620	27,094
Valve Manufacturing Business	81,261	99,284	99,118	89,627
Brass Bar Manufacturing Business	18,360	41,895	40,886	28,247
Other	8,009	8,332	9,269	9,220
Operating income	9,673	11,342	11,615	7,188
Ordinary income	9,132	10,652	10,525	6,475
Net income attributable to owners of the parent	8,070	9,973	6,290	3,396
Cash flows from operating activities	11,913	4,156	11,949	11,101
Cash flows from investing activities	(4,709)	(4,245)	(3,288)	(3,945)
Cash flows from financing activities	(6,096)	(1,272)	(8,362)	(1,470)

At Year-End

Current assets	45,747	57,225	55,432	51,030
Fixed assets	55,593	56,882	53,877	50,071
Total assets	101,340	114,107	109,310	101,101
Current liabilities	35,552	28,783	29,038	27,712
Long-term liabilities	23,550	32,713	26,933	22,476
Total liabilities	59,103	61,496	55,972	50,189
Net assets	41,382	52,611	53,337	50,912
Interest-bearing liabilities	41,869	41,513	36,247	35,860
Share price (Yen)	1,128	1,070	591	299

Per Share Data

EPS	70.04	86.87	54.52	30.02
BPS	362.02	447.33	463.16	442.44
Cash dividends per share	14.00	15.00	15.00	9.00

Financial Indicators (%)

Operating income to net sales	9.0	7.6	7.8	5.7
ROE	21.9	21.4	12.1	6.6
ROA	9.3	9.9	9.4	6.2
Equity ratio	40.8	45.3	47.9	49.5
Payout ratio	20.0	17.3	27.5	30.0
Total return ratio	20.0	17.3	53.2	30.0

* In this Corporate Report 2016, the payout ratio and total return ratio in FY2014 are adjusted by excluding gain on sales of shares of affiliated company.

FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
(Millions of yen)						
96,592	106,059	108,446	111,275	117,355	117,036	117,278
76,403	82,120	82,974	81,509	84,970	81,983	80,127
20,188	23,938	25,472	29,765	32,384	35,052	37,151
70,611	76,098	78,976	84,472	87,888	90,152	93,579
16,218	20,230	20,065	17,948	20,953	21,021	20,557
9,762	9,729	9,404	8,855	8,514	5,863	3,141
6,976	6,341	4,638	6,558	6,470	6,886	7,245
6,248	5,929	4,388	6,521	6,501	7,581	7,300
3,079	3,063	2,480	4,039	3,564	6,881	4,915
13,285	5,818	2,217	7,885	4,667	8,923	9,592
(4,525)	(2,907)	(2,508)	(4,519)	(3,546)	(1,010)	(9,763)
(9,291)	375	(6,638)	(3,213)	66	(3,706)	796
(Millions of yen)						
47,421	52,036	47,247	49,956	55,866	63,884	63,501
50,112	48,101	47,734	50,016	51,717	51,905	55,920
97,533	100,138	94,981	99,972	107,583	115,790	119,422
18,070	26,521	20,182	21,149	20,703	25,740	19,040
25,616	20,184	20,309	18,603	20,101	14,556	24,284
43,686	46,705	40,491	39,752	40,805	40,296	43,325
53,847	53,433	54,489	60,219	66,777	75,493	76,096
27,555	30,165	24,290	22,319	23,728	21,426	25,008
545	400	360	472	505	594	487
(Yen)						
27.23	27.36	22.71	36.98	32.63	63.22	45.50
468.31	480.88	490.65	542.41	601.56	686.47	700.17
7.00	7.00	7.50	9.50	10.00	13.00	13.00
7.2	6.0	4.3	5.9	5.5	5.9	6.2
6.0	5.8	4.7	7.2	5.7	9.8	6.6
6.3	6.0	4.5	6.7	6.3	6.8	6.2
54.3	52.5	56.4	59.3	61.1	64.2	62.9
25.7	25.6	33.0	25.7	30.6	27.8	28.6
25.7	74.1	33.0	25.7	30.6	37.4	38.8

To Our Stakeholders

Business Summary and Strategy

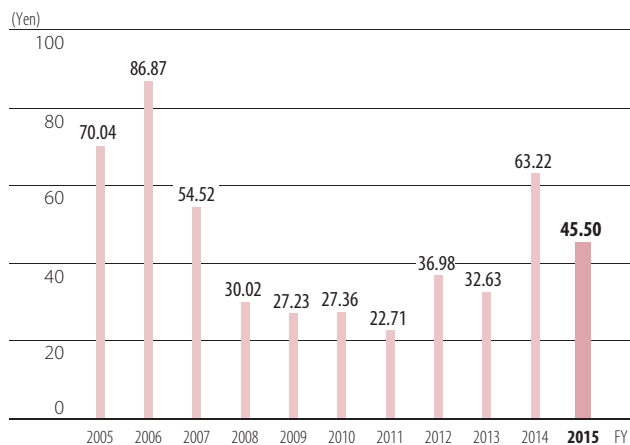
Human Resources

ESG of the KITZ Group

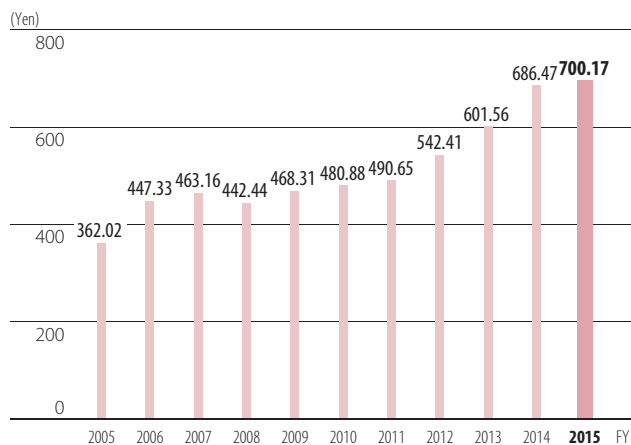
Data Section

Financial Data

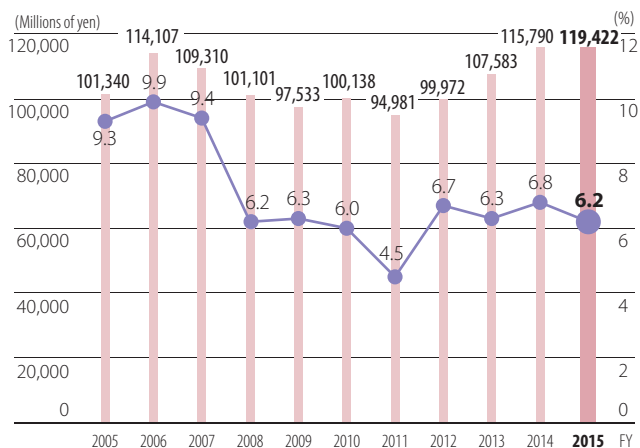
● EPS



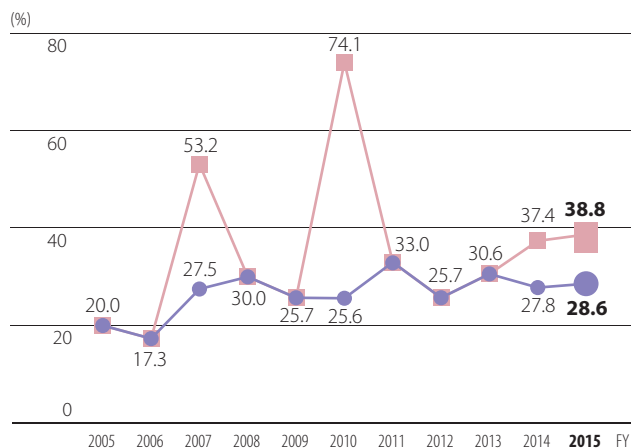
● BPS



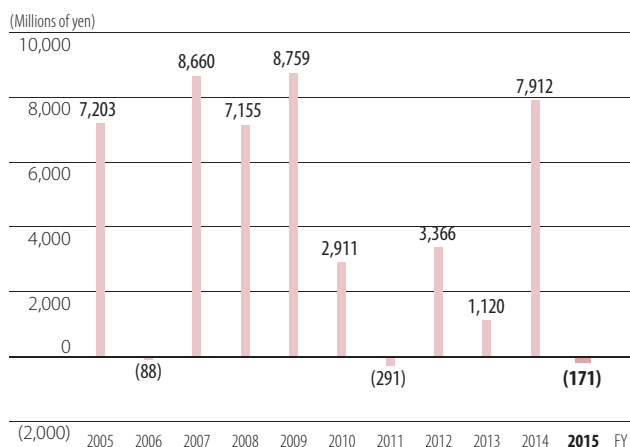
● Total Assets / ROA



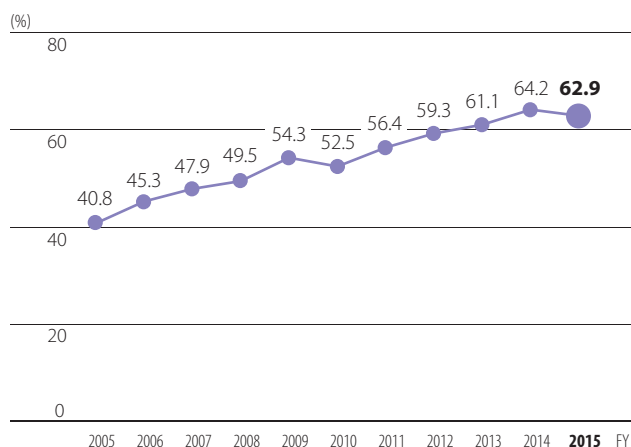
● Payout Ratio / Total Return Ratio



● Free Cash Flows



● Equity Ratio



Consolidated Balance Sheets

(Millions of yen)

	FY2013	FY2014	FY2015
Assets			
Current assets			
Cash in hand and in banks	8,807	14,036	14,649
Notes, accounts receivable–trade	20,799	21,417	18,832
Electronically recorded monetary claims	4,697	5,044	6,657
Merchandise and finished goods	7,976	9,342	9,291
Work in process	4,146	4,296	4,532
Raw materials and supplies	6,930	7,245	7,088
Deferred income tax assets	1,072	1,160	1,074
Other	1,467	1,370	1,442
Less: Allowance for doubtful accounts	(30)	(29)	(68)
Total current assets	55,866	63,884	63,501
Fixed assets			
Property, plant and equipment			
Buildings and structures	12,840	11,180	12,090
Machinery, equipment and vehicles	7,614	8,300	9,608
Tools, furniture and fixtures	5,011	5,127	5,222
Land	10,825	10,944	11,063
Construction in progress	341	827	570
Other	202	237	233
Total property, plant and equipment	36,835	36,617	38,788
Intangible assets			
Goodwill	1,192	1,459	2,396
Other	2,122	2,235	3,149
Total intangible assets	3,315	3,695	5,545
Investments and other assets			
Investments in securities	7,271	8,887	8,505
Retirement benefit assets	177	99	99
Deferred income tax assets	252	125	101
Other	4,208	2,485	2,884
Less: Allowance for doubtful accounts	(342)	(5)	(4)
Total investments and other assets	11,566	11,593	11,586
Total fixed assets	51,717	51,905	55,920
Total assets	107,583	115,790	119,422

	FY2013	FY2014	FY2015
Liabilities			
Current liabilities			
Accounts payable–trade	5,585	6,606	6,405
Current portion of corporate bonds	1,202	6,630	799
Short-term borrowings	3,351	1,658	2,025
Current portion of long-term debt	3,247	2,942	2,788
Income taxes payable	1,400	1,711	864
Consumption tax payable	194	515	280
Accrued bonuses to employees	1,807	1,772	1,697
Accrued bonuses to directors and corporate auditors	138	159	169
Other	3,776	3,745	4,009
Total current liabilities	20,703	25,740	19,040
Long-term liabilities			
Corporate bonds	8,310	1,680	12,680
Long-term debt	7,617	8,515	6,714
Deferred income tax liabilities	1,022	1,454	1,477
Accrued retirement benefits to directors, corporate	316	309	282
Retirement benefit liabilities	394	295	344
Asset retirement obligations	450	463	424
Other	1,990	1,837	2,360
Total long-term liabilities	20,101	14,556	24,284
Total liabilities	40,805	40,296	43,325
Net assets			
Shareholders' equity			
Common stock	21,207	21,207	21,207
Capital surplus	9,430	9,430	5,743
Retained earnings	36,147	41,618	45,118
Treasury stock	(3,919)	(4,407)	(1,193)
Total shareholders' equity	62,865	67,849	70,875
Accumulated other comprehensive income			
Net unrealized gains on other securities	2,134	3,321	2,745
Translation adjustments	516	2,811	1,220
Cumulative adjustments related to retirement benefits	185	306	228
Total accumulated other comprehensive income	2,836	6,439	4,194
Non-controlling interests	1,075	1,204	1,027
Total net assets	66,777	75,493	76,096
Total liabilities and net assets	107,583	115,790	119,422

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Consolidated Statements of Income

(Millions of yen)

	FY2013	FY2014	FY2015
Net sales	117,355	117,036	117,278
Cost of sales	90,379	88,662	87,356
Gross profit	26,976	28,374	29,922
Selling, general and administrative expenses	20,505	21,487	22,676
Operating income	6,470	6,886	7,245
Non-operating income			
Interest income	20	25	39
Dividend income	147	155	179
Insurance income	132	177	131
Settlement money received	—	259	—
Exchange gains	164	401	82
Other	270	371	458
Total non-operating income	734	1,389	891
Non-operating expenses			
Interest expenses	269	233	219
Sales discount	314	330	386
Losses on sales of notes receivable	24	24	23
Other	94	107	206
Total non-operating expenses	703	695	836
Ordinary income	6,501	7,581	7,300
Extraordinary income			
Gains on sales of property, plant and equipment	10	34	85
Gains on sales of investment securities	—	—	75
Gain on sales of shares of affiliated companies	—	2,156	—
Gains on business transfer	—	—	170
Other	146	0	6
Total extraordinary income	157	2,191	338
Extraordinary loss			
Losses on sales or disposal of property, plant and equipment	79	71	119
Impairment loss	46	167	—
Other	6	14	31
Total extraordinary loss	132	253	151
Net income before income taxes and minority interests	6,526	9,519	7,488
Income taxes (income, residential and enterprise taxes)	1,911	2,589	2,198
Taxes from past fiscal years	716	—	—
Income tax adjustment	277	(24)	284
Total income taxes	2,906	2,564	2,483
Net income	3,619	6,954	5,005
Net income attributable to non-controlling interests	55	73	90
Net income attributable to owners of the parent	3,564	6,881	4,915

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2013	FY2014	FY2015
Net income	3,619	6,954	5,005
Other comprehensive income			
Net unrealized gains on other securities	436	1,186	(576)
Translation adjustment	3,421	2,362	(1,639)
Remeasurements of retirement benefits	—	120	(77)
Total other comprehensive income	3,858	3,670	(2,293)
Comprehensive income	7,477	10,624	2,712
(Breakdown)			
Comprehensive income attributable to owners of the parent	7,366	10,484	2,670
Comprehensive income attributable to non-controlling interests	110	140	41

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2013	FY2014	FY2015
Cash flows from operating activities			
Net income before income taxes and minority interests	6,526	9,519	7,488
Depreciation	3,462	3,639	4,019
Amortization of goodwill	211	215	327
Exchange (gains) losses	(68)	(96)	79
Write-down of investments in securities	0	0	0
Increase (decrease) in provision for allowance for doubtful accounts	(3)	(2)	12
Increase (decrease) in accrued bonuses to employees	137	14	(66)
Increase (decrease) in accrued retirement benefit to employees	(426)	—	—
Increase (decrease) in retirement benefit liabilities	402	(60)	(60)
Increase (decrease) in accrued retirement benefits to directors, corporate auditors and operating officers	11	18	(111)
Increase (decrease) in provision of accrued bonuses to directors	(43)	18	11
Interest income and dividend income	(167)	(180)	(219)
Interest expenses	269	233	219
(Gains) losses on sales or disposal of property, plant and equipment	68	37	33
Impairment losses of fixed assets	46	167	—
(Gains) losses on sale of shares of affiliated companies	—	(2,156)	—
(Gains) losses on transfer of business	—	—	(170)
(Increase) decrease in notes and accounts receivable	(546)	(206)	835
(Increase) decrease in inventories	(401)	(782)	710
(Increase) decrease in other current assets	(186)	(32)	(28)
(Increase) decrease in accounts payable	(452)	352	(167)
Increase (decrease) in other current liabilities	(866)	493	(62)
Other	(239)	(40)	(149)
Subtotal	7,731	11,152	12,701
Interest and dividend income received	168	178	212
Interest expenses paid	(278)	(235)	(217)
Income taxes paid	(2,955)	(2,173)	(3,105)
Cash flows from operating activities	4,667	8,923	9,592
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	(3,404)	(3,489)	(4,343)
Proceeds from sales of property, plant and equipment	326	37	222
Payments for purchase of intangible assets	(649)	(705)	(1,125)
Payments for purchase of investments in securities	(214)	(22)	(470)
Proceeds from collections of long-term loans receivable	54	0	1
Proceeds from sales of subsidiaries' shares resulting from changes in scope of consolidation	—	3,890	—
Payments for acquisition of subsidiaries' shares resulting from changes in scope of consolidation	—	(649)	(3,732)
Proceeds from transfer of business	—	—	170
Other	341	(73)	(485)
Cash flows from investing activities	(3,546)	(1,010)	(9,763)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings, net	817	(1,715)	418
Proceeds from long-term debt	4,665	4,460	900
Repayment of long-term debt	(3,745)	(3,425)	(3,219)
Proceeds from issuance of bonds	1,289	—	11,520
Payments for redemption of bonds	(1,798)	(1,202)	(6,630)
Proceeds from sales of treasury stock	0	0	0
Payments for acquisition of treasury stock	(1)	(488)	(510)
Cash dividends paid	(1,092)	(1,201)	(1,406)
Cash dividends paid to non-controlling interests	(12)	(17)	(22)
Other	(57)	(116)	(252)
Cash flows from financing activities	66	(3,706)	796
Effect of exchange rate changes on cash and cash equivalents	694	445	(149)
Net increase (decrease) in cash and cash equivalents	1,881	4,651	475
Cash and cash equivalents at the beginning of the year	6,042	7,923	12,575
Cash and cash equivalents at the end of the year	7,923	12,575	13,050

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Group Network

Domestic Network

KITZ Corporation

Head Office

1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref.
261-8577, Japan
TEL: +81-43-299-0111



Sales Bases

Hokkaido Regional Office

Hokkaido Sales Office

12-1-25 Kita 14 Jo Higashi, Higashi-ku,
Sapporo-shi, Hokkaido Pref. 065-0014, Japan
TEL: +81-11-733-2225

Tohoku Regional Office

Tohoku Sales Office

Asahi Seimei Sendai Ichibancho Building,
2-7-17 Ichibancho, Aoba-ku, Sendai-shi,
Miyagi Pref. 980-0811, Japan
TEL: +81-22-224-5335

Kita-Kanto Regional Office

Kita-Kanto Sales Office

Sakamoto-2 Building, 3-306-1, Miyaharacho,
Kita-ku Saitama-shi, Saitama Pref. 331-0812,
Japan
TEL: +81-48-651-5260

Niigata Sales Office

Nissai Minamisasaguchi Building, 1-1-54
Minamisasaguchi, Chuo-ku, Niigata-shi,
Niigata Pref. 950-0912, Japan
TEL: +81-25-243-3122

Tokyo Branch

Tokyo Sales Office 1

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1501

Tokyo Sales Office 2

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1501

Chiba Sales Office

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1706

Yokohama Sales Office

Sankyo Yokohama Building, 5-85 Chojamachi,
Naka-ku, Yokohama-shi,
Kanagawa Pref. 231-0033, Japan
TEL: +81-45-253-1095

Air Conditioning and Instrumentation Office

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1502

Tokyo Sales Promotion Group

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1503

Industrial Sales Development Group

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1501

Chubu Branch

Nagoya Sales Office 1

Gojinsha Meieki 3 Building, 3-9-37 Meieki
Nishi-ku, Nagoya-shi, Aichi Pref. 451-0045,
Japan
TEL: +81-52-562-1541

Nagoya Sales Office 2

Gojinsha Meieki 3 Building, 3-9-37 Meieki
Nishi-ku, Nagoya-shi, Aichi Pref. 451-0045,
Japan
TEL: +81-52-562-1541

Tokai Sales Office

Sumitomo Life Shizuoka Tokiwacho Building,
2-13-1 Tokiwacho, Aoi-ku, Shizuoka-shi,
Shizuoka Pref. 420-0034, Japan
TEL: +81-54-273-7337

Hokuriku Sales Office

S.F Building, 4-7-14 Futakuchimachi, Toyama-
shi, Toyama Pref. 939-8211, Japan
TEL: +81-76-492-4685

Koshin Sales Office

5125 Kanazawa, Chino-shi, Nagano Pref.
391-0012, Japan (located in Chino Plant)
TEL: +81-266-71-1441

Osaka Branch

Osaka Sales Office 1

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref.
550-0013, Japan
TEL: +81-6-6541-1178

Osaka Sales Office 2

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref.
550-0013, Japan
TEL: +81-6-6533-1715

Building Utility Products Group

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref.
550-0013, Japan
TEL: +81-6-6541-1357

Air Conditioning and Instrumentation Office

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref.
550-0013, Japan
TEL: +81-6-6533-0350

Chugoku Regional Office

Hiroshima Sales Office

NBF Hiroshima Tatemachi Building, 2-27
Tatemachi, Naka-ku, Hiroshima-shi,
Hiroshima Pref. 730-0032, Japan
TEL: +81-82-248-5903

Okayama Sales Office

Mitsui Life Okayama Building, 8-29 Saiwaicho,
Kita-ku, Okayama-shi, Okayama Pref. 700-
0903, Japan
TEL: +81-86-226-1607

Kyushu Regional Office

Kyushu Sales Office

ZS Fukuoka Building, 3-4-2 Higashihie,
Hakata-ku, Fukuoka-shi, Fukuoka Pref.
812-0007, Japan
TEL: +81-92-431-7877

Project Division

Project Sales Office 1

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1719

Project Sales Office 2

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1719

Project Sales Office 3

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref.
550-0013, Japan
TEL: +81-6-7636-1060

Control Valve Sales Office

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1773

Water Supply Product Sales Dept.

Water Supply Product Sales Office

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1760

Tohoku Water Supply Product Sales Office

Asahi Seimei Sendai Ichibancho Building,
2-7-17 Ichibancho, Aoba-ku, Sendai-shi,
Miyagi Pref. 980-0811, Japan
TEL: +81-22-224-5335

Kita-Kanto Water Supply Product Sales Office

Sakamoto-2 Building, 3-306-1, Miyaharacho,
Kita-ku Saitama-shi, Saitama Pref. 331-0812,
Japan
TEL: +81-48-651-5260

Yokohama Water Supply Product Sales Office

Sankyo Yokohama Building, 5-85 Chojamachi,
Naka-ku, Yokohama-shi,
Kanagawa Pref. 231-0033, Japan
TEL: +81-45-253-1095

Nishi-Tokyo Water Supply Product Sales Office

ALUB Tachikawa Building, 2-3-28, Nishikicho,
Tachikawa-shi, Tokyo 190-0022, Japan
TEL: +81-42-595-9241

Kansai Water Supply Product Sales Office

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref.
550-0013, Japan
TEL: +81-6-7636-1061

Department of Overseas Operation

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1730

Product Management Center

Clean Energy Marketing & Development Dept.

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1765

Production Bases and Training Center

Plants

KITZ Corporation Nagasaka Plant

2040 Nagasaka Kamijo, Nagasakacho,
Hokuto-shi, Yamanashi Pref. 408-8515, Japan
TEL: +81-551-20-4100



KITZ Corporation Ina Plant

7130 Higashiharuchika, Ina-shi, Nagano Pref.
399-4496, Japan
TEL: +81-265-78-1111



KITZ Corporation Chino Plant

5125 Kanazawa, Chino-shi,
Nagano Pref. 391-0012, Japan
TEL: +81-266-82-0170



Training Center

KITZ Training Center

3332-1239 Kamisasao Shinohara,
Kobuchisawa-cho, Hokuto-shi, Yamanashi
Pref. 408-0041, Japan
TEL: +81-551-36-3971

KITZ Group

Toyo Valve Co., Ltd.

10-5, Nihonbashi 3-chome,
Chuo-ku, Tokyo, 103-0027, Japan
TEL: +81-3-6262-1652
(Sales of valves and system equipment)

Shimizu Alloy Mfg. Co., Ltd.

928 Higashinonamicho, Hikone-shi, Shiga
Pref. 522-0027, Japan
TEL: +81-749-23-3131
(Manufacturing and sales of water works
valves)



KITZ SCT Corporation

Omorieki Higashiguchi Building, 1-5-1 Omori
kita Ota-ku, Tokyo 143-0016, Japan
TEL: +81-3-6404-2171
(Manufacturing and sales of valves and
fittings for semiconductor production
facilities)



Miyoshi Valve Co., Ltd.

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1734
(Sales of valves for building utilities and
freezing and refrigeration equipment)

YKV Corporation

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1773
(Manufacturing, sales and services of control valves for various applications)

KITZ Engineering Service Co., Ltd.

1-7-59 Akanehama, Narashino-shi, Chiba Pref.
275-0024, Japan
TEL: +81-47-452-0585
(Maintenance services for valves)

KITZ Micro Filter Corporation

2983 Shiga, Suwa-shi, Nagano Pref.
392-0012, Japan
TEL: +81-266-52-0002
(Manufacturing and sales of fluid separation products for filters and related products)



KITZ Metal Works Corporation

7377 Kobayakawa, Miyagawa, Chino-shi,
Nagano Pref. 391-8555, Japan
TEL: +81-266-79-3030
(Manufacturing and sales of copper and processed products)



Hokutoh Giken Kogyo Corporation

4601 Wakamiko, Sutamacho, Hokuto-shi,
Yamanashi Pref. 408-0112, Japan
TEL: +81-551-42-5151
(Manufacturing and sales of metal processed products)



Hotel Beniya Co., Ltd.

2-7-21 Kogan-dori, Suwa-shi, Nagano Pref.
392-8577, Japan
TEL: +81-266-57-1111
(Operation of hotel and restaurants)



KITZ Corporation supports the public interest incorporated foundation Kitazawa Museum of Art as a part of social contribution activities.

Kitazawa Museum of Art

1-13-28 Kogan-dori, Suwa-shi, Nagano Pref. 392-0027, Japan
TEL: +81-266-58-6000

Overseas Network

Marketing Bases, KITZ Corporation

Korea

KITZ Corporation (Korea Liaison Office)
10th Floor, Seoul Finance Center, 136, Sejong-daero, Jung-gu, Seoul, 04520, Korea
TEL: +82-2-6959-2450

India

KITZ Corporation (India Liaison Office)
805 Meadows, Sahar Plaza, Off Andheri Kurla Road, Andheri East, Mumbai 400 059, India
TEL: +91-22-40154202

U.A.E.

KITZ Corporation (Dubai Liaison Office)
6EA501 Dubai Airport Free Zone, P.O. Box 293545, Dubai-U.A.E.
TEL: +971-(0)4-701-7524

KITZ Group

Asia

KITZ Corporation of Asia Pacific Pte. Ltd. (Singapore)
No.22 Pioneer Crescent, #03-06 West Park BizCentral, Singapore 628556
TEL: +65-6339-0350
(Sales, marketing and distribution of valves)

KITZ Valve & Actuation Singapore Pte. Ltd. (Singapore)
No.22 Pioneer Crescent, #03-06 West Park BizCentral, Singapore 628556
TEL: +65-6861-1833
(Sales and maintenance of valves)

KITZ Valve & Actuation (Thailand) Co., Ltd. (Thailand)

388 Exchange Tower, 17th Floor, Unit 1701-1, Sukhumvit Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110, Thailand
TEL: +66-2-663-4700
(Sales, marketing and distribution of valves)

KITZ (Thailand) Ltd. (Thailand)

426 Moo17 Bangna-Trad Rd., T. Bangsaothong A. Bangsaothong, Samutprakarn 10540, Thailand
TEL: +66-2-315-3129~31
(Manufacturing and sales of copper alloy valves and butterfly valves)



KITZ Corporation of Taiwan (Taiwan)

5-26 East Street, N.E.P.Z., Kaohsiung, Taiwan (R.O.C.)

TEL: +886-7-361-1235

(Manufacturing and sales of stainless steel and carbon steel valves and joints)

**KITZ Corporation of Kunshan (China)**

No. 15 Taihu South Road Economic and Technology Development Zone, Kunshan, Jiangsu, P.R. China, 215300

TEL: +86-512-5763-8181

(Manufacturing and sales of stainless steel valves)

**KITZ Corporation of Jiangsu Kunshan (China)**

No.188, Zhongyang Road, B Zone, Kunshan Comprehensive Free Trade Zone, Jiangsu Province, P.R. China, 215300

TEL: +86-512-5771-6078

(Manufacturing and sales of carbon steel valves)

**KITZ Corporation of Shanghai (China)**

Room 1701-1704, International Corporate City,

No. 3000 North ZhongShan Rd., PuTuo District, Shanghai, P.R. China, 200063

TEL: +86-21-6439-1249

(Sales, marketing and distribution of valves)

KITZ Corporation of Lianyungang (China)

No. 16 Yun Yang Road, Lianyungang Economic and Technical Development Zone, Jiangsu, Province, P.R. China, 222047

TEL: +86-518-8236-6061

(Manufacturing and sales of carbon steel valves)

**KITZ SCT Corporation of Kunshan (China)**

8-3, No.3 Road, Export Processing A Zone, Kunshan, Jiangsu, P.R. China, 215300

TEL: +86-512-5735-0700

(Manufacturing and sales of valves and fittings for semiconductor production facilities)

**Micro Pneumatics Pvt. Ltd. (India)**

Plot No. 133-134, Vasai Municipal Industrial Area, Umela Phata, Papdy, Vasai Road (West) - 401 207. Dist - Thane, Maharashtra, India

TEL: +91- 250-2320458

(Manufacturing and sales of industrial-use (pharmaceutical, foods, petroleum) automated ball valves and butterfly valves)

**Americas****KITZ Corporation of America (U.S.A.)**

10750 Corporate Drive, Stafford, Texas 77477, U.S.A.

TEL: +1-281-491-7333

(Sales, marketing and distribution of valves)

KITZ SCT America Corporation (U.S.A.)

1183 Bordeaux Drive, Suite 15 Sunnyvale, California 94089, U.S.A.

TEL: +1-408-747-5546

(Sales, marketing and distribution of valves and fittings for semiconductor production facilities)

Metalúrgica Golden Art's Ltda. (Brazil)

Rua Getúlio Vargas, 496, Bairro Renovação, Veranópolis (RS), Brazil

TEL: +55-54-3441-8900

(Manufacturing and sales of industrial ball valves)

**Europe****KITZ Corporation of Europe, S.A. (Spain)**

Ramon Vinas 8, 08930 Sant Adria de Besos Barcelona, Spain

TEL: +34-9346-21408

(Manufacturing and sales of stainless steel and carbon steel ball valves)

**KITZ Europe GmbH (Germany)**

Siemensstraße 1, D-61130, Nidderau, Germany

TEL: +49-0-6187-928-100

(Sales and marketing for Europe)

Perrin GmbH (Germany)

Siemensstraße 1, D-61130, Nidderau, Germany

TEL: +49-0-6187-928-0

(Manufacturing and sales of steel ball valves)



Approvals and Authorizations of the Group's Principal Plants

Certification item	Certification body	Business site	Certification item
KITZ Corporation Nagasaka Plant		Shimizu Alloy Mfg. Co., Ltd.	ISO 9001 / ISO 14001 Certified by Japan Water Works Association
ISO 9001	LRQA		JIS product certification (JIS B 2062 Sluice valves for water works)
ISO 14001	Bureau Veritas Japan Co., Ltd.	KITZ SCT Corporation	ISO 9001 / ISO 14001
Certified by Japan Water Works Association	Japan Water Works Association (JWWA)	KITZ Micro Filter Corporation	ISO 9001 / ISO 14001 Certified by Japan Water Works Association
API Spec Q1 and 6D	American Petroleum Institute (API)	KITZ (Thailand) Ltd.	ISO 9001 / ISO 14001 JIS product certification (JIS B 2011 Bronze, gate, globe, angle and check valves) Certified by Japan Water Works Association
Manufacturing plant for PED/CE Marking Products	Lloyd's Register Group Limited		Manufacturing plant for PED/CE Marking Products CSA<Canadian Standard Association> FM<Factory Mutual> UL<Underwriters Laboratories> Australian Standard NSF
Manufacturing plant for AD2000-Merkblatt W0 castings	TÜV SÜD		
Manufacturing plant for AD2000-Merkblatt HP0 products	TÜV SÜD		
KITZ Corporation Ina Plant		KITZ Corporation of Taiwan	ISO 9001 / ISO 14001 Manufacturing plant for PED/CE Marking Products UL<Underwriters Laboratories> Manufacturing plant for AD2000-Merkblatt HP0 products TS certification
ISO 9001	LRQA		
ISO 14001	Bureau Veritas Japan Co., Ltd.	KITZ Corporation of Kunshan (China)	ISO 9001 / ISO 14001 Manufacturing plant for AD2000-Merkblatt W0 castings TS certification
Certified by Japan Water Works Association	Japan Water Works Association (JWWA)	KITZ Corporation of Jiangsu Kunshan (China)	ISO 9001 / ISO 14001 Manufacturing plant for PED/CE Marking Products Manufacturing plant for AD2000-Merkblatt HP0 products TS certification
API Spec Q1 and 6D	American Petroleum Institute (API)		
Manufacturing plant for PED/CE Marking Products	Lloyd's Register Group Limited		
JIS product certification (JIS B 2031 gray cast iron valves)	Japan Water Works Association (JWWA) (Ministry of Economy, Trade and Industry)	KITZ Corporation of Lianyungang (China)	ISO 9001 Manufacturing plant for AD2000-Merkblatt W0 castings
Manufacturing plant for AD2000-Merkblatt HP0 products	TÜV SÜD	KITZ Corporation of Europe, S.A. (Spain)	ISO 9001 / ISO 14001 Manufacturing plant for PED/CE Marking Products API Spec 6D Manufacturing plant for AD2000-Merkblatt W0 castings Manufacturing plant for AD2000-Merkblatt HP0 products
KITZ Corporation Chino Plant		Perrin GmbH (Germany)	ISO 9001 API Spec 6D DIN/GOST certification obtained SIL III Manufacturing plant for PED/CE Marking Products CRN<Canadian Registration Number> Type Test Certification of Special Equipment (CHINA) Vender Registration Certificate
ISO 9001	LRQA		
ISO 14001	Bureau Veritas Japan Co., Ltd.		
Certified by Japan Water Works Association	Japan Water Works Association (JWWA)		
JIS product certification (JIS B 2011 Bronze, gate, globe, angle and check valves)	Japan Water Works Association (JWWA)		
NSF	NSF International		

Corporate Data / Stock Information

Corporate Data (as of March 31, 2016)

Corporate Name	KITZ CORPORATION
Head Office	1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture 261-8577, Japan TEL: +81-43-299-0111
URL	http://www.kitz.co.jp/english/ http://www.kitz.com/
Established	January 26, 1951
Capital	21,207,084,670 yen
Fiscal-year Ended	March 31
Stock Exchange Listing	First Section of Tokyo Stock Exchange (Code: 6498)
Number of Employees	1,239 (Non-consolidated basis)
Business Activities	Manufacturing and sales of valves, other flow control devices, and related products
Main Banks	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Hachijuni Bank, Ltd., The Yamanashi Chuo Bank, Ltd., The Chiba Bank, Ltd.

Stock Information (as of March 31, 2016)

Total Number of Authorized Shares	400,000,000 shares
Shares Issued and Outstanding	107,215,289 shares Note: The number of shares shown above does not include 3,181,222 shares of treasury stock that were held as of March 31, 2016.
Number of Shareholders	11,920
General Meeting of Shareholders	June
Reference Dates	Date of resolution of meeting of shareholders: March 31 Year-end dividend: March 31 Interim dividend: September 30 In addition, a public announcement will be made in advance as necessary.
Public Announcement Method	Electronic announcement However, announcements will be placed in the <i>Nihon Keizai Shimbun</i> in cases where it is not possible to make an electronic announcement. URL for announcements: http://www.kitz.co.jp/
Share Unit Number	100 shares

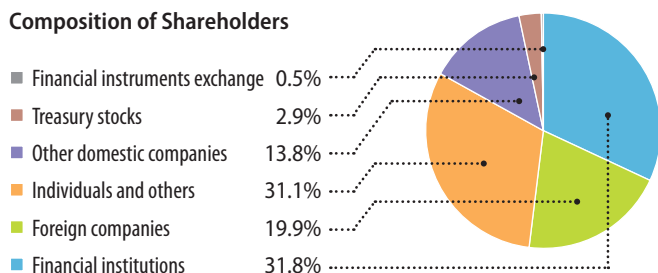
Major Shareholders

Name	Investment	
	Shareholdings (thousands)	Percent of total shares issued (%)
Japan Trustee Services Bank, Ltd.	10,317	9.62
CBNY-GOVERNMENT OF NORWAY	5,197	4.85
Nippon Life Insurance Company	4,359	4.07
Kitazawa Agent's Stock Ownership Plan	3,979	3.71
Kitazawa Ikueikai Foundation	3,411	3.18
SUMITOMO LIFE INSURANCE COMPANY	3,353	3.13
KITZ Corporation Client Stock Ownership Plan	3,007	2.80
STATE STREET BANK AND TRUST COMPANY	2,848	2.66
Mizuho Bank, Ltd.	2,553	2.38
Sumitomo Mitsui Banking Corporation	2,553	2.38

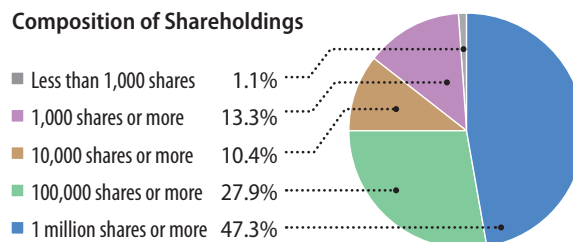
Notes:

- The above list of major shareholders does not include the 3,181 thousand shares of treasury stock held as of March 31, 2016.
- The above number of shares held includes shares associated with trust operations as follows: Japan Trustee Services Bank, Ltd.: 10,317 thousand shares
- Shares held by Nippon Life Insurance Company include 55 thousand shares in the separate account for annuities
- Shares held by SUMITOMO LIFE INSURANCE COMPANY include 103 thousand shares in the separate account and 100 thousand shares in the variable insurance account.
- The total number of shares used to calculate percentages of shares held does not include 3,181,222 shares of treasury stock.

Composition of Shareholders



Composition of Shareholdings



KITZ