

*Note: This Notice of Convocation of the Ordinary General Meeting of the Shareholders is a translation of a document originally made in the Japanese language. In addition, this translation omits some items included in such original document. In case of any inconsistency, the original document in Japanese shall prevail. In no case shall the Company be responsible for the accuracy or reliability of the material provided in this translation, or for any consequence resulting from use of the information in this translation.*

Securities Code: 3751

June 5, 2017

To the Shareholders:

Tetsuo Yamashita  
Chairman and Chief Executive Officer  
Japan Asia Group Limited  
1-1 Marunouchi 3-chome, Chiyoda-ku,  
Tokyo

### **Notice of Convocation of the 30<sup>th</sup> Ordinary General Meeting of the Shareholders**

You are cordially invited to attend the 30<sup>th</sup> ordinary general meeting of the shareholders that will be held as described below.

**If you are unable to attend the meeting in person, you can exercise your voting rights in writing; please carefully review and consider the “REFERENCE MATERIALS FOR THE GENERAL MEETING OF THE SHAREHOLDERS” enclosed herein**, and exercise your voting rights by returning to us by mail the enclosed form for the exercise of voting rights, indicating your votes cast “For” or “Against” each agenda, which we should receive no later than 5:00 p.m. on Wednesday, June 21, 2017.

- 1. Date and time:** 10:00 a.m., Thursday, June 22, 2017
- 2. Place of Meeting:** “Houoh-no-ma”  
Meiji Kinenkan (Meiji Memorial Hall) 2F  
2-2-23 Moto-Akasaka, Minato-ku, Tokyo, Japan

**3. Objectives of Meeting:**

**Reporting:**

1. Business Report, Consolidated Financial Statements and Audit Report by Independent Accounting Auditor and Audit & Supervisory Board for the 30<sup>th</sup> Fiscal Term (from April 1, 2016 to March 31, 2017)
2. Financial Statements for the 30<sup>th</sup> Fiscal Term (from April 1, 2016 to March 31, 2017)

**Matters to be resolved:**

**Agendum No. 1:** Disposal of Surplus

**Agendum No. 2:** Election of One (1) Substitute Corporate Auditor

(Translation)

- (Note 1) For those attending the meeting, please present the enclosed “Form for the Exercise of Voting Rights” at the reception desk at the meeting.
- (Note 2) If changes are made to the attachments to this Notice of Convocation or the Reference Materials for the General Meeting of the Shareholders, those changes will be reported on our website (<http://www.japanasiagroup.jp/>).

# (Document attached to the Notice of Convocation of the Ordinary General Meeting of the Shareholders)

## Business Report

(For the Period of April 1, 2016 through March 31, 2017)

### 1. Analysis of Operating Results and Financial Position

#### (1) Analysis of Operating Results

##### (i) Progress and Results of Business

During this consolidated fiscal year, while the Japanese economy continued to show modest recovery supported by improvements in employment and income circumstances, the recovery in export and manufacture was slow due to the influence of the economic downturn in emerging countries. However, in addition to the global economic recovery, the effects of monetary easing and economic measures taken by the government have sustained the economic expansion.

The Japan Asia Group (“the Group”) has positioned the period up to fiscal 2020 as a “stage for cultivating DNA for growth” based on the formulation of management strategies targeting fiscal 2020. The Group’s policy is to transform into a corporate Group able to achieve sustainable growth without being greatly affected by economic trends (continuing to provide differentiated, “outstanding” services and products at reasonable prices).

Under this policy, the Group positioned the consolidated fiscal year (from April 1, 2016 to March 31, 2017) as “a year for preparing to leap ahead” by proceeding to establish a foundation for sustainable growth. The Group aimed to carry out strategic upfront investments for the future, establish a competitive advantage, and deliver added value.

In the consolidated fiscal year, in sowing the seeds for the future, the segments of the “geospatial information consulting business” and the “green energy business” proceeded to aggressively open up new markets in the private sector and overseas, mainly centered on the technological services of geospatial information and disaster and environmental management fields, in addition to receiving orders in new fields, such as business management expected to see market growth going forward and climate change countermeasures.

Furthermore, the Group expanded its investments into new businesses in addition to renewable energy, making upfront investment to realize the core elements such as technology, products, business models, and human resource development in a short time, and strengthening project frameworks. As a result, sales and administrative expenses remained high.

In the segment of “financial service business,” despite the measures taken to strengthen new asset formation business and to save costs by reviewing personnel placement and operation, net sales and net income fell owing to prevailing weak market conditions, reflecting the concerns about worsening corporate results, the United Kingdom’s decision to exit the EU and other events in the first half of this consolidated fiscal year. Also, as the expansion of our customer base was influenced by market trends due to the alterations of generations of existing customers and due to intensified competition, the volatility in our performance had been increasing even from a mid-and-long term perspective. For that reason, the Group assigned all shares in Japan Asia Securities Co., Ltd., Okinawa Securities Ltd., and Japan Asia Securities Limited.

As a result of such activities, our Group’s performance for the consolidated fiscal year under review resulted in 68,341 million yen of net sales, 9.5% decrease year-on-year (compared with net sales of 75,524 million yen in the previous year), a 2,740 million yen of operating income (3,887 million yen in the previous year), and a 1,592 million yen of ordinary income (2,563 million yen in the previous year), with an extraordinary income including the gain on sales of shares of subsidiaries and associates (such as Japan Asia Securities Co., Ltd. and Okinawa

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Securities Ltd.) of 564 million yen and the gain on sales of investment securities of 815 million yen. Consequently, the profit attributable to owners of parent recorded 1,778 million yen (411 million yen for the previous year).

Operating performance in each business segment is as follows.

Business segment	Net Sales	Business Income
Geospatial information consulting business	43,907 millions Yen	1,209 millions Yen
Green energy business	17,520 millions Yen	1.512 millions Yen
Financial service business	6,881 millions Yen	224 millions Yen

a. Geospatial information consulting business

In developing its operations related to green energy, disaster and environmental management, infrastructure, and geospatial information services, centered on Kokusai Kogyo Co., Ltd. and Asnal Corporation Co., Ltd., the Group positioned itself to meet not only the demand from government agencies but also private-sector demand, both in Japan and overseas. Moreover, we will continue enhancing the segment's core geospatial information technologies (measurement, analysis and evaluation tools), leveraging our customer base and our unique strengths in combination with strengthening our new business development capabilities to further develop the business.

In this business, while the government's initial budget for public works spending in fiscal 2016 was at almost the same level as the previous fiscal year, by responding proactively advanced execution of budgets, the Group proceeded to cultivate new customers among national, prefectural and municipal governments. The Group also worked to encourage more sharing of order and production line information and smooth fluctuations in work volume by bringing forward production, and other measures.

As a result, orders received were ¥44,990 million, up 6.7% year on year (from ¥42,146 million in the previous fiscal year), and net sales at ¥43,907 million, up 2.9% year on year (from ¥42,681 million in the previous fiscal year). Business income was ¥1,209 million (from ¥1,746 million in the previous fiscal year).

In this respect, two subsidiaries, Kokusai Kogyo Co., Ltd. and Asnal Corporation Co., Ltd., obtained all shares in Meiji Consultant Co., Ltd. in February 2017.

b. Green energy business

The Group focuses on the power generation business, which sells electricity from the Group's solar power plants using the feed-in tariff system, and the consigned development business, which plans, develops, and operates solar power plants, to provide real estate leasing, asset management, property management, project management, and real estate solutions, mainly through JAG Energy Co., Ltd., a core company of this business. In addition, KHC Ltd. is engaged in the detached housing business.

In the consigned development business, the market contracted sharply due to concerns over delays in connection certification and enhanced output adjustments. In the power generation business, new solar power plants started operations at Saroma-cho, Hokkaido Prefecture (0.5 MW), Mibu-machi, Tochigi Prefecture (16.8 MW), Osaki-cho, Kagoshima Prefecture (2.7 MW), Ora-machi, Gunma Prefecture (0.6 MW), Kosai-shi, Shizuoka Prefecture (1.5 MW), and Toyohashi-shi, Aichi Prefecture (0.7 MW), bringing the total number of power plants currently online to 57 for a combined output capacity of more than 103 MW, as the Group made further progress towards stabilizing its earnings. However, only the power generation business increased in sales, and this was not sufficient to absorb the decline in sales recorded in the consigned development business. In the detached housing business, the Group made relatively steady progress on delivering on orders for custom-built houses and so forth; however, the order environment has grown more adverse.

As a result, orders received by the green energy business totaled ¥13,872 million, down 22.6% year on year (from ¥17,931 million in the previous fiscal year). Net sales were ¥17,520 million, down 29.9% year on year (from ¥25,007 million in the previous year). Business

income was ¥1,512 million, down 18.6% year-on-year from ¥1,856 million in the previous fiscal year.

c. Financial service business

In this business, the Group operates a securities business mainly through Japan Asia Securities Co., Ltd. and Okinawa Securities Limited.

The share market during the fiscal year saw an increase in risk aversion among global investors sparked by the U.K. Brexit vote, driving the yen-U.S. dollar pair to the upper ¥99 range in August as the Japanese currency proceeded to appreciate against the dollar. During this time, policies implemented by the Japanese government and the Bank of Japan supported share prices, but prices continued to come under pressure due to fears of downward revisions to corporate earnings caused by the yen's appreciation. After that, stock prices were steady due to the rise of the U.S. equities and the strong U.S. dollar backed by the expectations for new political measures by the Trump Administration as well as the increase in interest rates. However, due to concerns about the feasibility of the policies of the Trump Administration, the yen became stronger against the U.S. dollar, which led to falls in equities.

In this business, the Group worked to strengthen its customer base aiming for expanding assets under management, while proceeding to transition to “brokerage” type financial services. However, global risk-off movement caused uncertainty in the markets, which delayed the recovery of earnings.

As a result, sales totaled ¥6,881 million, down 11.7% from ¥7,795 million in the previous fiscal year, and business income was ¥224 million, down 59.3% from ¥551 million in the previous fiscal year.

Additionally, all shares in Japan Asia Securities Limited and all shares in Japan Asia Securities Co., Ltd. and Okinawa Securities Ltd. were assigned in October 2016 and in March 2017 respectively.

(ii) Capital Investment

During this consolidated fiscal year, we made a capital investment of 10,757 million Yen. The principal targets included the development of solar power plants in the Green energy business.

(iii) Financing

The necessary funds for our operations were raised by borrowings from financial institutions and by the issuance of bonds, etc.

*[Items (2) Consolidated Financial Summary, (3) Status of Principal Parent company and Subsidiaries, (4) Issues to be Addressed, (5) Main Business, (6) Main Sites, (7) Employees, (8) Major Lenders and (9) Policy on Distribution of Surplus in this Section are omitted.]*

## 2. Current Situation of Shares of the Company

- |                                   |            |
|-----------------------------------|------------|
| (i) Number of shares authorized   | 67,853,480 |
| (ii) Number of shares outstanding | 27,652,880 |
| (iii) Number of shareholders      | 10,490     |
| (iv) The 10 largest shareholders  |            |

Name of Shareholder	Number of Shares	Percentage of Total
Aizawa Securities Co., Ltd.	3,448,760	12.88%
JAPAN ASIA HOLDINGS LIMITED	2,624,800	9.80%
JA PARTNERS LTD	673,600	2.51%
The Master Trust Bank of Japan, Ltd. (Trust Account)	607,300	2.26%
Japan Trustee Services Bank, Ltd. (Trust Account)	575,100	2.14%
Nomura Singapore Limited Customer Segregated A/C FJ-1309	530,050	1.98%
Mizuho Bank, Ltd.	495,070	1.84%
Sompo Japan Nipponkoa Insurance Inc.	438,810	1.63%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	409,300	1.52%
Tetsuo Yamashita	372,030	1.38%

(Note) The percentage of shares held has been calculated excluding treasury stock (887,805 shares).

### 3. Current Situation of Stock Acquisition Rights, etc.

Current situation of stock acquisition rights, etc. held by the Corporate Officers of the Company as of the end of this fiscal year

#### Stock acquisition rights by resolution of the Board of Directors' meeting held on June 13, 2013 (First Issue of Stock Acquisition Rights)

- (i) Total number of stock acquisition rights held:  
2,520 units
- (ii) Class and number of shares subject to stock acquisition rights:  
252,000 common shares (100 shares per 1 unit of stock acquisition right)  
(Note)  
In conjunction with the resolution at the meeting of the Board of Directors held on May 23, 2013, to split the Company's common shares on a basis of 10 for 1 effective October 1, 2013, the number of shares subject to the stock acquisition rights changed from 25,900 shares to 259,000 shares.
- (iii) Current situation of stock acquisition rights held by the Corporate Officers of the Company

Recipient's position	Name	Exercise period	Issue price	Number of stock acquisition rights	Number of stock acquisition rights holders
			Exercise price		
Directors (excluding Outside Directors)	First Issue of Stock Acquisition Rights	From July 12, 2013 to July 11, 2018	1,300 yen	2,380 units	5
			5,100 yen		
Outside Directors	First Issue of Stock Acquisition Rights	From July 12, 2013 to July 11, 2018	1,300 yen	10 units	1
			5,100 yen		
Corporate Auditors	First Issue of Stock Acquisition Rights	From July 12, 2013 to July 11, 2018	1,300 yen	130 units	3
			5,100 yen		

(Note) Conditions on exercise of the First Issue of Stock Acquisition Rights are as follows:

- (i) When operating income (hereinafter, operating income shall refer to the operating income recorded on Consolidated P/L Statement (or P/L Statement, if a Consolidated P/L Statement has not been prepared) included in the Company's securities report) for the fiscal year ended March 31, 2014 exceeds the amounts noted in either (a) or (b) below, a holder of stock acquisition rights ("stock acquisition rights holder") may exercise the number of stock acquisition rights corresponding to the ratios noted in either (a) or (b) below (hereinafter, "Exercisable Ratio") among the stock acquisition rights that have been allotted, at any time during the period beginning from July 1, 2014 until the final day of the exercise period. If the number of exercisable stock acquisition rights includes fractional amounts, this number shall be rounded down. If the application of International Financial Reporting Standards or other rules results in a major change to our concept of the reference criteria, the Board of Directors shall, to a reasonable extent, indicate appropriate guidelines to be referenced.
- (a) When operating income exceeds 2,000 million yen Exercisable Ratio: 50%
- (b) When operating income exceeds 2,500 million yen Exercisable Ratio: 100%
- (ii) If, during the period from the allotment date to June 30, 2014, the monthly average (average of the latest 21 business days in Japan including the current date; any amounts of less than one yen shall be rounded down) of the closing price of the Company's common shares on any financial instruments exchange even once falls below 60% of the exercise price on any one day, the stock acquisition rights holder may not exercise this stock acquisition rights from the following day.
- (iii) At the time of the exercise of stock acquisition rights, the stock acquisition rights holder must be a Director, Corporate Auditor, or employee of the Company or an affiliate of the Company. However, this shall not apply when there is deemed by the Board of Directors to be justifiable reason. Said reasons may include retirement upon the expiration of one's term, mandatory retirement, etc.

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- (iv) The exercise of this stock acquisition rights by an heir of a stock acquisition rights holder shall not be allowed.
- (v) In the event the exercise of this stock acquisition rights shall result in the total number of shares outstanding by the Company exceeding the number of authorized shares, the exercise of such stock acquisition rights shall be prohibited.
- (vi) The execution of the fractional stock acquisition rights shall not be allowed.



#### 4. Current Situation of Corporate Officers of the Company

##### (1) Current Situation of Directors and Corporate Auditors (as of March 31, 2016)

Position	Name	Areas of Responsibility and Significant Concurrent Positions
Chairman and CEO	Tetsuo Yamashita	
Director	Sandra Wu, Wen-Hsiu	Chairman and Representative Director, Kokusai Kogyo Co., Ltd.
Director	Kazunobu Watanabe	In charge of Corporate Planning Department, Corporate Communications Department, Financial Development Department, and Financial Department Representative Director, Kokusai Kogyo Co., Ltd.
Director	Koichi Yonemura	In charge of Accounting Department, and General Affairs and Human Resources Department
Director	Yoshiaki Kiyomi	In charge of Overseas Affairs Department
Director	Yusuke Masuda	President and Representative Director, JAG Energy Co., Ltd.
Director	Koji Tanabe	Outside Director (Please refer to “Current Situation of Outside Officers.”)
Director	Satoshi Yasugi	Outside Director (Please refer to “Current Situation of Outside Officers.”)
Full-time Corporate Auditor	Kenji Numano	Outside Corporate Auditor
Corporate Auditor	Tatsuo Udo	Corporate Auditor, Kokusai Kogyo Co., Ltd.
Corporate Auditor	Kazuo Kobayashi	Outside Corporate Auditor (Please refer to “Current Situation of Outside Officers.”)

- (Note)
1. Koji Tanabe and Satoshi Yasugi, Directors, are outside directors defined in Article 2, Item 15 of the Companies Act.
  2. Kenji Numano and Kazuo Kobayashi, Corporate Auditors, are outside corporate auditors defined in Article 2, Item 16 of the Companies Act.
  3. Koji Tanabe and Satoshi Yasugi, Directors, and Kenji Numano and Kazuo Kobayashi, Corporate Auditors, are designated as independent officers who are not subject to the risks of conflict of interest with ordinary investors as prescribed in Article 436-2 of the listing rules of the Tokyo Stock Exchange. They are registered as such with the Tokyo Stock Exchange.
  4. Tatsuo Udo, Director, has longstanding work experience at a financial institution, and also has considerable expertise in the financial and accounting areas.
  5. Kazunobu Watanabe, Director, resigned from the position of Representative Director of Kokusai Kogyo Co., Ltd. and assumed the position of Executive Director of the same company as of April 1, 2017.

##### (2) Matters related to the Limited Liability Agreement

It is prescribed in Articles 30 and 41 of the Articles of Incorporation that the Company may, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into an agreement with each of the Outside Directors and Corporate Auditors to limit his/her liability if such person is acting in good faith and is not grossly negligent in performing his/her duties.

The following is an outline of the terms of such a limited liability agreement

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entered into by and between the Company and each of the Outside Directors, each of the Corporate Auditors, and each of the Outside Corporate Auditors:

(Outline of Terms of the Limited Liability Agreement)

If an Outside Director, Corporate Auditor or Outside Corporate Auditor neglected his/her duties and caused damages to the Company as a result thereof, but if he/she acted in good faith and was not grossly negligent in performing such duties, then his/her liability to the Company shall be limited to the Minimum Liability Amount defined in Article 425 of the Companies Act.

### (3) Total Amount of Remuneration, etc., for Directors and Corporate Auditors

Recipient's Position	Number of Persons	Total Amount of Remuneration, etc.
Directors (including Outside Directors)	8 (2)	337 million yen (19) million yen
Corporate Auditors (including Outside Corporate Auditors)	3 (2)	28 million yen (22) million yen
Grand Total (including Outside Officers)	11 (4)	365 million yen (41) million yen

- (Note)
1. The total amount of remuneration, etc., for Directors does not include the amount of employee salaries to be paid to the Directors who also serve as employees of the Company.
  2. It has been resolved at the 29th Ordinary General Meeting of the Shareholders, held on June 23, 2016, that the maximum amount of remuneration for Directors is the aggregate of (i) the fixed amount of 400 million yen or less per year (including the remuneration for Outside Directors in the amount of 40 million yen or less per year), and (ii) the floating amount equivalent to five (5) percent or less of the net profit that belongs to the shareholders of the parent company for the previous fiscal year.
  3. It has been resolved at the 21<sup>st</sup> Ordinary General Meeting of the Shareholders, held on January 27, 2009, that the maximum amount of remuneration for Corporate Auditors is 50 million yen or less per year.
  4. The grand total of remunerations, etc., includes 19.5 million yen as the provision of reserve for officers' bonuses for this fiscal year (17.3 million yen for 5 Directors and 2.2 million yen for 3 Corporate Auditors).
  5. In addition to the above, the amount of remuneration received by Outside Directors from subsidiaries of the Company as the officers thereof during this fiscal year was 2.7 million yen.

**(4) Current Situation of Outside Officers****(i) Entities in which Outside Officers hold Significant Concurrent Positions;  
Description on how the Entities are Related with the Company**

Position	Name	Significant Concurrent Position	Relationship between the Company and the Entity in which the Outside Officer holds a Concurrent Position
Outside Director	Koji Tanabe	Professor, School of Environment and Society, Tokyo Institute of Technology	There is no significant relationship between the Company and the Tokyo Institute of Technology.
Outside Director	Satoshi Yasugi	Professor, Graduate School of Japan University of Economics	There is no significant relationship between the Company and the Graduate School of the Japan University of Economics.
Outside Corporate Auditor	Kazuo Kobayashi	Corporate Auditor, JAG Energy Co., Ltd.	JAG Energy Co., Ltd. is a subsidiary of the Company which develops renewable energy power plants.

**(ii) Status of major activities being conducted by the Outside Officers**

Position	Name	Status of Activities
Outside Director	Koji Tanabe	He has attended all of the seventeen meetings of the Board of Directors held during this fiscal year. At the Board of Director's meetings, he has provided necessary advice and suggestions for resolutions and deliberations, based on his extensive academic expertise.
Outside Director	Satoshi Yasugi	He has attended all of the seventeen meetings of the Board of Directors' meetings held during this fiscal year. At the Board of Director's meetings, he has provided necessary advice and suggestions for resolutions and deliberations, based on his extensive academic expertise.
Outside Corporate Auditor	Kenji Numano	He has attended sixteen of the seventeen meetings of the Board of Directors and fourteen of the fifteen meetings of the Board of Corporate Auditors. At these meetings, he has provided advice and suggestions by, for example, delivering his opinion based on a broad perspective not encumbered by the norms of the industries to which the Company belongs.
Outside Corporate Auditor	Kazuo Kobayashi	He has attended all of the seventeen meetings of the Board of Directors and all of the fifteen meetings of the Board of Corporate Auditors. At these meetings, he has provided advice and suggestions by, for example, delivering his opinion based on a broad perspective not encumbered by the norms of the industries to which the Company belongs.

*[Sections 5. Status of Accounting Auditor to 6. System to Ensure the Appropriateness of Business Operations and Outline of Implementation Status of such Systems are omitted.]*

**CONSOLIDATED BALANCE SHEET**

(As of March 31, 2017)

<b><u>ASSETS</u></b>	(Millions of yen)
<b>Current assets</b>	<b>76,027</b>
Cash and deposits	36,917
Notes and accounts receivable - trade	28,378
Work in process	1,023
Raw materials and supplies	49
Real estate for sale	6,802
Short-term loans receivable	14
Accounts receivable - other	1,117
Deferred tax assets	409
Other	1,378
Allowance for doubtful accounts	(65)
<b>Non-current assets</b>	<b>50,785</b>
<b>Property, plant and equipment</b>	<b>40,805</b>
Buildings and structures	4,699
Machinery, equipment and vehicles	19,356
Land	8,381
Leased assets	5,752
Construction in progress	1,851
Other	764
<b>Intangible assets</b>	<b>609</b>
Goodwill	255
Other	353
<b>Investment and other assets</b>	<b>9,370</b>
Investment securities	4,817
Investments in other securities of subsidiaries and associates	136
Long-term loans receivable	148
Lease and guarantee deposits	1,060
Deferred tax assets	363
Other	3,625
Allowance for doubtful accounts	(781)
<b>Deferred assets</b>	<b>708</b>
Deferred organization expenses	1
Business commencement expenses	707
<b>TOTAL ASSETS</b>	<b>127,522</b>

(continued)

<b><u>LIABILITIES</u></b>	(Millions of yen)
<b>Current liabilities</b>	<b>44,939</b>
Accounts payable - trade	6,078
Short-term loans payable	8,185
Current portion of bonds	11,605
Current portion of long-term loans payable	6,609
Lease obligations	537
Accounts payable - other	5,878
Income taxes payable	452
Provision for bonuses	774
Provision for directors' bonuses	19
Provision for loss on order received	83
Other	4,715
<b>Non-current liabilities</b>	<b>53,027</b>
Bonds payable	4,924
Long-term loans payable	36,303
Lease obligations	5,682
Deferred tax liabilities	519
Net defined benefit liabilities	3,050
Other	2,547
<b>TOTAL LIABILITIES</b>	<b>97,966</b>
<hr/>	
<b><u>NET ASSETS</u></b>	
<b>Shareholders' equity</b>	<b>26,946</b>
Capital stock	3,995
Capital surplus	0
Retained earnings	23,305
Treasury shares	(354)
<b>Accumulated other comprehensive income</b>	<b>356</b>
Valuation difference on available-for-sale securities	568
Deferred gains or losses on hedges	(35)
Foreign currency translation adjustments	(88)
Remeasurements of defined benefit plans	(87)
<b>Subscription rights to shares</b>	<b>8</b>
<b>Non-controlling interests</b>	<b>2,244</b>
<b>TOTAL NET ASSETS</b>	<b>29,555</b>
<hr/>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>127,522</b>

**CONSOLIDATED STATEMENT OF INCOME**

(From April 1, 2016 to March 31, 2017)

	(Millions of yen)
<b>Net sales</b>	68,341
<b>Cost of sales</b>	46,183
<b>Gross profit</b>	<b>22,158</b>
<b>Selling, general and administrative expenses</b>	<b>19,417</b>
<b>Operating profit</b>	<b>2,740</b>
<b>Non-operating income</b>	<b>349</b>
Interest income	3
Dividends income	69
Share of profit of entities accounted for using equity method	42
Foreign exchange gains	34
Reversal of allowance for doubtful accounts	14
Marginal profit on consumption taxes received and paid	49
Other	134
<b>Non-operating expenses</b>	<b>1,498</b>
Interest expenses	1,240
Other	257
<b>Ordinary income</b>	<b>1,592</b>
<b>Extraordinary income</b>	<b>1,573</b>
Gain on sales of non-current assets	1
Subsidy income	115
Gain on sales of investment securities	815
Gain on sales of shares of subsidiaries and associates	564
Reversal of provision for contingent loss	66
Reversal of reserve for financial products transaction liabilities	9
<b>Extraordinary losses</b>	<b>335</b>
Impairment loss	24
Loss on sales and retirement of non-current assets	64
Loss on reduction of non-current assets	115
Loss on sales of investment securities	50
Settlement package	80
<b>Profit before income taxes</b>	<b>2,831</b>
Income taxes - current	895
Income taxes - deferred	85
<b>Profit</b>	<b>1,849</b>
Profit attributable to non-controlling interests	71
<b>Profit attributable to owners of the parent</b>	<b>1,778</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Retained Earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2016	3,995	1	21,802	(8)	25,790
Changes of items during the consolidated fiscal year					
Dividends of surplus			(276)		(276)
Profit attributable to owners of parent			1,778		1,778
Capital increase of consolidated subsidiaries		(10)			(10)
Purchase of shares of consolidated subsidiaries		9			9
Purchase of treasury shares				(346)	(346)
Net changes of items other than shareholders' equity					—
Total changes of items during the consolidated fiscal year	—	(0)	1,502	(346)	1,155
Balance as of March 31, 2017	3,995	0	23,305	(354)	26,946

	Accumulated Other Comprehensive Income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance as of April 1, 2016	1,031	(51)	(7)	(137)	834
Changes of items during the consolidated fiscal year					
Dividends of surplus					—
Profit attributable to owners of parent					—
Capital increase of consolidated subsidiaries					—
Purchase of shares of consolidated subsidiaries					—
Purchase of treasury shares					—
Net changes of items other than shareholders' equity	(462)	15	(81)	50	(478)
Total changes of items during the consolidated fiscal year	(462)	15	(81)	50	(478)
Balance as of March 31, 2017	568	(35)	(88)	(87)	356

(continued)

(Millions of yen)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance as of April 1, 2016	16	1,572	28,213
Changes of items during the consolidated fiscal year			
Dividends of surplus			(276)
Profit attributable to owners of parent			1,778
Capital increase of consolidated subsidiaries			(10)
Purchase of shares of consolidated subsidiaries			9
Purchase of treasury shares			(346)
Net changes of items other than shareholders' equity	(7)	671	185
Total changes of items during the consolidated fiscal year	(7)	671	1,341
Balance as of March 31, 2017	8	2,244	29,555

*[Notes to consolidated financial statements, non-consolidated financial statements, notes to non-consolidated financial statements, and audit reports by independent accounting auditor and board of corporate auditors are omitted.]*



## **REFERENCE MATERIALS FOR THE GENERAL MEETING OF THE SHAREHOLDERS**

### **Agendum No.1**      Disposal of Surplus

We consider that returning profits to our shareholders is one of our most important missions. Accordingly, in deciding dividend payments, we comprehensively take into consideration our competitiveness, business environment, financial standing and other aspects subject to our policy to make distributions corresponding to the level of business results as well as to continue stable distributions from a mid- to long-term perspective.

Based on the basic policy described above, we intended to pay an ordinary dividend in the amount of 10 yen per share; however, as the Company recorded extraordinary income from the assignments of Japan Asia Securities Co., Ltd. and Okinawa Securities Ltd. and from the investment securities sold by the end of March 2017, we decided to pay an extraordinary dividend in the amount of 10 yen per share in addition to an ordinary dividend. As a result, the total amount of year-end dividends will be 20 yen per share.

(1) Type of asset to be distributed:

Cash

(2) Matters relating to allotment of dividends and total amount of dividends to be distributed:

Per one share of our common stock: 20 yen (including 10 yen as an ordinary dividend and 10 yen as an extraordinary dividend)

Total amount of dividends: 535,301,500 yen

(3) Date on which dividends become effective:

June 23, 2017, Friday

**Agendum No. 2** Election of One (1) Substitute Corporate Auditor

In case the number of corporate auditors falls short of the requirement set forth in laws and regulations, it is proposed that one (1) substitute corporate auditor be elected in advance.

This proposal has been pre-approved by the Board of Auditors.

The candidate for the substitute corporate auditor is as follows:

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Number of the Company's Shares Held
Ryuji Uwatoko (December 3, 1967)	April 1994 Registered as an attorney, Asahi Law Offices April 2000 Appointed to Partner of Asahi Law Offices (present)	0
<p>(Reasons for Selecting Mr. Ryuji Uwatoko as a Candidate)</p> <p>Mr. Ryuji Uwatoko is deemed to be suitable as substitute corporate auditor due to his high level of expertise in legal practice as legal counsel and his superior ability and insight in performing audits based on his business experience.</p> <p>(Notes on Candidate for Substitute Corporate Auditor)</p> <p>There are no special interests between Mr. Ryuji Uwatoko and the Company.</p> <p>Mr. Ryuji Uwatoko meets the criteria for outside auditor set forth in Article 2, Paragraph 16 of the Companies Act.</p> <p>(Notes on Candidate for Independent Officer)</p> <p>If Mr. Ryuji Uwatoko assumes the office of Corporate Auditor, the Company will register him as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the rules of the Tokyo Stock Exchange.</p> <p>(Outline of Terms of the Limited Liability Agreement)</p> <p>The Company has established a provision on the limitation of liability of outside auditors in its Articles of Incorporation. If Mr. Ryuji Uwatoko assumes the office of corporate auditor, the Company will enter into an agreement with him to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act.</p>		

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