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Securities Code: 3751

June 7, 2018

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 31st Ordinary General Meeting of the Shareholders

You are cordially invited to attend the 31st 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 item, which we should receive no later than 5:30 p.m. on Monday, June 25, 2018.

- 1. Date and time:** 10:00 a.m., Tuesday, June 26, 2018
- 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 31st Fiscal Term (from April 1, 2017 to March 31, 2018)
2. Financial Statements for the 31st Fiscal Term (from April 1, 2017 to March 31, 2018)

Matters to be resolved:

- Agendum No. 1:** Disposal of Surplus
 - Agendum No. 2:** Partial Amendments to the Articles of Incorporation
 - Agendum No. 3:** Election of Six (6) Directors
 - Agendum No. 4:** Election of One (1) Substitute Corporate Auditor
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Agendum No. 5: Introduction of Performance-Based New Stock
Compensation Plan for Directors

- (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 (<https://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, 2017 through March 31, 2018)

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(i) Progress and Results of Business

During this consolidated fiscal year, despite increasing political tensions with neighboring countries and other concerns, backed by economic measures taken by the government and other factors, corporate results and employment circumstances in Japan improved and the Japanese economy continued to show a modest recovery.

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. From that point onward, 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 a reasonable price).

Under this policy, the Group has prioritized the solidification of a foundation toward fiscal 2020 and beyond to channel management resources into three important management strategies (Geospatial × ICT, climate change countermeasures, and urban development) and to realize sustainable growth while advancing the restructure of the business portfolio to be better suited to the future business environment. The Group has striven to establish a competitive advantage and realize outstanding products and services for the next generation in research and development, capital business alliances, and business development in addition to spearheading reforms within the Group.

As a result, despite incurring the costs of upfront investments following business development in geospatial information business and Group reforms, the green energy business (power generation business) is in favorable condition and the operating profit has grown. However, the ordinary profit suffered losses due to the costs of launching new businesses and financial costs following investments in developing new solar power generation.

Regarding the performance of the Group in the consolidated fiscal year (April 1, 2017 to March 31, 2018), net sales were up 7.3% year on year from ¥68,341 million in the previous fiscal year to ¥73,318 million, operating profit was ¥3,153 million (from ¥2,740 million), and ordinary profit was ¥1,426 million (from ¥1,592 million). Profit attributable to owners of parent was ¥1,448 million (from ¥1,778 million).

Operating performance at each business segment is as follows. Note that the reportable business classification was revised from the fiscal year ended March 31, 2018; namely, “Geospatial information consulting business”, “Green energy business” and “Financial service business” for the previous fiscal year are now classified as “Geospatial information business”, “Green energy business” and “Other businesses”.

Business segment	Net Sales	Business Income
Geospatial information business	48,040 millions Yen	498 millions Yen
Green energy business	24,596 millions Yen	2,961 millions Yen
Other businesses	680 millions Yen	-306 millions Yen

< Geospatial information business >

We have been enhancing the segment's core geospatial information technologies (measurement, analysis and evaluation tools) centered upon Kokusai Kogyo Co., Ltd., and expanding our business in Japan and overseas leveraged by our customer base and unique strengths by responding to not only the demand from government agencies but also the private-sector. The Group is providing services for a range of business scenarios, including the i-Construction-related business promoted by the Ministry of Land, Infrastructure, Transport and Tourism, development of services using the 3D geospatial analysis cloud system (KKC-3D) predicated on market expansion as the platform, and services using indoor and outdoor locational information.

In this segment, the Group has continued to work to cultivate new customers among national, prefectural and municipal governments while improving the production and operation rate by staying ahead of orders in such an environment that disaster prevention/reduction measures, measures against the deterioration of social infrastructure, and PPP/PFI as well as other tools are taken as important national measures. The Group has also endeavored to create more sophisticated services while developing new products that include business alliances.

As a result, through contributions to consolidated financial results from Meiji Consultant Co., Ltd. and an increase in upfront investment capital including expenses for new business development, etc., orders received by the geospatial information business totaled ¥46,738 million, up 3.9% year on year (from ¥44,990 million in the previous fiscal year). Net sales were ¥48,040 million, up 9.4% year on year (from ¥43,907 million in the previous year). Business income was ¥498 million, down 58.8% year-on-year from ¥1,209 million in the previous fiscal year.

< 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 consignment business, which plans, develops, and operates solar power plants, to provide natural energy, 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 power generation business, new solar power plants started operations at Natori-shi, Miyagi Prefecture (26.3 MW), Yubetsu-cho in Monbetsu District, Hokkaido Prefecture (1.9 MW), Saroma-cho in Tokoro District, Hokkaido (1.4 MW), and Asahikawa City, Hokkaido (0.4 MW), bringing the total number of power plants currently online to 65 for a combined output capacity of more than 155.4 MW, as the Group made further progress towards stabilizing its earnings. The consignment business has striven to clearly build orders even with concerns about delays in investigating connections and certifying business plans as well as enhanced output adjustments. In the detached housing business, the Group made progress on delivering on orders for custom-built houses and condominiums.

In addition to these activities, due to an increase in electricity output of solar power plants, the contribution to the Group's business performance by Profield Co., Ltd. (currently JAG Field Co., Ltd.), in which the Group made equity participation, and a certain consolidation of SPC resulting from an increase in the ratio of equity ownership, orders received by the green energy business totaled ¥18,991 million, up 36.9% year on year (from ¥13,872 million in the previous fiscal year). Net sales were ¥24,596 million, up 40.4% year on year (from ¥17,520 million in the previous year). Business income was ¥2,961 million, up 95.9% year-on-year from ¥1,512 million in the previous fiscal year.

< Other businesses >

Following the contraction of the financial service business segment due to transfer of the securities business, the forestry revitalization business, which began as new businesses to nurture, and the Japan Asia Asset Management Co., Ltd. that concentrates on investment advisory services, etc. are combined into the other businesses segment from this fiscal year.

In the forestry revitalization business, the Group has worked to turn the forestry industry and

wood-related industry into a growth industry through the use of geospatial information technologies and the generation of new demand for forest resources. This venture has taken shape by forging capital alliances with regional wood processing companies in an effort to create a value chain of the forestry industry, which begins with the supply of timber products. This business segment also made a progress by entering into a partnership agreement with Higashi-Miyoshi Town in Tokushima Prefecture for the purpose of jointly promoting related business activities to revitalize the regional economy and to create new jobs.

The Group has advanced these activities, but weak earnings due to the contraction of the securities business have had a large impact. The net sales were ¥680 million, down 90.2% year on year (from ¥6,914 million). The business loss was ¥306 million, a loss of ¥501 million (the business income was ¥194 million in the previous fiscal year).

(ii) Capital Investment

During this consolidated fiscal year, we made a capital investment of 23,227 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 the Principal Parent Company and Subsidiaries, (4) Issues to be Addressed, (5) Main Business, (6) Main Sites, (7) Employees, (8) Major Lenders, (9) Policy on Distribution of Surplus, and (10) Other Important Matters concerning the Company in this Section were 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 | 9,080 |
| (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%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,165,500	4.35%
The Master Trust Bank of Japan, Ltd. (Trust Account)	706,800	2.64%
JA Partners Ltd.	673,600	2.51%
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%
DFA Intl Small Cap Value Portfolio	400,700	1.49%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	394,400	1.47%

(Note) The percentage of shares held has been calculated excluding treasury shares (888,875 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) The conditions on the 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.

(Translation)

- (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, 2018)

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	Chief Information Officer, Senior Executive Director, Kokusai Kogyo Co., Ltd.
Director	Koichi Yonemura	In charge of Risk Management and Compliance
Director	Yoshiaki Kiyomi	
Director	Yusuke Masuda	President and Representative Director, JAG Energy Co., Ltd.
Director	Koji Tanabe	Specially Appointed Professor, School of Environment and Society, Tokyo Institute of Technology
Director	Satoshi Yasugi	Professor, Graduate School of Japan University of Economics
Full-time Corporate Auditor	Kenji Numano	
Corporate Auditor	Tatsuo Udo	Corporate Auditor, Kokusai Kogyo Co., Ltd.
Corporate Auditor	Kazuo Kobayashi	Corporate Auditor, JAG Energy Co., Ltd.

- (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. The following events took place after the end of this fiscal year:
 - (i) Tetsuo Yamashita, Chairman and CEO, assumed the position of Chairman of Xacti Corporation as of April 2, 2018.
 - (ii) Kazunobu Watanabe, Director, resigned from the position of Executive Director of Kokusai Kogyo Co., Ltd. as of April 1, 2018 and assumed the position of Director of Xacti Corporation as of April 2, 2018.
 - (iii) Koichi Yonemura, Director, assumed the position of Corporate Auditor of Xacti Corporation as of April 2, 2018.
 - (iv) Yusuke Masuda resigned from the position of Representative Director of JAG Energy Co., Ltd. as of March 31, 2018 and assumed the position of Corporate Auditor of the said company as of April 2, 2018. He also assumed the position of Director of Xacti Corporation as of April 2, 2018.

(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 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 (among those Outside Directors)	8 (2)	337 million yen (24) million yen
Corporate Auditors (among those Outside Corporate Auditors)	3 (2)	29 million yen (22) million yen
Grand Total (among those Outside Officers)	11 (4)	367 million yen (47) million yen

- (Note)
- 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.
 - 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.
 - It has been resolved at the 21st 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.
 - The grand total of remunerations, etc., includes 7.2 million yen as the provision of reserve for officers' bonuses for this fiscal year (6.4 million yen for 3 Directors and 0.7 million yen for 3 Corporate Auditors).
 - 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 3.6 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	Specially Appointed 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 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.
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.

[Items (5) Status of Accounting Auditor and (6) System to Ensure the Appropriateness of Business Operations and an Outline of the Implementation Status thereof were omitted.]

CONSOLIDATED BALANCE SHEET

(As of March 31, 2018)

<u>ASSETS</u>	(Millions of yen)
Current assets	72,025
Cash and deposits	31,932
Notes and accounts receivable - trade	29,814
Merchandise and finished goods	78
Work in process	486
Raw materials and supplies	99
Real estate for sale	6,235
Short-term loans receivable	15
Accounts receivable - other	1,523
Deferred tax assets	199
Other	1,700
Allowance for doubtful accounts	(60)
Non-current assets	81,100
Property, plant and equipment	66,767
Buildings and structures	5,412
Machinery, equipment and vehicles	32,608
Land	15,694
Leased assets	8,898
Construction in progress	3,246
Other	906
Intangible assets	2,845
Goodwill	1,820
Other	1,025
Investment and other assets	11,486
Investment securities	4,199
Long-term loans receivable	124
Lease and guarantee deposits	1,272
Deferred tax assets	699
Other	5,867
Allowance for doubtful accounts	(677)
Deferred assets	1,995
Deferred organization expenses	0
Business commencement expenses	1,994
TOTAL ASSETS	155,121

(continued)

<u>LIABILITIES</u>	(Millions of yen)
Current liabilities	46,518
Notes and accounts payable - trade	4,687
Short-term loans payable	7,337
Current portion of bonds	8,977
Current portion of long-term loans payable	12,350
Lease obligations	874
Accounts payable - other	6,967
Income taxes payable	571
Provision for bonuses	811
Provision for directors' bonuses	7
Provision for loss on order received	125
Provision for shareholder benefit program	9
Other	3,796
Non-current liabilities	76,943
Bonds payable	4,245
Long-term loans payable	56,423
Lease obligations	8,901
Deferred tax liabilities	608
Net defined benefit liabilities	3,096
Asset retirement obligations	2,677
Other	989
TOTAL LIABILITIES	123,461
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<u>NET ASSETS</u>	
Shareholders' equity	27,799
Capital stock	3,995
Retained earnings	24,158
Treasury shares	(354)
Accumulated other comprehensive income	217
Valuation difference on available-for-sale securities	331
Deferred gains or losses on hedges	(29)
Foreign currency translation adjustment	(36)
Remeasurements of defined benefit plans	(49)
Share acquisition rights	7
Non-controlling interests	3,635
TOTAL NET ASSETS	31,660
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TOTAL LIABILITIES AND NET ASSETS	155,121

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2017 to March 31, 2018)

	(Millions of yen)
Net sales	73,318
Cost of sales	54,079
Gross profit	19,238
Selling, general and administrative expenses	16,085
Operating profit	3,153
Non-operating income	321
Interest income	4
Dividend income	139
Share of profit of entities accounted for using equity method	15
Reversal of allowance for doubtful accounts	18
Gain on consumption tax	14
Other	130
Non-operatin expenses	2,048
Interest expenses	1,423
Amortization of business commencement expenses	227
Foreign exchange losses	6
Provision of allowance for doubtful accounts	1
Other	390
Ordinary profit	1,426
Extraordinary income	1,278
Gain on sales of investment securities	714
Gain on step acquisitions	473
Gain on bargain purchase	52
Gain on liquidation of subsidiaries	38
Extraordinary losses	20
Impairment loss	9
Loss on sales of investment securities	10
Profit before income taxes	2,684
Income taxes - current	800
Income taxes - deferred	65
Profit	1,818
Profit attributable to non-controlling interests	369
Profit attributable to owners of the parent	1,448

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,995	0	23,305	(354)	26,946
Changes of items during period					
Dividends of surplus			(535)		(535)
Profit attributable to owners of parent			1,448		1,448
Purchase of shares of consolidated subsidiaries		(0)	(59)		(59)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	(0)	853	(0)	852
Balance at end of current period	3,995	—	24,158	(354)	27,799

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	568	(35)	(88)	(87)	356
Changes of items during period					
Dividends of surplus					—
Profit attributable to owners of parent					—
Purchase of shares of consolidated subsidiaries					—
Purchase of treasury shares					—
Net changes of items other than shareholders' equity	(237)	6	52	38	(139)
Total changes of items during period	(237)	6	52	38	(139)
Balance at end of current period	331	(29)	(36)	(49)	217

(continued)

(Millions of yen)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	8	2,244	29,555
Changes of items during period			
Dividends of surplus			(535)
Profit attributable to owners of parent			1,448
Purchase of shares of consolidated subsidiaries			(59)
Purchase of treasury shares			(0)
Net changes of items other than shareholders' equity	(0)	1,391	1,251
Total changes of items during period	(0)	1,391	2,104
Balance at end of current period	7	3,635	31,660

[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.

Taking into consideration the results of the year, the future business environment and the like, we intend to pay a year-end dividend as follows:

- (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: 10 yen
Total amount of dividends: 267,640,050 yen
- (3) Date on which dividends become effective:
June 27, 2018, Wednesday

Agendum No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments:

To respond to the expansion and diversification of our business, such as Xacti Corporation becoming a member of our corporate group, it is proposed that the provision of Article 2 (Objectives) of the Articles of Incorporation be amended.

2. Details of the Amendments:

The details of the proposed amendments are set out below:

(Underlined parts are to be amended.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 1. (Text omitted)</p> <p>Article 2. (Objectives) 1. (1) to (19) (Text omitted) (20) The business of management, sale and purchase of forests; (21) The business of Worker dispatching; (Newly set)</p> <p>(22) Any other business incidental to the businesses provided for in each forgoing item. 2. Businesses described in No. 1 to <u>No. 19 and No. 21</u> of the preceding paragraph; 3. up to 5. (Text omitted)</p> <p>Article 3 to Article 50 (Text omitted)</p>	<p>Article 1. (Unchanged)</p> <p>Article 2. (Objectives) 1. (1) to (19) (Unchanged) (20) (Unchanged) (21) (Unchanged) <u>(22) Development, manufacturing and sale of digital cameras, digital movie cameras, and application devices of such products and technologies;</u> (23) (Unchanged)</p> <p>2. Businesses described in No. 1 to <u>No. 23</u> of the preceding paragraph; 3. up to 5. (Unchanged)</p> <p>Article 3 to Article 50 (Unchanged)</p>

Agendum No. 3 Election of Six (6) Directors

The term of office of all eight (8) directors will expire at the conclusion of this Ordinary General Meeting of the Shareholders. Therefore, it is proposed that the number of directors be decreased by two to build a structure for a faster achievement of our management strategy, and that the following six (6) directors be elected.

The candidates for directors are as follows:

Candidate No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
1.	Tetsuo Yamashita (December 20, 1951)	<p>April 1978 Entered the Ministry of Finance</p> <p>December 1981 Entered Nomura Securities Co., Ltd.</p> <p>December 1998 Representative Director and CEO (currently Chairman), Japan Asia Holdings Limited</p> <p>January 1999 Director, Japan Asia Securities Limited</p> <p>May 2001 Representative Director, Japan Asia Holdings (Japan) Limited</p> <p>November 2001 Representative Director, Kaneman Securities Co., Ltd. (currently Japan Asia Securities Co., Ltd.)</p> <p>May 2004 Director, JA Partners Limited (present)</p> <p>October 2007 Chairman, Kokusai Kogyo Holdings Co., Ltd.</p> <p>April 2008 Director, the Company</p> <p>June 2009 Chairman and CEO, the Company</p> <p>May 2012 Director, JAG Energy Co., Ltd.</p> <p>May 2013 Chairman and CEO, the Company (present)</p> <p>March 2014 Representative Director, Green Project K.K. (present)</p> <p>April 2018 Chairman, Xacti Corporation (present)</p> <p>(Significant Concurrent Positions) Chairman, Xacti Corporation</p>	377,330
<p>(Reasons for Selecting Mr. Tetsuo Yamashita as a Candidate)</p> <p>Since he assumed his position as Representative Director of the Company in June 2009, with his strong leadership, Mr. Tetsuo Yamashita has been performing his duties as a Director by accomplishing achievements such as the reform of the Group through a recombination of businesses and reallocation of personnel resources across the Group to enable the Group to break away from concentrating on businesses that heavily depend on the economic climate and shift to focusing on growing businesses.</p> <p>For these reasons, we determined that he is suitable for managing our businesses to aim for a long-term growth of the Company, and therefore, we selected him again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Tetsuo Yamashita and the Company.</p>			

Candi- date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
2.	Sandra Wu, Wen-Hsiu (December 23, 1963)	<p>March 1993 Entered Nomura International (Hong Kong) Ltd.</p> <p>July 1995 Entered China Strategic Holdings Limited</p> <p>January 1999 Representative Director and Vice President, Japan Asia Holdings Limited</p> <p>August 2001 Representative Director, Japan Asia Holdings (Japan) Limited</p> <p>November 2001 Representative Director, Kaneman Securities Co., Ltd. (currently Japan Asia Securities Co., Ltd.)</p> <p>May 2004 Director, JA Partners Limited (present)</p> <p>June 2008 Director, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2009 President and Chief Executive Officer, the Company</p> <p>May 2013 Director, the Company (present) Chairman and Representative Director, Kokusai Kogyo Co., Ltd. (present)</p> <p>(Significant Concurrent Positions) Chairman and Representative Director, Kokusai Kogyo Co., Ltd.</p>	32,320
<p>(Reasons for Selecting Ms. Sandra Wu, Wen-Hsiu as a Candidate)</p> <p>Since she assumed her position as a Director of the Company, Ms. Sandra Wu, Wen-Hsiu has been performing her duties as a Director – apart from building a foothold for the overseas business expansion of the Group, such as by co-chairing the World Economic Forum, she contributed by, among others, strengthening the earning capacity of Kokusai Kogyo Co., Ltd., a core company of the Group, by directing its management reform.</p> <p>For these reasons, we determined that she is suitable for managing our businesses to aim for a long-term growth of the Company, and therefore, we selected her again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Ms. Sandra Wu, Wen-Hsiu and the Company. She concurrently serves as the Chairman and Representative Director of Kokusai Kogyo Co., Ltd., with which the Company has entered into transactions involving the management of businesses.</p>			

Candi- date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions		Number of the Company's Shares Held
3.	Yoshiaki Kiyomi (April 17, 1963)	April 1986 April 2001 March 2002 March 2005 April 2008 March 2013 May 2014 June 2015 April 2016	Entered The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) Entered American International Group K.K. Entered The Manulife Life Insurance Company Entered Japan Asia Holdings (Japan) Limited Director, the Company Representative Director, Japan Asia FAS Limited (present) Entered the Company Director, the Company Director in charge of Overseas Affairs Department (present)	6,100
<p>(Reasons for Selecting Mr. Yoshiaki Kiyomi as a Candidate)</p> <p>Since he assumed his position as a Director, Mr. Yoshiaki Kiyomi has been playing a key role, such as in the establishment of the forestry revitalization business, and performing his duties as a Director with his experience and achievements in business development and management, which he gained through the M&As and business rehabilitation and investment projects that he was involved in after joining the Company, in addition to his expertise in investment and loan businesses, which he attained through his experience at domestic and foreign bank and insurance companies as well as his experience in business administration at a business corporation.</p> <p>For these reasons, we determined that he is suitable for managing our businesses to aim for a long-term growth of the Company, and therefore, we selected him again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Yoshiaki Kiyomi and the Company.</p>				

Candi- date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
4.	[New Candidate] Takaki Fuchita (March 18, 1959)	<p>April 1981 Entered Kokusai Kogyo Co., Ltd.</p> <p>April 2001 Manager, Tohoku Business Department, Technology Services Division, Kokusai Kogyo Co., Ltd.</p> <p>October 2009 Manager, Business Department, Kokusai Kogyo Co., Ltd.</p> <p>May 2010 Manager, Human Resources Department, Administration Division, Kokusai Kogyo Holdings Co., Ltd.</p> <p>April 2013 Director, Kokusai Environment Solutions Co., Ltd.</p> <p>April 2013 Manager, General Affairs and Human Resources Department, the Company (present)</p> <p>November 2016 Executive Officer and General Manager, Administration Division, Kokusai Kogyo Co., Ltd.</p> <p>April 2018 Director and Manager, Administration Division, Kokusai Kogyo Co., Ltd. (present)</p> <p>(Significant Concurrent Positions) Director and Manager, Administration Division, Kokusai Kogyo Co., Ltd.</p>	1,370
<p>(Reasons for Selecting Mr. Takaki Fuchita as a Candidate)</p> <p>Since he assumed his position as a Director, Mr. Takaki Fuchita has been in charge of the sales and marketing division of Kokusai Kogyo Co., Ltd., a subsidiary of the Company, for an extended period of time, and he has thorough knowledge of the industry and business of the Company. After being assigned to the Administration Division, he has been performing his duties as the person-in-charge of the Administration Division of the holding company and has devoted himself to the development of the Group. He has played an important role not only in the daily operations of the Company but also in the reorganization of the Group and improvement of the operational efficiency of the Administration Division.</p> <p>For these reasons, we determined that he is suitable for managing our businesses to aim for a long-term growth of the Company, and therefore, we selected him as a new candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Takaki Fuchita and the Company.</p>			

Candi- date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
5.	Koji Tanabe (February 1, 1952)	<p>April 1975 Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>April 2001 Visiting professor, Waseda University</p> <p>July 2001 Director-General, Chugoku Bureau of Economy, Trade and Industry of the Ministry of Economy, Trade and Industry</p> <p>July 2002 Director-General, Research and Statistics Department, Economic and Industrial Policy Bureau of the Ministry of Economy, Trade and Industry</p> <p>June 2004 Director, J Contents Ltd.</p> <p>April 2005 Professor, Graduate School of Innovation Management, Tokyo Institute of Technology (currently Innovation Science, School of Environment and Society, Tokyo Institute of Technology)</p> <p>June 2008 Director, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2012 Director, the Company (present)</p> <p>April 2017 Honorary Professor, Tokyo Institute of Technology Specially Appointed Professor, Innovation Science, School of Environment and Society, the said institute (present)</p> <p>April 2017 Corporate Auditor, Shimazaki Denki Corporation (present)</p> <p>(Significant Concurrent Positions) Specially Appointed Professor, School of Environment and Society, Tokyo Institute of Technology</p>	9,240

(Reasons for Selecting Mr. Koji Tanabe as a Candidate)

Despite not having been directly involved in corporate management, Mr. Koji Tanabe is knowledgeable in a broad range of disciplines due to his experience as a government employee and as an academic, and has given proper advices and suggestions as an outside director for the resolutions and deliberations at board meetings. In addition, as a committee member to evaluate the effectiveness of the board, he has proactively given suggestions on the state of the board to increase the transparency and fairness of the management of the Company. For these reasons, we determined that he is suitable for monitoring the operation of our businesses, and therefore, we selected him again as a candidate for Director.

(Notes on Candidate for Outside Director)

Mr. Koji Tanabe is a candidate for an outside director defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. His tenure as an outside director of the Company will be six (6) years and four (4) months at the conclusion of this Ordinary General Meeting of the Shareholders.

There are no special interests between Mr. Koji Tanabe and the Company.

(Notes on Candidate for Independent officer)

The Company has registered Mr. Koji Tanabe as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the listing rules of the Tokyo Stock Exchange. If he is elected as proposed and assumes office, he will continue to be an independent officer.

(Outline of terms of the Limited Liability Agreement)

The Company has entered into an agreement with Mr. Koji Tanabe to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act. The minimum amount of liability under this agreement is the sum of the amounts set forth in all items of Paragraph 1 of Article 425 of the Companies Act. When his re-election is approved, this agreement will remain effective.

Candi- date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions		Number of the Company's Shares Held
6.	Satoshi Yasugi (April 22, 1947)	<p>April 1970 Joined Nomura Securities Co., Ltd.</p> <p>August 1999 Visiting Professor, Guanghua School of Management Peking University</p> <p>April 2000 Professor, Department of Economics and Business Administration, Kagoshima Prefectural College</p> <p>April 2005 Professor, The Graduate School for the Creation of New Photonics Industries</p> <p>June 2005 Corporate Auditor, Japan Asia Holdings (Japan) Limited</p> <p>January 2006 Corporate Auditor, Japan Asia Securities Co., Ltd.</p> <p> Corporate Auditor, Japan Asia Financial Service Co., Ltd.</p> <p>January 2009 Corporate Auditor, the Company</p> <p>April 2011 Professor, Faculty of Economics, Japan University of Economics</p> <p>April 2012 Professor, Graduate School of Japan University of Economics (present)</p> <p>June 2015 Director, the Company (present)</p> <p>(Significant Concurrent Positions) Professor, Graduate School of Japan University of Economics</p>		0

(Reasons for Selecting Mr. Satoshi Yasugi as a Candidate)

Despite not having been directly involved in corporate management, Mr. Satoshi Yasugi has extensive experience as an employee of a securities company and a university professor, and he has professional expertise in economics. Since his assumption as a Director of the Company, he has provided proper advices and suggestions as an outside director for resolutions and deliberations at board meetings. In addition, as a committee member to evaluate the effectiveness of the board, he has proactively given suggestions on the state of the board to increase the transparency and fairness of the management of the Company. For these reasons, we determined that he is suitable for monitoring the operation of our businesses, and therefore, we selected him again as a candidate for director.

(Notes on Candidate for Outside Director)

Mr. Satoshi Yasugi is a candidate for an outside director defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. His tenure as an outside director of the Company will be three (3) year at the conclusion of this Ordinary General Meeting of the Shareholders.

There are no special interests between Mr. Satoshi Yasugi and the Company.

(Notes on Candidate for Independent Officer)

The Company has registered Mr. Satoshi Yasugi as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the listing rules of the Tokyo Stock Exchange. If he is elected as proposed and assumes office, he will continue to be an independent officer.

(Outline of Terms of the Limited Liability Agreement)

The Company has entered into an agreement with Mr. Satoshi Yasugi to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act. The minimum amount of liability under this agreement is the sum of the amounts set forth in all items of Paragraph 1 of Article 425 of the Companies Act. When his re-election is approved, this agreement will remain effective.

Agendum No. 4 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.

The effectiveness of the election under this proposal may be canceled by a resolution of the Board of Directors with the consent of the Board of Corporate Auditors only before the candidate assumes office as a Corporate Auditor.

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 as Partner, Asahi Law Offices (present)	0
<p>(Reasons for Selecting Mr. Ryuji Uwatoko as a Candidate)</p> <p>Mr. Ryuji Uwatoko is deemed suitable as a substitute corporate auditor due to his high level of expertise in the legal practice as legal counsel as well as his superior ability and insight in performing audits based on his business experience. Although he has never in the past been involved in the management of a company in any way other than by serving as an outside officer, we determined that he can properly perform the duties as a substitute corporate auditor for the reasons stated above.</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 is a candidate for outside auditor as set forth in Article 2, Paragraph 3, item (viii) of the Regulation for Enforcement 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>		

Agendum No. 5 Introduction of a Performance-Based New Stock Compensation Plan for Directors

1. Reasons for the Proposal

This proposal is to obtain approval of the introduction of the Board Benefit Trust (BBT) (the "Plan"), which is a new performance-based stock compensation plan for the Company's directors (excluding outside directors; the same shall apply hereafter in this proposal).

This proposal is intended to heighten the directors' awareness of the improvement of the mid-to-long term performance and enhancement of the corporate value of the Company by specifying the interrelation between the compensation of the directors, and the Company's performance and share value as well as by sharing among the directors and shareholders not

only the merit of a share price increase but also the risk of a share price decrease. In light of this intention, we believe that the content of this proposal is appropriate.

This proposal seeks approval of the amount of remuneration, etc., because we intend to grant the new stock compensation to the directors of the Company in addition to the amount of their remuneration (within the aggregate amount of (i) the fixed amount of 400 million yen or less per year (for the outside directors, 40 million yen or less), and (ii) the floating amount equivalent to 5% or less of the net profit of the shareholders of the parent company for the previous fiscal year) as approved at the 29th general shareholders' meeting on June 23, 2016. We would like to ask you to leave the details of the Plan entirely up to the Board of Directors within the framework of Section 2 below.

The number of directors eligible for the Plan is currently six. If Agendum No. 3 is approved entirely without any amendment, then the number of directors eligible for the Plan will be four.

2. Amount of Compensation under the Plan and Reference Information

(1) Outline of the Plan

The Plan is a performance-based new stock compensation plan under which the Company's shares will be acquired through the trust established under the Plan (the "Trust") with the funds contributed by the Company, and the directors will be granted shares of the Company and cash equivalent to the amount of the Company's shares calculated based on their market price (the "Company's Shares, etc.") in accordance with the Rules on Distribution of Shares for Officers (the "Rules") stipulated by the Company. In principle, the Company's Shares, etc., will be granted upon each director's retirement.

(2) Persons Eligible for the Plan

The Persons eligible for the Plan are the Company's directors (excluding the outside directors).

(3) Period of the Trust

The period of the Trust is from August 2018 (planned) until the termination of the Trust. (The date of termination of the Trust will not be specified. The Trust will continue to exist unless the Plan is terminated. The Plan will be terminated when the Company is delisted or the Rules are abolished.

(4) Trust Amount (Amount of Compensation)

Subject to the approval of this proposal, through the introduction of the Plan, for three business years starting from the fiscal year ending March 31, 2019 through the fiscal year ending March 31, 2021 (the "Initial Applicable Period"), and for every three fiscal years after the Initial Applicable Period (the "Applicable Period"), the Company will contribute the funds specified below to the Trust to be used as its source for acquiring the Company's shares to be granted as Company's Shares, etc., to the directors.

Firstly, the Company will contribute funds in an amount not exceeding 300 million yen as the funds necessary for the Initial Applicable Period when the Trust is established (scheduled to be in August 2018).

After the Initial Applicable Period, the Company will basically contribute additional funds to the Trust in an amount not exceeding 300 million yen for each Applicable Period until the Plan is terminated. When an additional contribution is made, if there are remaining shares of the Company (excluding those corresponding to the points granted to the directors for each Applicable Period and not yet provided to the directors) and/or cash (collectively referred to as the "Remaining Shares, etc.") in the assets of the Trust, then the sum of the Remaining Shares, etc., (at the market value as of the end of the last Applicable Period for the Company's

shares) and the cash to be additionally contributed shall not exceed 300 million yen.

In addition, during an Applicable Period, including the Initial Applicable Period, the Company may contribute funds to the Trust when needed unless the cumulative amount of contributions made during the relevant Applicable Period reaches the maximum amount mentioned above. Any decision made by the Company to contribute an additional fund will be disclosed in a timely and appropriate manner.

(5) Method of Share Acquisition and Number of Shares

The Trust will acquire the Company's shares using the funds described in Item (4) above either through the stock market or by subscribing to the Company's treasury share.

For your information, on the assumption that the Company's shares are acquired at the price equal to the closing price on March 30, 2018 of 531 yen per share, the number of shares to be acquired with the funds contributed by the Company for the Initial Applicable Period with the maximum amount of 300 million yen for the purpose of compensation for the directors will be up to 564,971 shares.

Details of the acquisition of the Company's shares by the Trust shall be disclosed in a timely and appropriate manner.

(6) Method of Calculating the Number of the Company's Shares, etc., to be Granted to Directors

The directors will be granted each fiscal year base points determined in accordance with the Rules, taking into consideration their positions and achievements. The maximum number of points to be granted to the directors per fiscal year shall be 193,600 points. Such number was determined by comprehensively taking into consideration the current level of remuneration for the directors, the number of directors, future prospects and other matters, and we believe that this amount is appropriate.

In granting the Company's Shares, etc., to the directors pursuant to Item (7) below, each point granted to the directors shall be converted to one (1) share of the common shares of the Company (provided that, if a stock split, allotment of stock without contribution, consolidation of stocks, etc., takes place after this proposal is approved, then the maximum number of points, points to be granted and conversion rate shall be adjusted reasonably based on the number of shares, etc., at the time of any such event).

The number of points, which will be the base for the calculation of the Company's Shares, etc., to be granted to directors pursuant to Item (7) below, shall basically be the number of points granted to the directors for three fiscal years (the points calculated shall be referred to as the "Final Points").

(7) Grant of the Company's Shares

When the directors retire and satisfy the beneficiary requirements stipulated in the Rules, in principle, they are granted the shares from the Trust after retirement based on the Final Points described in Item (6) above, by completing the prescribed procedures for confirmation as beneficiaries. However, if the directors satisfy the requirements prescribed in the Rules, then, with regard to a certain portion of the points, the cash calculated based on the market price of the Company's shares shall be paid in lieu of granting the Company's shares. In such case, the Trust may sell the Company's shares for such cash contribution.

(8) Exercise of Voting Rights

The voting rights of shares in the account of the Trust shall be subject to the instructions of the Trust administrator and shall not be exercised uniformly. With this treatment, the Company

intends to ensure the neutrality of business management in the exercise of voting rights with respect to the Company's shares in the Trust account.

(9) Dividends

The Trust will receive dividends for the Company's shares in its account and use them for the acquisition of additional shares of the Company, payment of fees to the trustee(s) of the Trust, etc. In case of a termination of the Trust, the dividends, etc., remaining in the Trust shall be distributed to the directors then in office in proportion to their points in accordance with the Rules.

(10) Termination of the Trust

The Trust shall be terminated when the Company's shares are delisted, the Rules are abolished or for other reasons.

The Company's shares remaining in the assets of the Trust upon termination are to be wholly transferred to the Company without compensation and then cancelled by a resolution of the Board of Directors. The cash remaining in the assets of the Trust upon termination will be transferred to the Company, excluding the portion to be granted to the directors.

- End -