

Note: This Notice of Convocation of the Ordinary General Meeting of the Shareholders is a translation of a document originally made in the Japanese language.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 materials provided in this translation, or for any consequence resulting from use of the information in this translation.

Securities Code: 3751

June 6, 2019

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 32nd Ordinary General Meeting of the Shareholders

You are cordially invited to attend the 32nd 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 agendum, which we should receive no later than 5:30 p.m. on Monday, June 24, 2019.

- 1. Date and Time:** 10:00 a.m., Tuesday, June 25, 2019
- 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 the Meeting:**

Reports:

1. Business Report, Consolidated Financial Statements and Audit Report by the Independent Accounting Auditor and Audit & Supervisory Board for the 32nd Fiscal Term (from April 1, 2018 to March 31, 2019)
2. Financial Statements for the 32nd Fiscal Term (from April 1, 2018 to March 31, 2019)

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 (<https://www.japanasiagroup.jp/>).

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

Business Report

(For the Period of April 1, 2018 through March 31, 2019)

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(i) Progress and Results of Business

During this consolidated fiscal year, although exports have remained mostly the same, as a result of the increase in personal consumption due to the improvement in income circumstances, etc., and there has been a firm growth of capital investments, the Japanese economy has continued to show a modest recovery. However, since uncertainty about prospects has increased because of trends in various countries' policies, economies overseas are likely to display a moderate slowdown, and concerns are growing over the impact thereof on the Japanese economy.

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 is engaged in business development, capital and business alliances as well as other measures for the purpose of establishing a growth engine toward 2020 and beyond. We have worked to promote the expansion of business opportunities for all of the Group's other businesses, including the forest revitalization business that aims to cultivate a third business segment in addition to the core businesses of geospatial information and green energy.

As a result of these initiatives, the green energy business has fostered growth into a key engine that drives stable earnings from electricity sells. Xacti Corporation, which the Group invested capital from this term, increased revenue compared to the previous fiscal year while operating profit declined and ordinary profit-loss showed a loss due to its poor business performance. In addition, impairment was recognized in the non-current assets owned by Xacti Corporation, and forced down the profit attributable to owners of parent as a result.

Regarding the performance of the Group in the fiscal year (April 1, 2018 to March 31, 2019), consolidated sales were up 39.2% year on year from ¥73,318 million in the previous fiscal year to ¥102,025 million, operating profit was ¥1,733 million (from ¥3,153 million), and ordinary loss was ¥193 million (from ordinary profit of ¥1,426 million in the previous fiscal year). Loss attributable to owners of parent was ¥2,491 million (from profit attributable to owners of parent of ¥1,448 million in the previous fiscal year).

Operating results of each business segment were as follows.

| Business segment | Net Sales | Business Income |
|---------------------------------|---------------------|---------------------|
| Geospatial information business | 72,322 millions Yen | -1,865 millions Yen |
| Green energy business | 28,070 millions Yen | 3,701 millions Yen |
| Other businesses | 1,632 millions Yen | -102 millions Yen |

< Geospatial information business >

We provide services to not only government agencies but also the private-sector through

geospatial information technologies (measurement, analysis and useful tools) from Kokusai Kogyo Co., Ltd. as well as develop business worldwide in this segment centered upon Kokusai Kogyo Co., Ltd. and the Xacti Corporation.

The Group will also provide products and services for a range of business scenarios, including high-precision three-dimensional analysis services related to i-Construction advocated by the Ministry of Land, Infrastructure, transport and Tourism in addition to indoor and outdoor locational information services. In addition to supplying OEM/ODM to a variety of manufacturers with focus on digital cameras and other devices, Xacti Corporation has adopted existing technology while delving deeper into the field of Digital Eyes next-generation digital devices, including on-board vehicle and drone cameras.

In this segment, Kokusai Kogyo Co., Ltd. has striven to earn orders from diverse fields, such as sectors related to the preparation of social infrastructure, floods and countermeasures for sediment disasters, through active participation in open competitive bidding as well as other efforts. The impact of an ever more adverse business environment in the digital camera market impacted Xacti Corporation, which decreased orders for OEM/ODM digital cameras and development outsourcing contracts from customers. Moreover, we faced a strict business environment even from a cost perspective, such as the rising cost rate following changes in the model mix due to diversifying needs.

As a result, the orders received by the geospatial information business totaled ¥78,788 million, up 68.6% year on year (from ¥46,738 million in the previous fiscal year). Net sales were ¥72,322 million, up 50.5% year on year (from ¥48,040 million in the previous fiscal year). Segment loss was ¥1,865 million, down ¥2,363 million year on year from segment profit of ¥498 million in the previous fiscal year. Also affecting these results was Meiji Consultant Co., Ltd., whose earnings declined compared to the previous term due to the change in the accounting term.

< Green energy business >

We engage in businesses related to renewable energy, emphasizing electricity sales, via solar power generation using the feed-in tariff system as well as provide solutions related to real estate, mainly through JAG Energy Co., Ltd. In addition, KHC Ltd. is engaged in the detached housing business.

In the power generation business, new solar power plants started operations at Aisho-cho in the Echi District of Shiga Prefecture (0.9 MW), Sano City, Tochigi Prefecture (16.6 MW), and Marumori-machi in the Igu District of Miyagi Prefecture (3.0 MW), bringing the total number of power plants currently online to 83 for a combined output capacity of more than 194.7 MW, as the Group made further progress towards stabilizing its earnings. As a new initiative outside the power generation business based on the feed-in tariff system, the Group established Sango Himawari Energy in cooperation with Sango-cho in the Ikoma District of Nara Prefecture and started an electric power retail business. We are aiming to use renewable energy within the region and to expand the local service business while further advancing the realization of sustainable community development. In the detached housing business, KHC Ltd. is expanding multi-brand strategies primarily around residential contracts. KHC Ltd. also successfully became a listed company in the second section of the Tokyo Stock Exchange, Inc. on March 19, 2019 for the purpose of strengthening its presence and broadening business in the Harima area of Hyogo Prefecture.

As a result, the contribution to the Group's business performance by JAG Field Co., Ltd., in which the Group invested capital in the previous term, a consolidation of some SPCs in which the ratios of ownership increased in the previous term and the rising operation rate of solar power plants resulted from fine weather, orders received by the green energy business totaled ¥19,382 million, up 2.1% year on year (from ¥18,991 million in the previous fiscal year). Net sales were ¥28,070 million, up 14.1% year on year (from ¥24,596 million in the previous year). Segment profit was ¥3,701 million, up 25.0% year-on-year from ¥2,961 million in the previous fiscal year.

< Other businesses >

In this segment centered upon the forest revitalization business, which is a developing business, the Japan Asia Group Limited expanded the forestry production business in Group-owned forests in addition to working to advance computerized forestry utilizing geospatial information technologies with the cooperation of Kokusai Kogyo Co., Ltd. Furthermore, Sakazume Seizaisho is expanding the lumber, pre-cut and wooden structures businesses. Through the expansion of these businesses, this segment establishes a stable supply system for domestic timber and creates new demand for wood resources in Japan. The Group aims to contribute to regional economic revitalization by realizing a growth industry from the forestry and wood-related industries and creating jobs.

In this segment, transitioning to production timber of forests that are acquired establishes a stable supply system of domestic timber by expanding the scale of forestry production while advancing computerized forestry. Furthermore, the Group will also strive to expand new business regions such as creating carbon credits through forest development and the start of transactions to buy and sell forest real estate.

As of April 1, 2019, JAG Forest Co., Ltd. has taken over the forest revitalization business of the Japan Asia Group Limited through a company split to concentrate management resources.

As a result, we have shown a reduction in losses through the transfer of Japan Asia Asset Management Co., Ltd. this term as well as the contributions to the consolidated results of Sakazume Seizaisho, bringing consolidated sales up 139.7% year on year from ¥680 million to ¥1,632 million. The segment losses improved ¥203 million to a loss of ¥102 million (from a loss of ¥306 million).

(ii) Capital Investment

During this consolidated fiscal year, we made a capital investment of 10,690 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, and (9) Policy on Distribution of Surplus in this Section were omitted.]

2. Current Status of Shares of the Company

- | | |
|-----------------------------------|------------|
| (i) Number of shares authorized | 67,853,480 |
| (ii) Number of shares outstanding | 27,763,880 |
| (iii) Number of shareholders | 9,242 |
| (iv) The 10 largest shareholders | |

| Name of Shareholder | Number of Shares | Total Percentage |
|--|------------------|------------------|
| Aizawa Securities Co., Ltd. | 3,448,760 | 12.56% |
| Japan Asia Holdings Limited | 2,624,800 | 9.56% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 1,535,400 | 5.59% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 929,500 | 3.39% |
| JA Partners Ltd. | 673,600 | 2.45% |
| Tetsuo Sato | 600,000 | 2.19% |
| Trust & Custody Services Bank, Ltd. (Trust Account E) | 580,800 | 2.12% |
| Nomura Singapore Limited Customer Segregated A/C FJ-1309 | 530,050 | 1.93% |
| Mizuho Bank, Ltd. | 495,070 | 1.80% |
| Tetsuo Yamashita | 480,930 | 1.75% |

- (Note) 1. The percentage of shares held has been calculated by excluding the treasury shares (308,845 shares).
2. The 580,800 shares owned by Trust & Custody Services Bank, Ltd. (Trust Account E) are shares in the Company issued in accordance with the introduction of the Board Benefit Trust (BBT). The shares are recorded as treasury shares in the consolidated financial statements.

3. Current Status of Corporate Officers of the Company

(1) Current Status of Directors and Corporate Auditors (as of March 31, 2019)

| Position | Name | Areas of Responsibility and Significant Concurrent Positions |
|-----------------------------|---------------------|---|
| Chairman and CEO | Tetsuo Yamashita | |
| Director | Sandra Wu, Wen-Hsiu | Chairperson and Representative Director, Kokusai Kogyo Co., Ltd. |
| Director | Yoshiaki Kiyomi | Forestry revitalization business |
| Director | Takaki Fuchita | Chief Information Officer, In charge of Risk Management and Compliance, Director, Kokusai Kogyo Co., Ltd. |
| Director | Koji Tanabe | Specially Appointed Professor, School of Environment and Society, Tokyo Institute of Technology |
| Director | Satoshi Yasugi | Specially Appointed Professor, 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 as defined in Article 2, Item 15 of the Companies Act.
 2. Kenji Numano and Kazuo Kobayashi, Corporate Auditors, are outside corporate auditors as 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 a 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, Corporate Auditor, has a longstanding work experience at a financial institution, and considerable expertise in the financial and accounting areas.
 5. The following event took place after the end of this fiscal year:
 - (i) Takaki Fuchita, Director, resigned from the position of Director of Kokusai Kogyo Co., Ltd. as of May 9, 2019.

(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 acts in good faith and is not grossly negligent in performing his/her duties.

The following is an outline of the terms of such limited liability agreement entered into by and between the Company, and each of the Outside Directors, Corporate Auditors, and 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 after the execution of this agreement, 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 amount of liability 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 | 9 | 226 million yen |
| (among the Outside Directors) | (2) | (26) million yen |
| Corporate Auditors | 3 | 30 million yen |
| (among the Outside Corporate Auditors) | (2) | (22) million yen |
| Grand Total | 12 | 256 million yen |
| (among the Outside Officers) | (4) | (49) 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 percent (5%) or less of the net profit that belongs to the shareholders of the parent company for the previous fiscal year.
 3. In addition to the maximum amount of remuneration stated in note 2 above, it has been resolved at the 31st Ordinary General Meeting of the Shareholders, held on June 26, 2018, that the Company will contribute funds for Directors (except Outside Directors) in an amount not more than 300 million yen (for every three fiscal years) for the Board Benefit Trust (BBT), which is a performance-based stock compensation plan. No points were granted this fiscal year.
 4. 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.
 5. In addition to the above, the amount of remuneration received by Outside Officers from subsidiaries of the Company as officers thereof during this fiscal year was 3.6 million yen.
 6. The nine Directors of the Company who received remuneration as stated above include three Directors who retired upon the conclusion of the 31st Ordinary General Meeting of the Shareholders, held on June 26, 2018.

(4) Current Status 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 | Specially Appointed Professor, Japan University of Economics | There is no significant relationship between the Company and 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 Conducted by the Outside Officers

| Position | Name | Status of Activities |
|---------------------------|-----------------|---|
| Outside Director | Koji Tanabe | He has attended all of the sixteen meetings of the Board of Directors held during this fiscal year. At the Board of Director's meetings, he has provided the necessary advice and suggestions for resolutions and deliberations, based on his extensive academic expertise. |
| Outside Director | Satoshi Yasugi | He has attended all of the sixteen meetings of the Board of Directors' meetings held during this fiscal year. At the Board of Director's meetings, he has provided the 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 sixteen meetings of the Board of Directors and all of the fourteen 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 sixteen meetings of the Board of Directors and all of the fourteen meetings of the Board of Corporate Auditors. At these meetings, he has provided the necessary 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 4. Status of Accounting Auditor and 5. 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, 2019)

| <u>ASSETS</u> | (Millions of yen) |
|---------------------------------------|-------------------|
| Current assets | 74,199 |
| Cash and deposits | 26,071 |
| Notes and accounts receivable - trade | 33,752 |
| Merchandise and finished goods | 302 |
| Work in process | 1,597 |
| Raw materials and supplies | 2,987 |
| Real estate for sale | 6,415 |
| Short-term loans receivable | 124 |
| Accounts receivable - other | 1,029 |
| Other | 1,974 |
| Allowance for doubtful accounts | (56) |
| Non-current assets | 96,034 |
| Property, plant and equipment | 74,118 |
| Buildings and structures | 6,012 |
| Machinery, equipment and vehicles | 37,358 |
| Land | 17,040 |
| Leased assets | 10,210 |
| Construction in progress | 2,327 |
| Other | 1,168 |
| Intangible assets | 4,126 |
| Goodwill | 2,282 |
| Other | 1,843 |
| Investment and other assets | 17,790 |
| Investment securities | 8,185 |
| Long-term loans receivable | 30 |
| Leasehold and guarantee deposits | 1,475 |
| Deferred tax assets | 1,037 |
| Other | 7,523 |
| Allowance for doubtful accounts | (462) |
| Deferred assets | 2,110 |
| Deferred organization expenses | 0 |
| Business commencement expenses | 2,109 |
| TOTAL ASSETS | 172,344 |

(continued)

| <u>LIABILITIES</u> | (Millions of yen) |
|---|-------------------|
| Current liabilities | 53,211 |
| Notes and accounts payable - trade | 8,269 |
| Short-term loans payable | 12,907 |
| Current portion of bonds | 1,175 |
| Current portion of long-term loans payable | 10,996 |
| Current portion of projects finance loans | 4,464 |
| Lease obligations | 1,023 |
| Accounts payable – other | 6,163 |
| Income taxes payable | 667 |
| Provision for bonuses | 2,072 |
| Provision for loss on order received | 308 |
| Provision for shareholder benefit program | 7 |
| Valuation Reserve For Inventory Purchase Commitments | 153 |
| Other | 5,002 |
| Non-current liabilities | 86,936 |
| Bonds payable | 4,802 |
| Long-term loans payable | 27,710 |
| Projects finance loans | 31,135 |
| Lease obligations | 10,175 |
| Deferred tax liabilities | 2,217 |
| Retirement benefit liability | 6,372 |
| Asset retirement obligations | 3,367 |
| Other | 1,154 |
| TOTAL LIABILITIES | 140,148 |
| <hr/> | |
| <u>NET ASSETS</u> | |
| Shareholders' equity | 24,239 |
| Capital stock | 4,024 |
| Retained earnings | 20,612 |
| Treasury shares | (397) |
| Accumulated other comprehensive income | 2,340 |
| Valuation difference on available-for-sale securities | 2,147 |
| Deferred gains or losses on hedges | (30) |
| Foreign currency translation adjustment | 87 |
| Remeasurements of defined benefit plans | 135 |
| Non-controlling interests | 5,616 |
| TOTAL NET ASSETS | 32,196 |
| <hr/> | |
| TOTAL LIABILITIES AND NET ASSETS | 172,344 |
| <hr/> | |

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2018 to March 31, 2019)

| | (Millions of yen) |
|---|-------------------|
| Net sales | 102,025 |
| Cost of sales | 81,079 |
| Gross profit | 20,945 |
| Selling, general and administrative expenses | 19,212 |
| Operating profit | 1,733 |
| Non-operating income | 313 |
| Interest income | 19 |
| Dividend income | 78 |
| Reversal of allowance for doubtful accounts | 11 |
| Gain on consumption tax | 5 |
| Forest related subsidy income | 47 |
| Other | 151 |
| Non-operating expenses | 2,240 |
| Interest expenses | 1,546 |
| Amortization of business commencement expenses | 309 |
| Share of loss of entities accounted for using equity method | 12 |
| Foreign exchange losses | 2 |
| Other | 368 |
| Ordinary loss | 193 |
| Extraordinary income | 2,099 |
| Gain on sales of noncurrent assets | 1,506 |
| Subsidy income | 412 |
| Gain on sales of investment securities | 33 |
| Gain on bargain purchase | 147 |
| Extraordinary losses | 2,520 |
| Impairment loss | 1,784 |
| Loss on reduction of noncurrent assets | 366 |
| Loss on sales of investment securities | 18 |
| Loss on valuation of investment securities | 50 |
| Loss on sales of shares of subsidiaries and associates | 51 |
| Loss on valuation of golf club membership | 4 |
| Business structure improvement expenses | 242 |
| Loss before income taxes | 614 |
| Income taxes – current | 909 |
| Income taxes – deferred | 276 |
| Loss | 1,800 |
| Profit attributable to non-controlling interests | 691 |
| Loss attributable to owners of the parent | 2,491 |

(Translation)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2018 to March 31, 2019)

(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 | 24,158 | (354) | 27,799 |
| Changes of items during period | | | | | |
| Issuance of new shares (Exercise of share acquisition rights) | 29 | 29 | | | 58 |
| Dividends of surplus | | | (267) | | (267) |
| Loss attributable to owners of the parent | | | (2,491) | | (2,491) |
| Purchase of shares of consolidated subsidiaries | | 13 | | | 13 |
| Capital increase of consolidated subsidiaries | | (84) | (13) | | (98) |
| Sales of shares of consolidated subsidiaries | | | (773) | | (773) |
| Purchase of treasury shares | | | | (274) | (274) |
| Disposal of treasury shares | | 42 | | 231 | 274 |
| Net changes of items other than shareholders' equity | | | | | — |
| Total changes of items during period | 29 | — | (3,546) | (42) | (3,559) |
| Balance at end of current period | 4,024 | — | 20,612 | (397) | 24,239 |

| | 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 | 331 | (29) | (36) | (49) | 217 |
| Changes of items during period | | | | | |
| Issuance of new shares (Exercise of share acquisition rights) | | | | | — |
| Dividends of surplus | | | | | — |
| Loss attributable to owners of the parent | | | | | — |
| Purchase of shares of consolidated subsidiaries | | | | | — |
| Capital increase of consolidated subsidiaries | | | | | — |
| Sales of shares of consolidated subsidiaries | | | | | — |
| Purchase of treasury shares | | | | | — |

(Translation)

| | | | | | |
|--|-------|------|-----|-----|-------|
| Disposal of treasury shares | | | | | — |
| Net changes of items other than shareholders' equity | 1,815 | (0) | 124 | 184 | 2,123 |
| Total changes of items during period | 1,815 | (0) | 124 | 184 | 2,123 |
| Balance at end of current period | 2,147 | (30) | 87 | 135 | 2,340 |

(continued)

(Millions of yen)

| | Share acquisition rights | Non-controlling Interests | Total Net Assets |
|--|--------------------------|---------------------------|------------------|
| Balance at beginning of current period | 7 | 3,635 | 31,660 |
| Changes of items during period | | | |
| Issuance of new shares (Exercise of share acquisition rights) | | | 58 |
| Dividends of surplus | | | (267) |
| Loss attributable to owners of the parent | | | (2,491) |
| Purchase of shares of consolidated subsidiaries | | | 13 |
| Capital increase of consolidated subsidiaries | | | (98) |
| Sales of shares of consolidated subsidiaries | | | (773) |
| Purchase of treasury shares | | | (274) |
| Disposal of treasury shares | | | 274 |
| Net changes of items other than shareholders' equity | (7) | 1,980 | 4,096 |
| Total changes of items during period | (7) | 1,980 | 536 |
| Balance at end of current period | — | 5,616 | 32,196 |

[Notes to consolidated financial statements, 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 believe 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: 274,550,350 yen
- (3) Date on which dividends become effective:
June 26, 2019, Wednesday

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.

The effectiveness of the election subject of 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 a 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. The amount of his liability for damages under this agreement will be limited to the sum of the amounts prescribed in Article 425, Paragraph 1. of the Companies Act.</p> | | |

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