

June 1, 2016

To Our Shareholders with Voting Rights

Foster Electric Company, Limited  
1-1-109, Tsutsujigaoka, Akishima City, Tokyo  
Hiromi Yoshizawa, President

## NOTICE OF THE 82ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Our deepest condolences to those affected by the 2016 Kumamoto Earthquakes.

We hereby inform you of the 82nd Ordinary General Meeting of Shareholders to be held as follows and your attendance will be most sincerely requested.

You can exercise your voting rights in writing or using the Internet, etc.; so if you are unable to attend the meeting please read the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the “Guidance to Exercising Voting Rights” (Japanese Only), by no later than the closing time of our daily business hours (5:15 p.m.) on Wednesday, June 22, 2016 (Japan Time) .

**1. Date and Time:** 10 a.m., Thursday, June 23, 2016

**2. Place:** SYLVAN HALL (2F), Forest Inn Showakan, 4017-3 Haijimacho, Akishima City, Tokyo

### **3. Agenda of the Meeting**

#### **Matters to be reported:**

1. The Business Report and Consolidated Financial Statements for the 82nd Fiscal Year (from April 1, 2015 to March 31, 2016) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
2. Standalone Financial Statements for the 82nd Fiscal Year (from April 1, 2015 to March 31, 2016)

#### **Matters to be resolved:**

**Proposal 1:** Distribution of Surplus

**Proposal 2:** Election of four (4) Corporate Auditors

### **4. Others**

- (1) If you are attending, please present the enclosed Exercise Voting Rights Form at the reception on arrival to the meeting. Please bring this notice for eco purposes.
- (2) In case you are unable to attend the meeting, one (1) shareholder with a voting right can nominate a proxy to this meeting, for which a document that verifies the proxy right of the person representing you must be submitted.
- (3) Of the documents that the Company needs to provide along with this notice, the following matters are posted on the Company’s website ([http://www.foster.co.jp/investors/shareholder\\_info/meeting.html](http://www.foster.co.jp/investors/shareholder_info/meeting.html)) pursuant to laws and regulations, and Article 15 of the Articles of Incorporation to the Company. Therefore, these matters are not included in this notice and the attached Reference Documents for the General Meeting of Shareholders.

1) Notes to the Consolidated Financial Statements

2) Notes to the Standalone Financial Statements

The Consolidated Financial Statements and the Standalone Financial Statements in the attached Reference Documents for the General Meeting of Shareholders are part of the Consolidated and Standalone Financial Statements that were audited by the Accounting Auditor and Corporate Auditors of the Company when preparing the Accounting Auditor’s Report and the Corporate Auditors’ Report.

- (4) If you exercise your voting rights in duplicate through the Internet and in writing, the vote using the Internet, etc, will be validated. If you exercise your vote multiple times, the vote you exercise last will be validated.
- (5) On the day of the meeting, our executives will be dressed casually (“Cool Biz”). Thank you for understanding.
- (6) In the event any matters are to be changed with respect to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Financial Statements or the Consolidated Financial Statements, the changes will be disclosed immediately on the corporate website (<http://www.foster.co.jp/>). An English translation of the Notice of the 82nd Ordinary General Meeting of Shareholders is posted at corporate website (<http://www.foster-electric.com/investors/meeting/index.html>).

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation. Please note that certain portions of this document applicable to domestic voting procedures may not be applicable to shareholders outside Japan.

About the platform for exercising voting rights electronically

All institutional investors may use the platform for exercising voting rights electronically that is operated by ICJ, Inc.

## Reference Documents for the General Meeting of Shareholders

### Proposals and references

#### Proposal No. 1: Distribution of Surplus

The Company regards enhanced corporate value as a major management issue while following a basic policy of promoting comprehensive improvements in shareholder profits by the distribution of profits that is commensurate with the Company's business results and the enhancement of internal reserves from a long-term viewpoint.

We propose a year-end dividend of ¥25 per share for the fiscal year under review as a distribution of profit commensurate with our business results, as a reward to reciprocate the support our shareholders have bestowed upon us. Accordingly, since the Company paid an interim dividend of ¥25 per share, the annual dividend is ¥50 per share.

Matters related to year-end dividends

- (1) Type of property dividend  
Cash
- (2) Allotment of property dividend to shareholders and the total amount  
25 yen per share of common stock of the Company      Total amount: 668,846,050 yen
- (3) Effective date of distribution of surplus: June 24, 2016


**Proposal No. 2:** Election of four (4) Corporate Auditors


The term of office of Corporate Auditors Takuma Ino and Osamu Nakamoto will expire and Corporate Auditor Haruo Shirasu will retire at the conclusion of this Ordinary General Meeting of Shareholders. Additionally, we will add an additional Outside Corporate Auditor in the aim of strengthening and enhancing our auditing system, so we would like to elect four (4) Corporate Auditors.


We are appointing Tsutomu Inokuma to fill the vacancy left by Haruo Shirasu, and he will serve until the end of the term of office of the retiring Corporate Auditor as set forth in Article 31, Paragraph 2 of our Articles of Incorporation.


The Board of Corporate Auditors has previously given its approval for this proposition.

The candidates for Corporate Auditors are as follows:

No.	Name (Date of birth)	Career summary, position and significant positions concurrently held	Number of Company's shares held
1	 Takuma Ino (July 25, 1945) [Outside Corporate Auditor] [Reelection] [Independent]	April 1970 Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency JAPAN June 2000 Deputy Commissioner, Collection Department, National Tax Agency JAPAN June 2001 Managing Director, Kansai International Airport Co., Ltd. June 2004 Standing Auditor, Takara Shuzo Co., Ltd. June 2005 Managing Director, Takara Shuzo Co., Ltd. July 2010 Established Takuma Ino Certified Tax Accountant Office (to the present) June 2012 Standing Outside Corporate Auditor of the Company (to the present) (Significant positions concurrently held) Representative, Takuma Ino Certified Tax Accountant Office	2,500
<p><b>Reason for election of the candidate for Outside Corporate Auditor</b>            Mr. Takuma Ino has acquired a wealth of experience through his engagement in tax administration and corporate management over many years, and he has substantial knowledge in tax affairs, finance, and accounting that he has garnered through this experience. He uses such outstanding skills to benefit the Company's audit system and help improve the quality of audits. In addition, we judge that he is highly independent from the Company's management. For these reasons, we request that Mr. Takuma Ino continue to serve as an Outside Corporate Auditor.</p>			

No.	Name (Date of birth)	Career summary, position and significant positions concurrently held	Number of Company's shares held
2	 <p data-bbox="248 645 456 712">Osamu Nakamoto (April 8, 1942)</p> <p data-bbox="229 723 475 797">[Outside Corporate Auditor] [Reelection] [Independent]</p>	<p data-bbox="501 277 1214 309">April 1974 Registered as a lawyer</p> <p data-bbox="501 315 1034 347">March 1975 Joined Hamada &amp; Matsumoto</p> <p data-bbox="501 353 1050 385">April 1981 Partner, Hamada &amp; Matsumoto</p> <p data-bbox="501 392 1214 423">June 2000 Outside Corporate Auditor, TDK Corporation</p> <p data-bbox="501 430 1114 461">December 2002 Partner, Mori Hamada &amp; Matsumoto</p> <p data-bbox="501 468 1214 519">June 2004 Resigned as Outside Corporate Auditor, TDK Corporation</p> <p data-bbox="501 526 1257 577">June 2007 Outside Corporate Auditor, MITSUI-SOKO CO., LTD.</p> <p data-bbox="501 584 1257 658">January 2008 Established NAKAMOTO &amp; PARTNERS (to the present)</p> <p data-bbox="501 665 1267 716">June 2008 Outside Corporate Auditor of the Company (to the present)</p> <p data-bbox="501 723 1214 754">June 2009 Outside Corporate Auditor, TDK Corporation</p> <p data-bbox="501 761 1257 813">March 2012 Outside Corporate Auditor, ValueCommerce Co., Ltd.</p> <p data-bbox="501 819 1283 893">May 2014 Outside Director, Kakiyasu Honten Co., Ltd. (to the present)</p> <p data-bbox="501 900 1054 987">(Significant positions concurrently held) Representative, NAKAMOTO &amp; PARTNERS Outside Director, Kakiyasu Honten Co., Ltd.</p>	6,000
<p data-bbox="209 1001 975 1032"><u>Reason for election of the candidate for Outside Corporate Auditor</u></p> <p data-bbox="209 1039 1455 1279">Mr. Osamu Nakamoto has long experience as a lawyer and substantial knowledge especially regarding corporate management and international commerce and trading. From the perspective of a professional in laws related to corporate management, he provided legal advice and expressed opinions as an Outside Corporate Auditor of the Company, fully demonstrating his audit capabilities. For these reasons, we judge that he will perform his duties as an Outside Corporate Auditor appropriately and contribute to improving the quality of the auditing function even though Mr. Osamu Nakamoto does not have experience of involvement in corporate management other than as an Outside Director/Outside Corporate Auditor, so we request that he continue to serve as an Outside Corporate Auditor.</p>			

No.	Name (Date of birth)	Career summary, position and significant positions concurrently held	Number of Company's shares held
3	 <p data-bbox="229 719 478 869">           Takashi Suzuki            (September 15, 1962)            [Outside Corporate Auditor]            [New election]            [Independent]         </p>	<p data-bbox="504 277 1289 1122">           April 1988 Certified as a lawyer and joined Anderson Mōri &amp; Rabinowitz (currently Anderson Mōri &amp; Tomotsune)            January 1996 Established Takashi Suzuki Law Firm            June 1999 Partner, Hamada &amp; Matsumoto (currently Mori Hamada &amp; Matsumoto)            September 2003 Partner, KYO SOGO LAW OFFICES (to the present)            October 2006 Outside Auditor, MONEY PARTNERS CO., LTD. (currently MONEY PARTNERS GROUP CO., LTD.)            May 2008 Outside Auditor, MONEY PARTNERS SPIN-OFF PREPARATION CO., LTD. (currently MONEY PARTNERS CO., LTD.) (to the present)            June 2015 Outside Director (Audit and Supervisory Committee Member), MONEY PARTNERS GROUP CO., LTD. (to the present)            August 2015 Supervisory Director, TAKARA LEBEN INFRASTRUCTURE FUND, INC. (to the present)            (Significant positions concurrently held)            Partner, KYO SOGO LAW OFFICES            Outside Director (Audit and Supervisory Committee Member), MONEY PARTNERS GROUP CO., LTD.            Supervisory Director, TAKARA LEBEN INFRASTRUCTURE FUND, INC.         </p>	0
<p data-bbox="217 1135 1455 1400"> <u>Reason for election of the candidate for Outside Corporate Auditor</u>            Mr. Takashi Suzuki has a wealth of experience as a lawyer and possesses substantial knowledge of securities, finance and general corporate law in particular. We have determined that his high-level legal advice from the standpoint of an expert in corporate law will strengthen our corporate governance. For these reasons, we judge that he will perform his duties as an Outside Corporate Auditor appropriately and contribute to improving the quality of the auditing function even though Mr. Takashi Suzuki does not have experience of involvement in corporate management other than as an Outside Director/Outside Corporate Auditor, so we request that he be elected as an Outside Corporate Auditor.         </p>			

No.	Name (Date of birth)	Career summary, position and significant positions concurrently held	Number of Company's shares held
4	 Tsutomu Inokuma (March 12, 1956) [New election]	April 1979    Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.) April 2005    Joined the Company July 2006    Manager, Management Administration Department, Administration Division of the Company October 2011    Manager, General Affairs Department, Administration Division of the Company April 2013    Manager, Finance and Accounting Department, Administration Division of the Company (to the present)	100
<u>Reason for election of the candidate for Corporate Auditor</u> We have determined that the application of Mr. Tsutomu Inokuma's expert knowledge of finance and accounting cultivated at the bank and our Accounting Department will strengthen the supervisory and checking functions of our management, so we request that he be elected as a Corporate Auditor.			

- Notes:
1. No conflict of interest exists between the Company and the above candidates for Corporate Auditor.
  2. Mr. Takuma Ino, Mr. Osamu Nakamoto and Mr. Takashi Suzuki are candidates for Outside Corporate Auditor.
  3. Mr. Takuma Ino will have served as Corporate Auditor for four (4) years at the conclusion of this General Meeting of Shareholders.
  4. Mr. Osamu Nakamoto will have served as Corporate Auditor for eight (8) years at the conclusion of this General Meeting of Shareholders.
  5. The Company has concluded an agreement with Mr. Takuma Ino and Mr. Osamu Nakamoto to limit their liability stipulated in Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Act and the provisions of the Company's Articles of Incorporation. The Company is scheduled to continue the agreement with them upon the approval of their reelection.  
Furthermore, upon the approval of the election of Mr. Takashi Suzuki and Mr. Tsutomu Inokuma, the Company is scheduled to conclude a similar agreement with them. The amount of damages under the said agreement will be limited within an amount prescribed by laws and regulations.
  6. The Company has registered Mr. Takuma Ino and Mr. Osamu Nakamoto with the Tokyo Stock Exchange as being independent as stipulated by provisions of Tokyo Stock Exchange and plans to keep them on as independent upon their reelection. Mr. Takashi Suzuki also satisfies the requirements for being independent as stipulated by provisions of Tokyo Stock Exchange, and the Company is scheduled to register him as independent with the Tokyo Stock Exchange.

(REFERENCE)

The Company's Criteria for Determining Independence

The Company determines the independence of Independent Outside Directors/Outside Corporate Auditors based on both the requirements of the Companies Act and the criteria of the Tokyo Stock Exchange. Additionally, the Company emphasizes high-level expertise and rich experience enabling constructive advice for the improvement of corporate value as qualities of Outside Directors/Outside Corporate Auditors.

(REFERENCE)

**Financial Highlights**  
(Year ended March 31)

		March 2012	March 2013	March 2014	March 2015	March 2016
<b>1. Consolidated financial highlights</b>						
Net sales	(Millions of yen)	119,601	143,542	167,640	189,124	190,928
Ordinary income	(Millions of yen)	2,059	5,316	6,327	10,398	10,847
Net income attributable to owners of the parent	(Millions of yen)	1,123	3,333	2,321	4,858	6,833
Comprehensive income	(Millions of yen)	1,182	8,056	6,989	11,178	3,603
Net assets	(Millions of yen)	34,973	42,624	48,604	64,944	67,017
Total assets	(Millions of yen)	70,050	94,480	98,030	104,843	98,735
Net assets per share	(Yen)	1,416.81	1,722.91	1,944.73	2,279.32	2,350.26
Net income per share	(Yen)	48.14	142.91	99.50	206.18	255.44
Diluted net income per share	(Yen)	-	137.20	86.83	-	-
Equity ratio	(%)	47.2	42.5	46.3	58.2	63.7
Return on equity	(%)	3.4	9.1	5.4	9.1	11.0
Cash flows from operating activities	(Millions of yen)	2,928	1,577	9,469	15,499	24,057
Cash flows from investing activities	(Millions of yen)	(7,099)	(11,947)	(4,249)	(4,417)	(3,946)
Cash flows from financing activities	(Millions of yen)	2,251	9,257	(5,388)	(11,513)	(6,676)
Cash and cash equivalents, end of year	(Millions of yen)	5,603	5,359	5,836	5,924	17,858
<b>2. Standalone financial highlights</b>						
Net sales	(Millions of yen)	87,972	111,419	121,761	134,350	139,060
Ordinary income	(Millions of yen)	97	917	1,256	4,101	2,942
Net income	(Millions of yen)	(679)	1,135	823	2,504	3,096
Common stock	(Millions of yen)	3,770	3,770	3,770	6,770	6,770
Total number of shares outstanding	(Thousands of shares)	23,506	23,506	23,506	26,931	26,931
Net assets	(Millions of yen)	22,821	23,801	24,010	32,269	33,700
Total assets	(Millions of yen)	41,833	58,034	54,764	57,807	56,151
Net assets per share	(Yen)	978.26	1,020.24	1,029.23	1,206.17	1,259.64
Annual dividends per share [Interim dividends per share]	(Yen)	25.00 [15.00]	25.00 [10.00]	40.00 [20.00]	40.00 [12.00]	50.00 [25.00]
Net income per share	(Yen)	(29.15)	48.65	35.32	106.29	115.73
Equity ratio	(%)	54.6	41.0	43.8	55.8	60.0
Return on equity	(%)	(2.9)	4.9	3.4	8.9	9.4
Payout ratio	(%)	(85.8)	51.4	113.3	37.6	43.2

Notes: 1. The financial highlights are not presented in the original Notice of the Ordinary General Meeting of Shareholders in Japanese.

2. Moreover, some of the figures in this document have been prepared based on financial statements, which are not included in the original Notice of the Ordinary General Meeting of Shareholders in Japanese.



3. Figures have been prepared in accordance with the accounting principles generally accepted in Japan, which are different in certain respects from application and disclosure requirements of the International Financial Reporting Standards.

**Consolidated Balance Sheet**  
(as of March 31, 2016)

(Millions of yen)

<b>Assets</b>		<b>Liabilities</b>	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>69,959</b>	<b>Current liabilities</b>	<b>29,111</b>
Cash and deposits	16,519	Notes and accounts payable—trade	13,021
Notes and accounts receivable—trade	23,880	Electronically recorded obligations-operating	75
Electronically recorded monetary claims-operating	564	Short-term bank loans	2,236
Securities	1,951	Current portion of long-term debt	5,093
Finished goods	15,478	Accounts payable—other	4,045
Raw materials	6,602	Income taxes payable	694
Work in process	1,230	Accrued expenses	1,782
Supplies	203	Deferred tax liabilities	164
Short-term loans receivable	3	Reserve for bonuses	598
Accounts receivable—other	932	Other	1,400
Deferred tax assets	592	<b>Long-term liabilities</b>	<b>2,605</b>
Other	2,378	Long-term debt	1,432
Allowance for doubtful accounts	(378)	Deferred tax liabilities	545
<b>Non-current assets</b>	<b>28,775</b>	Liability for employees' retirement benefits	180
<b>Property, plant and equipment</b>	<b>21,995</b>	Liability for directors' retirement benefits	48
Buildings and structures	9,636	Asset retirement obligations	231
Machinery and equipment	7,160	Other	168
Furniture and fixtures	2,711	<b>Total liabilities</b>	<b>31,717</b>
Land	1,102	<b>Net assets</b>	
Construction in progress	1,385	<b>Shareholders' equity</b>	<b>60,954</b>
<b>Intangible assets</b>	<b>1,534</b>	Common stock	6,770
Software	352	Capital surplus	9,372
Leasehold rights	1,075	Retained earnings	44,944
Other	106	Treasury stock	(133)
<b>Investments and other assets</b>	<b>5,245</b>	<b>Accumulated other comprehensive income</b>	<b>1,924</b>
Investment securities	3,339	Unrealized gain on available-for-sale securities	891
Long-term loans receivable	30	Foreign currency translation adjustment	1,479
Long-term prepaid expenses	518	Remeasurements of defined benefit plans	(446)
Asset for employees' retirement benefits	575	<b>Non-controlling interests</b>	<b>4,138</b>
Deferred tax assets	424	<b>Total net assets</b>	<b>67,017</b>
Other	366	<b>Total liabilities and net assets</b>	<b>98,735</b>
Allowance for doubtful accounts	(9)		
<b>Total assets</b>	<b>98,735</b>		

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

**Consolidated Statement of Income**  
(from April 1, 2015 to March 31, 2016)

(Millions of yen)

Account item	Amount	
Net sales		190,928
Cost of sales		163,876
<b>Gross profit</b>		<b>27,052</b>
Selling, general and administrative expenses		16,701
<b>Operating income</b>		<b>10,351</b>
Non-operating income:		
Interest income	123	
Dividend income	66	
Foreign currency exchange gain	280	
Miscellaneous income	601	1,072
Non-operating expenses:		
Interest expenses	121	
Miscellaneous loss	454	576
<b>Ordinary income</b>		<b>10,847</b>
Extraordinary income:		
Gain on sales of property, plant and equipment	168	
Compensation income	551	719
Extraordinary losses:		
Loss on impairment of long-lived assets	732	
Special retirement expenses	845	1,578
<b>Income before income taxes</b>		<b>9,989</b>
Income taxes—current	2,848	
Income taxes—deferred	(238)	2,610
<b>Net income</b>		<b>7,378</b>
Net income attributable to non-controlling interests		544
<b>Net income attributable to owners of the parent</b>		<b>6,833</b>

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

**Consolidated Statement of Changes in Shareholders' Equity**

(from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2015	6,770	9,372	39,528	(133)	55,538
Changes during the fiscal year					
Cash dividends paid			(1,417)		(1,417)
Net income attributable to owners of the parent			6,833		6,833
Purchase of treasury stock				(0)	(0)
Net change in items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	—	—	5,416	(0)	5,415
Balance, March 31, 2016	6,770	9,372	44,944	(133)	60,954

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, April 1, 2015	1,141	4,477	(176)	5,442	3,963	64,944
Changes during the fiscal year						
Cash dividends paid						(1,417)
Net income attributable to owners of the parent						6,833
Purchase of treasury stock						(0)
Net change in items other than shareholders' equity during the fiscal year	(249)	(2,998)	(270)	(3,518)	175	(3,343)
Total changes during the fiscal year	(249)	(2,998)	(270)	(3,518)	175	2,072
Balance, March 31, 2016	891	1,479	(446)	1,924	4,138	67,017

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

**Standalone Balance Sheet**

(as of March 31, 2016)

(Millions of yen)

<b>Assets</b>		<b>Liabilities</b>	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>35,295</b>	<b>Current liabilities</b>	<b>20,890</b>
Cash and deposits	4,579	Account payable—trade	14,504
Notes receivable—trade	80	Short-term bank loans	177
Electronically recorded monetary claims-operating	393	Current portion of long-term debt	5,000
Account receivable—trade	17,611	Accounts payable—other	533
Finished goods	5,942	Income taxes payable	47
Raw materials and supplies	247	Accrued expenses	154
Prepaid expenses	59	Advance received	6
Short-term loans receivable	5,411	Deposits received	26
Accounts receivable—other	648	Reserve for bonuses	435
Receivables of income tax refund	206	Other	5
Deferred tax assets	225	<b>Long-term liabilities</b>	<b>1,560</b>
Other	1	Long-term debt	750
Allowance for doubtful accounts	(111)	Deferred tax liabilities	579
<b>Non-current assets</b>	<b>20,856</b>	Asset retirement obligations	231
<b>Property, plant and equipment</b>	<b>4,353</b>	<b>Total liabilities</b>	<b>22,451</b>
Buildings	3,219		
Structures	57		
Machinery and equipment	521	<b>Net assets</b>	
Vehicles and transportation equipment	7	<b>Shareholders' equity</b>	<b>32,820</b>
Furniture and fixture	270	Common stock	6,770
Land	277	Capital surplus	9,372
<b>Intangible assets</b>	<b>166</b>	Capital reserve	6,896
Software	147	Other capital surplus	2,476
Other	19	Retained earnings	16,810
<b>Investments and other assets</b>	<b>16,336</b>	Legal reserve	373
Investment securities	2,943	Other retained earnings	16,436
Stocks of subsidiaries and affiliates	12,349	Reserve for special depreciation	35
Prepaid pension cost	956	General reserve	4,700
Other	125	Retained earnings brought forward	11,701
Allowance for doubtful accounts	(9)	Treasury stock	(133)
Allowance for investment loss to subsidiaries and affiliates	(29)	<b>Valuation and translation adjustments</b>	<b>880</b>
		Net unrealized gain on securities	880
<b>Total assets</b>	<b>56,151</b>	<b>Total net assets</b>	<b>33,700</b>
		<b>Total liabilities and net assets</b>	<b>56,151</b>

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

**Standalone Statement of Income**  
(from April 1, 2015 to March 31, 2016)

(Millions of yen)

Account item	Amount	
Net sales		139,060
Cost of sales		133,055
<b>Gross profit</b>		<b>6,005</b>
Selling, general and administrative expenses		5,707
<b>Operating income</b>		<b>297</b>
Non-operating income:		
Interest and dividend income	2,917	
Miscellaneous income	19	2,936
Non-operating expenses:		
Interest expenses	44	
Foreign exchange loss	227	
Miscellaneous loss	19	291
<b>Ordinary income</b>		<b>2,942</b>
<b>Extraordinary income:</b>		
Compensation income	551	551
<b>Income before income taxes</b>		<b>3,493</b>
Income taxes—current	303	
Income taxes—deferred	93	397
<b>Net income</b>		<b>3,096</b>

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

### Standalone Statement of Changes in Shareholders' Equity

(from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance, April 1, 2015	6,770	6,896	2,476	9,372
Changes during the fiscal year				
Reversal of reserve for special depreciation				
Cash dividends paid				
Net income				
Purchase of treasury stock				
Net change in items other than shareholders' equity during the fiscal year				
Net change in the year	—	—	—	—
Balance, March 31, 2016	6,770	6,896	2,476	9,372

(Millions of yen)

	Shareholders' equity						
	Retained earnings					Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings			Total retained earnings		
		Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance, April 1, 2015	373	41	4,700	10,016	15,132	(133)	31,142
Changes during the fiscal year							
Reversal of reserve for special depreciation		(5)		5	—		—
Cash dividends paid				(1,417)	(1,417)		(1,417)
Net income				3,096	3,096		3,096
Purchase of treasury stock						(0)	(0)
Net change in items other than shareholders' equity during the fiscal year							
Net change in the year	—	(5)	—	1,684	1,678	(0)	1,678
Balance, March 31, 2016	373	35	4,700	11,701	16,810	(133)	32,820

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on securities	Total valuation and translation adjustments	
Balance, April 1, 2015	1,127	1,127	32,269
Changes during the fiscal year			
Reversal of reserve for special depreciation			—
Cash dividends paid			(1,417)
Net income			3,096
Purchase of treasury stock			(0)
Net change in items other than shareholders' equity during the fiscal year	(247)	(247)	(247)
Net change in the year	(247)	(247)	1,430
Balance, March 31, 2016	880	880	33,700

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.