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In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Securities code: 3106

June 6, 2018

To our shareholders:

Haruya Fujita
President

KURABO INDUSTRIES LTD.

7-1, Honmachi, Kurashiki, Okayama

(Osaka Head Office: 4-31, 2-chome, Kyutaro-machi, Chuo-ku, Osaka)

NOTICE OF THE 210th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 210th Ordinary General Meeting of Shareholders of KURABO INDUSTRIES LTD. (the “Company”), which will be held as indicated below. If you are unable to attend the meeting in person, we ask you to review the attached Reference Documents for the Ordinary General Meeting of Shareholders, read the instruction on pages 3 to 4, and exercise your voting rights by 6:00 p.m., Wednesday, June 27, 2018 (Japan Standard Time) in writing or via the Internet.

Meeting Details

1. Date and Time: Thursday, June 28, 2018 at 10:00 a.m. (Japan Standard Time)

2. Venue: KURASHIKI IVY SQUARE
7-2, Honmachi, Kurashiki, Okayama

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 210th fiscal year (from April 1, 2017 to March 31, 2018) and Reports of Audit on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the 210th fiscal year (from April 1, 2017 to March 31, 2018)

Items to be resolved:

Proposal 1: Appropriation of Surplus for the 210th Fiscal Year

Proposal 2: Share Consolidation

Proposal 3: Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Proposal 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

Proposal 5: Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

4. Other Matters Concerning the Meeting:

- (1) If you do not indicate your approval or disapproval of the proposals in your vote, the Company will assume that you have voted in favor of the proposals.
- (2) If you exercise your voting rights more than once via the Internet, the last exercise will be deemed valid.
- (3) If you exercise your voting rights both by mail and via the Internet, the one exercised via the Internet will be deemed valid.
- (4) In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons in writing. Please note that you must ensure the notice arrives three days prior to the day of the Ordinary General Meeting of Shareholders.

* For those attending, please present the enclosed voting form at the reception desk on arrival at the meeting.

* If circumstances are generated whereby revisions should be made to the content of the Reference Documents for the Ordinary General Meeting of Shareholders, such notification shall be published on the Company's website (<http://www.kurabo.co.jp>).

Instructions for exercising voting rights
in the event that you do not attend the General Meeting
of Shareholders

To institutional investors
Institutional investors may use the
“Electronic Platform to Exercise Voting
Rights” operated by ICJ, Inc.

Exercising voting rights by mail

Deadline: Votes to be received by 6:00 p.m., Wednesday, June 27 2018 (Japan Standard Time)

Please indicate your vote of approval or disapproval of each proposal on the enclosed voting form, and return the form to us.

If you do not indicate your approval or disapproval of the proposals, the Company will assume that you have voted in favor of the proposals.

Exercising voting rights via the Internet

Deadline: 6:00 p.m., Wednesday, June 27, 2018 (Japan Standard Time)

Please read the following page and indicate your vote of approval or disapproval of each proposal through the voting rights website.

If you exercise your voting rights more than once via the Internet, using a PC, a smartphone and a mobile phone, the last vote will be deemed valid.

- If you exercise your voting rights both by mail and via the Internet, the one exercised via the Internet will be deemed valid.
- In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons in writing. Please note that you must ensure the notice arrives three days prior to the day of the Ordinary General Meeting of Shareholders.

Instruction for Exercise of Voting Rights via the Internet

The exercise of voting rights is available to you only by accessing the website designated by the Company (<https://evote.tr.mufg.jp/>) from a PC, smartphone or mobile phone. However, the voting rights exercise service is suspended 2:00 a.m.–5:00 a.m., every day.

We respectfully request that you exercise your voting rights at your earliest convenience. If you have any questions, please contact the help desk below.

Accessing the voting rights website

<https://evote.tr.mufg.jp/>

- 1) Click “next screen”

Log in

- 2) Input the login ID and the temporary password provided on the bottom-right of the enclosed voting form
- 3) Click “login”

Password registration (change)

- 4) Input your new password in the “new password entry field” and the “password confirmation entry field”
- 5) Click “send”

In order to prevent illegal online access (spoofing) and alteration of voting by non-shareholders, you will be requested to change your temporary password on the voting rights website.

For inquiries about the system for exercising voting rights via the Internet and other matters, please contact:

Stock Transfer Agency (Help Desk),
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 to 21:00; toll free)

- Please be aware that any connection fees to Internet providers or connection charges or other fees to telecommunications carriers that arise when accessing the voting rights website shall be borne by shareholders.
- Please be aware that, depending on your Internet usage environment, you may not be able to use your PC or smartphone to exercise your voting rights via the said website (e.g. if you connect to the Internet via a firewall, have anti-virus software installed, use a proxy server, or are not using TLS encrypted communication).
- To exercise your voting rights via a mobile phone, please use one of the following services: i-mode, EZweb or Yahoo! Keitai*. For security reasons, the website is only compatible with mobile phones capable of TSL encrypted communication and transmission of mobile phone information.

* i-mode, EZweb and Yahoo! are trademarks or registered trademarks of NTT DOCOMO, INC., KDDI Corporation and Yahoo, Inc. U.S., respectively.

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Appropriation of Surplus for the 210th Fiscal Year

The Company regards the return of profits to its shareholders as one of its key priorities, and continuous and stable distribution of dividend is basic policy. In order to determine a specific amount of the dividend, the Company takes into account comprehensively profit conditions, corporate strength and dividend payout ratio, etc. from medium to long term perspective. The year-end dividend for the 210th fiscal year is proposed to be ¥7.00 per share comprising an ordinary dividend of ¥6.00 per share (increase of ¥1.00 compared to 209th fiscal year) and an additional ¥1.00 as a 130th founding anniversary commemorative dividend.

Matters concerning year-end dividend

- i) Type of dividend property:
CASH
- ii) Allocation of dividend assets to be paid to shareholders and total dividend amount:
¥7.00 per share of common stock of the Company
Total amount: ¥1,548,943,774
- iii) Effective date of dividends from surplus:
June 29, 2018

Proposal 2: Share Consolidation

1. Reason for the proposal

Japanese stock exchanges have been promoting an “Action Plan for Consolidating Trading Units” in which trading unit for common shares (the number of shares per unit) of listed companies in Japan is standardized to 100 shares for the purpose of improving convenience of market users including investors. Deadline for transition to 100-share trading units is set for October 1, 2018. As a company listed on the Tokyo Stock Exchange, the Company respects this purport and has decided to change the number of Company’s shares per trading unit from the current 1,000 shares to 100 shares by resolution at a meeting of the Board of Directors held on May 11, 2018.

Accordingly, to maintain the price level of trading unit of the Company’s shares and to ensure that the number of voting rights of each shareholder is unchanged even after the change in the number of shares per share unit, the Company will consolidate shares (10 shares consolidated to 1 share) as follows:

The above change in the number of shares per share unit shall come into effect on October 1, 2018, subject to the approval and adoption of this Proposal.

2. Ratio of Consolidation

Shares of the Company’s common stock will be consolidated at the ratio of 10 shares to 1 share.

If any fractional shares arise as a result of share consolidation, pursuant to the provisions of the Companies Act, the Company will sell all such fractional shares and distribute the proceeds to shareholders having fractional shares in proportion to their respective fractions.

3. Effective date of share consolidation

October 1, 2018

4. Total number of authorized shares as of effective date of share consolidation

97,701,100 shares

By consolidating shares, the Company shall be deemed to have amended the provisions of the Articles of Incorporation concerning the total number of authorized shares on the effective date, pursuant to the provisions of Article 182, paragraph 2 of the Companies Act.

5. Others

Any other necessary procedural issues shall be entrusted to the Board of Directors.

[Reference]

If this proposal is approved as proposed, part of the Articles of Incorporation of the Company shall be amended on October 1, 2018, as described below:

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed amendments
Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>nine hundred seventy seven million and eleven thousand (977,011,000)</u> shares.	Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>ninety seven million, seven hundred and one thousand, and one hundred (97,701,100)</u> shares.
Article 8. (Share Unit Number) <u>One thousand (1,000)</u> shares of the Company shall constitute one Unit.	Article 8. (Share Unit Number) <u>One hundred (100)</u> shares of the Company shall constitute one Unit.

Proposal 3: Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

As the term of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) is to expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes to elect seven (7) Directors.

The candidates for Director are as follows:

Also, in regard to this proposal, the Company's Audit and Supervisory Committee has judged that all of the candidates for Director are qualified.

No.	Name	Current positions and areas of responsibility in the Company
1	Reelection Haruya Fujita	Representative Director, President
2	Reelection Atsushi Kitabatake	Representative Director, Managing Executive Officer <u>Responsibility</u> General Manager, Textile Business Division
3	Reelection Toshio Baba	Representative Director, Managing Executive Officer <u>Responsibility</u> General Manager, Chemical Products Division
4	Reelection Katsuhide Honda	Director, Executive Officer <u>Responsibility</u> Officer in charge of General Administration Department, Estate Promotion Department and Environment & Construction Department; Manager, General Administration Department and Estate Promotion Department; and Director, KURABO Memorial Hall
5	Reelection Susumu Inaoka	Director, Executive Officer <u>Responsibility</u> Officer in charge of Managerial Planning Department, Personnel Department, Human Power Development Department, and Technical Research Laboratory and Manager, Managerial Planning Department
6	Reelection Hiroshi Fujii	Director, Executive Officer <u>Responsibility</u> Officer in charge of Finance & Accounting Department and System & EDP Department, and Manager, Finance & Accounting Department
7	Reelection Kenshi Kawano	Director, Executive Officer <u>Responsibility</u> General Manager, Advanced Technology Division

1 Haruya Fujita		Date of birth: July 26, 1958	Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance
113,000 shares	None	None	15/15
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director	
Apr. 1983	Joined the Company	Mr. Haruya Fujita assumed the position of Director of the Company in June 2012, and as Representative Director and President since June 2014 he has demonstrated outstanding management capability, facilitating the enhancement of corporate value. The Company has appointed Mr. Fujita as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.	
Jun. 2012	Director, Executive Officer of the Company		
Jun. 2013	Director, Managing Executive Officer of the Company		
Jun. 2014	Representative Director, President of the Company (to present)		
2 Atsushi Kitabatake		Date of birth: January 11, 1960	Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance
35,000 shares	None	None	15/15
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director	
Apr. 1982	Joined the Company	Mr. Atsushi Kitabatake assumed the position of Director of the Company in June 2014 and Representative Director in June 2017, he has drawn on his wealth of experience and knowledge in all aspects of textile business as the Director in charge of the textile business, facilitating the enhancement of corporate value. The Company has appointed Mr. Kitabatake as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.	
Apr. 2006	Manager, Textile Materials Sales Department		
Jun. 2013	Executive Officer of the Company		
Jun. 2014	Director, Executive Officer of the Company		
Jun. 2017	Representative Director, Managing Executive Officer of the Company (to present)		
(General Manager, Textile Business Division)			

3 Toshio Baba		Date of birth: June 9, 1959		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
30,000 shares	None	None	15/15	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1982	Joined the Company	Mr. Toshio Baba assumed the position of Director of the Company in June 2014 and Representative Director in June 2017, he has drawn on his wealth of experience and knowledge in all aspects of chemical products business as the Director in charge of the chemical products business, facilitating the enhancement of corporate value. The Company has appointed Mr. Baba as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.		
Oct. 2004	Manager, Industrial Materials Sales Department			
Jun. 2012	Executive Officer of the Company			
Jun. 2014	Director, Executive Officer of the Company			
Jun. 2017	Representative Director, Managing Executive Officer of the Company (to present)			
(General Manager, Chemical Products Division)				

4 Katsuhide Honda		Date of birth: December 20, 1956		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
35,000 shares	None	None	15/15	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1981	Joined the Company	Mr. Katsuhide Honda assumed the position of Director of the Company in June 2014, and since then he has drawn on his wealth of experience and knowledge in areas including legal affairs, risk management, and real estate services as the Director in charge of general administration, estate promotion business, etc., facilitating the enhancement of corporate value. The Company has appointed Mr. Honda as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.		
Jun. 2009	Manager, General Administration Department and Director, KURABO Memorial Hall			
Jun. 2012	Executive Officer of the Company			
Jun. 2014	Director, Executive Officer of the Company (to present)			
(Officer in charge of General Administration Department, Estate Promotion Department and Environment & Construction Department; Manager, General Administration Department and Estate Promotion Department; and Director, KURABO Memorial Hall)				

5 Susumu Inaoka		Date of birth: June 3, 1960		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
39,000 shares	None	None	15/15	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1983	Joined the Company	Mr. Susumu Inaoka assumed the position of Director of the Company in June 2014, and since then he has drawn on his wealth of experience and knowledge in managerial planning, personnel policy, and R&D as the Director in charge of managerial planning, personnel, and the Technical Research Laboratory, facilitating the enhancement of corporate value. The Company has appointed Mr. Inaoka as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.		
May 2007	Manager, Chemical Products Administration Department			
Jun. 2010	Standing Auditor of the Company			
Jun. 2014	Director, Executive Officer of the Company (to present)			
(Officer in charge of Managerial Planning Department, Personnel Department, Human Power Development Department, and Technical Research Laboratory and Manager, Managerial Planning Department)				

6 Hiroshi Fujii		Date of birth: September 22, 1960		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
34,000 shares	None	None	15/15	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1983	Joined the Company	Mr. Hiroshi Fujii assumed the position of Director of the Company in June 2016, and since then he has drawn on his wealth of experience and knowledge in finance and accounting and systems services as the Director in charge of finance and accounting, and system & EDP, facilitating the enhancement of corporate value. The Company has appointed Mr. Fujii as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.		
Apr. 2011	Manager, Finance & Accounting Department			
Jun. 2013	Executive Officer of the Company			
Jun. 2016	Director, Executive Officer of the Company (to present)			
(Officer in charge of Finance & Accounting Department and System & EDP Department and Manager, Finance & Accounting Department)				

7 Kenshi Kawano		Date of birth: March 19, 1962		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
20,000 shares	None	None	11/11	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1985	Joined the Company	Mr. Kenshi Kawano assumed the position of Director of the Company in June 2017, and since then he has drawn on his wealth of experience and knowledge in all aspects of advanced technology business as the Director in charge of advanced technology business, facilitating the enhancement of corporate value. The Company has appointed Mr. Kawano as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.		
Apr. 2011	Manager, Hong Kong Branch and President of Kurabo Denim (HK) Limited			
Sep. 2013	Manager, Hong Kong Branch			
Apr. 2014	Assistant to Manager, Managerial Planning Department			
Jun. 2014	Executive Officer of the Company			
Jun. 2017	Director, Executive Officer of the Company (to present)			
(General Manager, Advanced Technology Division)				

Proposal 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

As the term of office of all four (4) Directors who are Audit and Supervisory Committee Members is to expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes to elect four (4) Directors who are Audit and Supervisory Committee Members.

The candidates for the role of Director who is an Audit and Supervisory Committee Member are as follows:

Prior to this proposal, the Company has already obtained the consent of the Audit and Supervisory Committee.

No.	Name	Current positions and areas of responsibility in the Company
1	Reelection Osamu Okada	Director (Full-time Audit and Supervisory Committee Member)
2	Reelection Teppei Mogi	Outside Director (Audit and Supervisory Committee Member)
3	Reelection Daisuke Shinkawa	Outside Director (Audit and Supervisory Committee Member)
4	New election Motohide Nishimura	–

1 Osamu Okada		Date of birth: October 21, 1960		Reelection	
Number of the Company's shares held		Special interest with the Company		Board of Directors Meeting Attendance	
31,000 shares		None		15/15	
Audit and Supervisory Committee Meeting Attendance				12/12	
Important concurrent positions					
None					
Career summary (positions and areas of responsibility in the Company)				Reasons for appointing as a candidate for Director (Audit and Supervisory Committee Member)	
Apr. 1984 Joined the Company				Mr. Osamu Okada assumed the position of Director (Full-time Audit and Supervisory Committee Member) of the Company in June 2016, and as a Full-time Audit and Supervisory Committee Member, has enhanced the effectiveness of audit by cooperating with Auditing Department, properly auditing and supervising the execution of duties by Directors. The Company has appointed Mr. Okada as a candidate for Director (Audit and Supervisory Committee Member), judging that he is a talented individual who is capable of continuing to carryout his duties in an appropriate manner as a Director (Audit and Supervisory Committee Member).	
Jun. 2010 Manager, Personnel Department					
Jun. 2012 Executive Officer of the Company					
Jun. 2016 Director (Full-time Audit and Supervisory Committee Member) of the Company (to present)					

2	Tepei Mogi	Date of birth: October 17, 1958	Reelection	Outside	Independence
Number of the Company's shares held	Special interest with the Company	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance		
0 shares	None	14/15	11/12		

Important concurrent positions

Outside Director of Shionogi & Co., Ltd.
 Outside Director (Audit and Supervisory Committee Member) of NIITAKA Co., Ltd.
 Partner of Oh-Ebashi LPC & Partners
 Partner of Oh-Ebashi Law Firm

Career summary

(positions and areas of responsibility in the Company)

Apr. 1983 Joined ITOCHU Corporation
 Mar. 1986 Resigned ITOCHU Corporation
 Apr. 1989 Registered as an attorney at law (Osaka Bar Association)
 Joined Oh-Ebashi Law Firm
 Jul. 1992 Service at Brussels Office of Cleary, Gottlieb, Steen & Hamilton LLP
 Jan. 1993 Service at Rotterdam Office of De Brauw Blackstone Westbroek
 Apr. 1994 Partner of Oh-Ebashi Law Firm (to present)
 Aug. 2002 Partner of Oh-Ebashi LPC & Partners (to present)
 Apr. 2004 Professor of Kwansei Gakuin University Law School
 Jun. 2009 Outside Director of Shionogi & Co., Ltd. (to present)
 Apr. 2010 Part-time lecturer of Kwansei Gakuin University Law School
 Aug. 2014 Outside Auditor of NIITAKA Co., Ltd.
 Jun. 2015 Auditor of the Company
 Aug. 2015 Outside Director (Audit and Supervisory Committee Member) of NIITAKA Co., Ltd. (to present)
 Jun. 2016 Director (Audit and Supervisory Committee Member of the Company) (to present)

Reasons for appointing as a candidate for Director (Audit and Supervisory Committee Member)

Although in the past Mr. Tepei Mogi has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, he has been engaged in corporate legal affairs for many years as an attorney at law. The Company has appointed Mr. Mogi as a candidate for Outside Director (Audit and Supervisory Committee Member), believing that he is capable of continuing to properly audit and supervise the execution of duties by Directors from an objective and independent perspective as an Outside Director (Audit and Supervisory Committee Member).

Matters concerning the Independence

Mr. Tepei Mogi meets the requirements of our internal regulation of "Criteria for Independence of Outside Directors" and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. Therefore, the Company has judged that he is an Outside Director who is unlikely to have a conflict of interest with general shareholders.

Although he has worked as an employee at ITOCHU Corporation, our major client, during the period from April 1983 to March 1986, he is unlikely to be affected by the concerned company since considerable years have passed after his resignation from the company.

Furthermore, the Company has not entered into an advisory agreement with Oh-Ebashi LPC & Partners where Mr. Mogi is a partner or with Oh-Ebashi Law Firm where Mr. Mogi is also a partner. While the Company receives advice on individual deals based on the expert knowledge of said law firms, an attorney at law other than Mr. Mogi is in charge of the Company. Moreover, the ratio of the total remuneration amount that said law firms receive to the Company's average payment amount in the last three fiscal years is less than 1.1% of the law firms' annual received remuneration in each fiscal year. Accordingly, in view of our internal regulation of "Criteria for Independence of Outside Directors," these relations will have no effect on his independence.

3	Daisuke Shinkawa	Date of birth: April 28, 1964	Reelection	Outside	Independence
Number of the Company's shares held		Special interest with the Company	Board of Directors Meeting Attendance		Audit and Supervisory Committee Meeting Attendance
0 shares		None	15/15		12/12
Important concurrent positions					
Outside Corporate Auditor of SHIMA SEIKI MFG., LTD. Representative partner of Hokuto & Co.					

Career summary

(positions and areas of responsibility in the Company)

May 1991	Registered as a certified public accountant
Aug. 1991	Registered as a certified tax accountant
Apr. 2002	Established Hokuto & Co. Partner of Hokuto & Co.
Jan. 2003	Representative partner of Hokuto & Co. (to present)
Jun. 2012	Outside Corporate Auditor of SHIMA SEIKI MFG., LTD. (to present)
Jun. 2016	Director (Audit and Supervisory Committee Member of the Company) (to present)

Reasons for appointing as a candidate for Director (Audit and Supervisory Committee Member)

Although in the past Mr. Daisuke Shinkawa has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, he has wealth of experience and accounting knowledge as a certified public accountant. The Company has appointed Mr. Shinkawa as a candidate for Outside Director (Audit and Supervisory Committee Member), believing that he is capable of continuing to properly audit and supervise the execution of duties by Directors from an objective and independent perspective as an Outside Director (Audit and Supervisory Committee Member).

Matters concerning the Independence

Mr. Daisuke Shinkawa meets the requirements of our internal regulation of "Criteria for Independence of Outside Directors" and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. The Company has judged that he is an Outside Director who is unlikely to have a conflict of interest with general shareholders.

4	Motohide Nishimura	Date of birth: July 6, 1955	New election	Outside	Independence
Number of the Company's shares held		Special interest with the Company	Board of Directors Meeting Attendance		Audit and Supervisory Committee Meeting Attendance
0 shares		None	-		-
Important concurrent positions					
Representative Director, President of SENSHU ELECTRIC CO., LTD.					

Career summary**(positions and areas of responsibility in the Company)****Reasons for appointing as a candidate for Director (Audit and Supervisory Committee Member)**

Apr. 1978	Joined Okasan Securities Co., Ltd.	Mr. Motohide Nishimura has an experience of being engaged in management for many years. The Company has appointed Mr. Nishimura as a candidate for Outside Director (Audit and Supervisory Committee Member), believing that he is capable of properly auditing and supervising the execution of duties by Directors from an objective and independent perspective as an Outside Director (Audit and Supervisory Committee Member).
Aug. 1995	Advisor of SENSHU ELECTRIC CO., LTD.	
Jan. 1996	Director, Deputy General Manager of Marketing Div. and International Div. of SENSHU ELECTRIC CO., LTD.	
Jan. 1997	Managing Director, Deputy General Manager of Administration Div. of SENSHU ELECTRIC CO., LTD.	
Jan. 1998	Senior Managing Director, General Manager of Marketing Div. and Marketing Administration Div. of SENSHU ELECTRIC CO., LTD.	
Jan. 2000	Representative Director, President of SENSHU ELECTRIC CO., LTD. (to present)	

Matters regarding the Independence

Mr. Motohide Nishimura meets the requirements of our internal regulation of "Criteria for Independence of Outside Directors" and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. The Company has judged that he is an Outside Director who is unlikely to have a conflict of interest with general shareholders.

- Notes:
- Matters regarding Outside Director
 - Mr. Teppei Mogi, Mr. Daisuke Shinkawa, and Mr. Motohide Nishimura are candidates for Outside Director. If the re-election of Mr. Teppei Mogi and Mr. Daisuke Shinkawa is approved, the Company will continue to register them as Independent Directors/Auditors to the Tokyo Stock Exchange. Furthermore, if the election of Mr. Motohide Nishimura is approved, the Company will newly nominate him as an Independent Director/Auditor and report to the said Exchange.
Our regulation of "Criteria for Independence of Outside Directors" is provided on pages 19 to 20 of Reference Documents for the Ordinary General Meeting of Shareholders.
 - Mr. Teppei Mogi and Mr. Daisuke Shinkawa are currently Outside Directors who are Audit and Supervisory Committee Members of the Company. Their term of office is two years at the conclusion of the Ordinary General Meeting of Shareholders, respectively.
 - Liability limitation agreement with Directors who do not execute business (Outside Directors)
Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, The Company has currently entered into an agreement with Outside Director Mr. Teppei Mogi and Mr. Daisuke Shinkawa to limit their liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for by the applicable laws and regulations. If the re-election of Mr. Mogi and Mr. Shinkawa is approved, the Company will continue the said agreement with both of them. Furthermore, if the proposal for election of Mr. Motohide Nishimura is approved, the Company will enter into the same liability limitation agreement with him.

Proposal 5: Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

To provide for a case in which the number of Directors who are Audit and Supervisory Committee Members falls short of the number stipulated by laws and regulations, the Company proposes to elect one (1) substitute Director who is an Audit and Supervisory Committee Member.

The candidate for a substitute Director who is an Audit and Supervisory Committee Member is as follows:

Prior to this proposal, the Company has already obtained the consent of the Audit and Supervisory Committee.

Tetsuya Yamao	Date of birth: September 22, 1951	Outside	Independence
Number of the Company's shares held		Special interest with the Company	
0 shares		None	
Important concurrent positions			
Outside Auditor of CYPRESSCLUB CO., LTD. External Board Director of KYOEI STEEL LTD. Partner of Umeda Shinmichi Law Office			

Career summary

(positions and areas of responsibility)

Apr. 1984	Registered as an attorney at law (Osaka Bar Association) Joined Hanshin Law Office
Apr. 1991	Established Tokiwa Sogo Law Office
Apr. 2004	Established Yamao Law Office
Sep. 2015	Joined Umeda Shinmichi Law Office Partner of Umeda Shinmichi Law Office (to present)
Mar. 2016	Outside Auditor of CYPRESSCLUB CO., LTD. (to present)
Jun. 2016	External Board Director of KYOEI STEEL LTD. (to present)

Reasons for appointing as a candidate for substitute Director (Audit and Supervisory Committee Member)

Although in the past Mr. Tetsuya Yamao has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, he has been engaged in corporate legal affairs for many years as an attorney at law. The Company has appointed Mr. Yamao as a candidate for substitute Outside Director (Audit and Supervisory Committee Member), believing that he is capable of properly auditing and supervising the execution of duties by Directors from an objective and independent perspective as an Outside Director (Audit and Supervisory Committee Member).

Matters regarding the Independence

Mr. Tetsuya Yamao meets the requirements of our internal regulation of "Criteria for Independence of Outside Directors" and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. The Company has judged that he is an Outside Director who is unlikely to have a conflict of interest with general shareholders.

- Notes:
1. Mr. Tetsuya Yamao is a candidate for a substitute Outside Director. Once the proposal of election is approved, the Company nominates him as an Independent Director/Auditor, and reports to the Tokyo Stock Exchange. Our regulation of "Criteria for Independence of Outside Directors" is provided on pages 19 to 20 of Reference Documents for the Ordinary General Meeting of Shareholders.
 2. If Mr. Tetsuya Yamao takes office as an Outside Director, the Company will, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for by the applicable laws and regulations.

Criteria for Independence of Outside Directors (Reference)

The Company has established the Criteria for Independence of Outside Directors^[i] as follows to secure the objectivity and transparency needed to strengthen corporate governance. In the event that an Outside Director falls under any of the following, he/she will be deemed as not sufficiently independent.

1. An executive^[ii] of the Company or one of its subsidiaries (hereinafter, collectively referred to as the “Group”)
2. A current major shareholder^[iii] of the Company (in the event that the major shareholder is an organization that is a corporation, partnership, etc., an executive of said organization)
3. An executive of a corporation of which the Group is a major equity holder (a party that directly or indirectly holds 10% or more of the total voting rights)
4. A major client^[iv] of the Group, or an executive of a major client
5. A party whose major client is the Group^[v], or an executive of said party
6. A party belonging to the auditing firm that is the accounting auditor of the Group
7. An executive of the Company’s lead-manager securities company
8. A consultant, accountant, or legal professional who has been paid substantial amounts of money or other financial benefits^[vi] other than officers’ remuneration paid by the Group (in the event that the party being paid said financial benefits is an organization such as a law office, auditing firm, or consultant firm that is a corporation, partnership, etc., a party belonging to said organization)
9. A party who receives substantial donations^[vii] from the Group (in the event that the party who receives said substantial donations is an organization that is a corporation, partnership, etc., a party belonging to said organization)
10. A party whose close relative^[viii] falls under any of the above items from 1 to 9 (however, aside from the above item 1, this is limited to important person^[ix])
11. A party that has fallen under any of the above items from 2 to 9 in the last three years
For the above item 1, a party that has fallen under the item in the last ten years
12. Any other party for whom a conflict of interest is likely to arise with general shareholders, and whose circumstances are reasonably judged to prevent the party from performing duties as an independent Outside Director

- [i] “Outside Director” refers to an outside director as defined in Article 2, item 15 of the Companies Act.
- [ii] “Executive” refers to an executive director, executive, executive officer, other equivalent person, or other employee.
- [iii] “Major shareholder” refers to a shareholder that holds, in their name or another person’s name, 10% or more of voting rights at the end of the Company’s most recent fiscal year.
- [iv] “Major client” refers to one of the following:
 - (1) A client to which the Group is providing products, etc., and whose transaction amount has been more than 2% of the Company’s consolidated net sales in one of the Company’s last four fiscal years.
 - (2) A financial institution from which the Group is borrowing funds, and whose balance of loans is more than 2% of the Company’s consolidated total assets at the end of the Company’s most recent fiscal year.
- [v] “A party whose major client is the Group” refers to a party that provides products, etc., to the Group and for which the Company’s transaction amount has been more than 2% of the party’s consolidated net sales in one of its last four fiscal years.
- [vi] An amount is a “Substantial amounts of money or other financial benefits” in one of the following situations:
 - (1) In that event that said specialist is an individual and the total amount of said financial benefits, excluding officers’ remuneration, received from the Group is more than ¥10 million per year on average over the course of the Company’s last three fiscal years.
 - (2) In that event that said specialist is an organization that is a corporation, partnership, etc., and the total amount of said financial benefits received from the Group is more than 2% of said organization’s total annual revenues on average over the course of the Company’s last three fiscal years.
- [vii] “Substantial donations” refers to a donation from the Group that is more than ¥10 million per year on average over the course of the Company’s last three fiscal years.
- [viii] “Close relative” refers to a spouse or a relative who is within the second degree of kinship.
- [ix] “Important person” refers to an employee that holds a senior management position such as executive director, executive, executive officer, general manager or above.