

This notice has been translated from the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

NOTICE OF THE 66th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Stock Code: 8150
June 2, 2017

Dear Shareholder:

You are cordially invited to attend the 66th Ordinary General Meeting of Shareholders of Sanshin Electronics Co., Ltd. (the “Company”), which will be held at 10:00 a.m. (reception starts at 9:00 a.m.) on Friday, June 23, 2017, in the Conference Room on the 10th floor of the Company’s headquarters, at 4-12, Shiba 4-chome, Minato-ku, Tokyo.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the attached reference materials and send us your vote no later than 5:10 p.m. on Thursday, June 22, 2017, using one of the methods outlined below.

Sincerely yours,

Mitsumasa Matsunaga

Representative Director, CEO

Sanshin Electronics Co., Ltd.

4-12, Shiba 4-chome, Minato-ku, Tokyo, Japan

Meeting Details

Agenda:

Items to be reported

1. The Business Report, the Consolidated Financial Statements, and the report of the audit of the consolidated accounts by the Accounting Auditors and Audit & Supervisory Board for the 66th term, from April 1, 2016 to March 31, 2017, will be reported at the meeting.
2. The Non-Consolidated Financial Statements for the 66th term, from April 1, 2016 to March 31, 2017, will be reported at the meeting.

Items to be resolved

Item 1: Payment of Year-End Dividends of Surplus

Item 2: Election of Twelve (12) Directors

Item 3: Election of One (1) Substitute Audit & Supervisory Board Member

Item 4: Introduction of Performance-Based Stock Compensation Plan for Directors

Information on How to Exercise Your Voting Rights

(1) If you choose to exercise your voting rights in writing

Please exercise your voting rights by indicating your approval or disapproval on the enclosed proxy card, and return it to us so that it arrives no later than 5:10 p.m. on Thursday, June 22, 2017.

(2) If you choose to exercise your voting rights via the Internet

If you choose to vote via the Internet, please check the “Information on How to Exercise Your Voting Rights via the Internet” on page 52, and vote on the Internet at the designated website no later than 5:10 p.m. on Thursday, June 22, 2017.

(3) If you exercise your voting rights both in writing and via the Internet, the electronic exercise shall be deemed as valid. Similarly, if you exercise your voting rights multiple times via the Internet, or more than once using a PC and a mobile phone, the latest exercise shall be deemed as valid.

When attending the meeting in person, please present the enclosed proxy card at the reception desk.

The following items are not included in the Attachment of this Notice, because they are posted on the Company website at <http://www.sanshin.co.jp> in accordance with the applicable laws and regulations, and the provision of Article 15 of the Company’s Articles of Incorporation.

1) Notes to Consolidated Financial Statements

2) Notes to Non-consolidated Financial Statements

Please take note that the consolidated and non-consolidated financial statements included in the Attachment of this Notice are part of the consolidated and non-consolidated financial statements audited by the Accounting Auditors and Audit & Supervisory Board for preparation of the Report of the Audit of the Consolidated Accounts and the Auditor’s Report.

If any amendments are made to reference materials for the General Meeting of Shareholders, the business report, and consolidated and non-consolidated financial statements, they will be posted on the Company website at <http://www.sanshin.co.jp>.

(Attachment)

Business Report

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

I. Matters Concerning the Current Status of the Corporate Group

(1) Business Progress and Results

During the consolidated fiscal year under review, outlook of the global economy became increasingly uncertain for the reasons of Britain's exit from the European Union, national election in European countries, and political management of the new administration in the U.S. The Japanese economy continued to be on a moderate recovery path, but lacked momentum due to sharp volatility and instability in currency movement in the exchange and financial markets, as well as concerns about an adverse affect by continued uncertainty of the global economy.

The electronics industry, which is the primary area of business of the Group, saw stable growth in the markets relating to advanced operation support systems for automobiles, IoT (Internet of Things) and M2M (Machine to Machine). Meanwhile, in the domestic IT industry, services related to cloud computing and big data have become increasingly popular and there are reasons to expect them to find further use in businesses, so in this area, the Group operated in a comparatively favorable environment.

Under these circumstances, we committed to strengthening business power and to improving the management foundation, as well as we strove to improve sales and profitability. However, during the consolidated fiscal year under review, business performance in the device business significantly deteriorated due to drastic fluctuation of exchange rates and a decrease in Group's offering products resulted from change in product strategies by major suppliers, causing an overall downturn in consolidated results: net sales decreased by 15.8% to ¥167,654 million and operating profit fell by 58.0% to ¥804 million, all on a year-on-year basis. In addition, ordinary loss of ¥952 million was recorded (compared to a profit of ¥1,500 million in the previous term), and ¥1,575 million was recorded as net loss attributable to shareholders of parent company (compared to a profit of ¥977 million in the previous term).

Consolidated performance by segment for the term under review is as follows.

[Device segment]

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs, memories, etc.) and electronic components (including connectors, capacitors, circuit boards, etc.). These products are sold mainly to electronics manufacturers. We also provide technical support, such as software development and module development.

In the consolidated period under review, sales for vehicle-mounted systems remained strong, but sales for other fields such as information communication and TOY decreased as a whole.

As a result, segment sales decreased by 15.2% year-on-year to ¥155,480 million. The segment loss expanded to ¥2,028 million (compared to a loss of ¥96 million in the previous term), because not only sales declined, but also foreign exchange losses were recorded.

[Solution segment]

In the solution business segment, we are committed to planning and developing infrastructure with operation of information communication networks at the core, mainly for private companies, government offices and local municipalities, as well as to ensuring its operation and maintenance. Especially, as for our core system, we offer services deriving from provision of package software, such as customization according to individual development. Furthermore, we also provide broadcast stations and production companies with editing and transmission of video content, as well as with distribution systems, centered on products from suppliers abroad.

In the current consolidated fiscal year, sales of portable video transmitters remained solid, but sales of embedded systems, which was strong in the previous term, decreased. In addition, sales to public institutions decreased substantially in comparison with the previous term, because the replacement demand toward the digitalization of wireless communications for firefighting and emergency services ceased.

As a result, segment sales decreased by 22.7% year-on-year to ¥12,173 million. The segment profit decreased by 32.6% in comparison with the previous term to ¥1,076 million despite an improvement in the gross profit margin, due to a decrease in net sales and an increase in selling, general and administrative expenses mainly used for an increase in personnel to strengthen our business power.

Note: Profit (loss) in each report segment is based on ordinary profit (loss).

(2) Capital Investment Activities

The total amount of facility investments made in this consolidated fiscal year was ¥168 million. The main investments were repair of buildings and facilities renewal.

(3) Financing Activities

Loans from financial institutions were the main means of raising funds in this fiscal year, and there is no special item to be noted here.

(4) Future Challenges

(Basic management policies)

The Company's basic policy is to adhere to the corporate philosophy of "Trust, Principles and Sincerity" in order to earn reputation as "the Chosen" among general electronics trading companies to prove its value based on a wide range of solutions it provides to its customers and suppliers.

In the device business, in order to assist all client companies active in home appliances, automobiles and industrial devices operations in their efforts for globalization, the Company has been striving to establish overseas subsidiaries and provide goods and services, as well as it has been serving as a coordinator for its customers and suppliers through extensive product range and enhanced technological strength for suppliers' product development. Furthermore, in the solution business, the Company has been actively acting as a system integrator with information and communication network at the core of its contributions to clients' business development. Sanshin Electronics will continue to increase the Group's present value proving why customers and suppliers choose us.

In managing its businesses, the Company will continue to fulfill its mission as a good corporate citizen by developing a system that enables diverse personnel to play an active role in the Company, as well as by continuing to reduce the environmental impact of its operations, just to mention a few actions.

(Target business indicators)

By establishing the return on equity (ROE) and ordinary profit as the Company's important business indicators, we will endeavor to improve earnings.

(Policies for profit distribution)

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

The Group is carrying out the V70 Medium-Term Management Plan to be closed in the 70th term (fiscal year ending March 31, 2021). Under this Management Plan, we will implement some measures for enhancement in capital efficiency, and will increase the consolidated dividend payout ratio to around 100% in the three consecutive terms extending from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020. In addition, we plan to acquire treasury stocks by setting the maximum acquisition cost at ¥20 billion (or by setting the maximum number of acquired shares at 10 million) in the above three terms.

(Medium-term business strategy and future challenges)

The Group is carrying out the V70 Medium-Term Management Plan to be closed in the 70th term (fiscal year ending March 31, 2021), with an aim to attain the goals of "return on equity (ROE) at 5%" and "ordinary profit at ¥3,000 million yen". In an earnest effort to achieve the above goals, the Group will tackle the following challenges:

1) Securing profit in device business

Due to structural change in manufacturing in the electronics industry, price competition has become harsher, and the risk of fluctuating exchange rates has increased. In addition, Group's offering products decreased after change in product strategies by major suppliers. In order to improve profitability of the device business under such circumstances, we need to conduct drastic review of the profit structure in the business and to strengthen the activities to tackle this challenge by the following measures.

a. Reform of business portfolio

By placing priorities on the markets where growth is highly expected, such as IoT and automobiles, we will compensate the sales decrease in the fields of digital AV devices and home video games, and will be able to increase the ratio of sales for the growing fields. In addition, we will invest in the activities to promote solution provider business through enhancement in our capabilities as a system integrator; create new business opportunities; and strengthen alliance with business partners, in order to increase the ratio of the highly profitable business.

b. Enhancement in profitability of existing business

We will make efforts to enhance profitability of the existing businesses, such as volume sales of semiconductors and electronic components, which are our primary revenue sources of the current device business. For the objective, we will improve operational efficiency, so that we can maximize the effect of combination and reorganization of business locations taken place in the current term (fiscal year ended March 31, 2017), as well as the fixed cost cut to be resulted from voluntary retirement solicitation scheduled in the 67th term (fiscal year ending March 31, 2018). In addition, we will strengthen management of the risk relating to currency exchange rates and inventory.

2) Strengthening of revenue base of solution business

As the cloud technology has been widely adopted and special demand toward the digitalization of wireless communication for firefighting and emergency services ceased, it is required for the solution business to find new revenue sources and establish the revenue base that allows the Company to attain medium-to long-term growth. For the above objectives, we will strengthen the following activities:

a. Expansion of cloud service portfolio

We will make efforts to expand the portfolio of our cloud services covering IaaS, PaaS and SaaS (*) by utilization of Sanshin Data Center and collaboration with other companies' services in addition to the housing service that is currently provided. We will also select the technologies that are required for expansion of our business, and will recruit human resources with high skills in a planned manner. In addition to creation of the in-company environment represented by the human resource policy to grant incentive to employees who acquired qualifications, we will acquire the technologies that we do not have in a flexible manner through investment in strengthening of alliance with other companies.

* IaaS: Infrastructure as a Service PaaS: Platform as a Service
SaaS: Software as a Service

b. Expansion of customer base

The Company divides the solution business into six business units: information communication networks, government offices, firefighting and disaster prevention, embedded systems, application software and image editing, and each business unit has established distinct customer base, merchandises and services. By utilizing the strength of each business unit and increasing the synergy effects, we will provide a wider variety of solutions to customers to increase the customer share and expand the business domain of each business unit.

3) Enhancement in capital efficiency

In order to enhance capital efficiency, we will make efforts to increase return to shareholders by paying dividends and acquiring treasury stocks. For the detailed information of this activity, please refer to "Policies for profit distribution" mentioned above.

4) Strengthening of corporate governance

As it is expected that the situation requiring to take risk would increase, we will continue to appoint multiple independent external directors and make them as the main members of the Nominal and Remuneration Advisory Committees, so that we can effectively utilize monitoring and advisory functions provided by the independent external directors. We will also continue and deepen the periodical meetings between the independent external directors and Company's management, and will hold orientation meetings to explain the reference materials prepared for board meetings, when necessary. Further, by introduction of performance-based stock compensation plan for the Directors, we will make the Directors share benefits and risk with shareholders, and will increase Directors' awareness about enhancement in Company's medium-to-long-term business performance and corporate value. We will also introduce performance-based compensation plan for bonus payment to the Directors, so that their management accountability in each fiscal year can be clarified. Please take note that because the business performance in the current term did not reach the required level, the bonuses for Directors will not be paid.

(5) Trends in Assets and Operating Results of the Company

	63rd Term (From April 1, 2013 to March 31, 2014)	64th Term (From April 1, 2014 to March 31, 2015)	65th Term (From April 1, 2015 to March 31, 2016)	66th Term (From April 1, 2016 to March 31, 2017)
Net Sales (million yen)	192,240	219,091	199,075	167,654
Operating Profit (Loss) (million yen)	2,517	3,260	1,913	804
Ordinary Profit (Loss) (million yen)	2,658	3,117	1,500	(952)
Net Profit (Loss) Attributable to Shareholders of Parent Company (million yen)	1,806	2,003	977	(1,575)
Net Profit (Loss) Per Share (yen)	63.78	71.11	34.70	(55.90)
Total Assets (million yen)	93,522	101,672	95,580	94,144
Net Assets (million yen)	62,255	65,619	63,385	61,537

(6) Status of Parent Company and Principal Subsidiaries

1. Parent company

Not applicable.

2. Principal subsidiaries

Company Name	Address	Main Business	Capital	Equity Position
SANSHIN ELECTRONICS (HONG KONG) CO., LTD.	Hong Kong	Sales and import/export of semiconductors, electronic components and equipment	12,820,000 US Dollar	100%
SANSHIN ELECTRONICS SINGAPORE (PTE) LTD.	Singapore	Sales and import/export of semiconductors, electronic components and equipment	1,939,000 US Dollar	100%
TAIWAN SANSHIN ELECTRONICS CO., LTD.	Taipei, Taiwan	Sales and import/export of semiconductors, electronic components and equipment	160,000,000 Taiwan New Dollar	100%

Company Name	Address	Main Business	Capital	Equity Position
SANSHIN ELECTRONICS CORPORATION	California, U.S.A.	Sales and import / export of semiconductors, electronic components and equipment	3,000,000 US Dollar	100%
SANSHIN ELECTRONICS KOREA CO., LTD.	Seoul, South Korea	Sales and import / export of semiconductors, electronic components and equipment	5,000,000,000 Korean Won	100%
SANSHIN ELECTRONICS (THAILAND) CO., LTD.	Bangkok, Thailand	Sales and import / export of semiconductors, electronic components and equipment	100,000,000 Thai Baht	*100%
SANSHIN ELECTRONICS (SHANGHAI) CO., LTD.	Shanghai, China	Sales and import / export of semiconductors, electronic components and equipment	31,000,000 Chinese Yuan	*100%
SANSHIN NETWORK SERVICE CO., LTD.	Tokyo, Japan	1. Design, construction, installation, maintenance, operation, and management of telecommunications systems 2. Design and installation of circuits and telephone equipment in telecommunications systems 3. Sales of equipment and devices related to telecommunications systems	30,000,000 Japanese Yen	100%

Note: 1. The percentages marked with an asterisk (*) include indirect holdings.

2. The Group has no specified wholly-owned subsidiary.

(7) Principal Businesses (as of March 31, 2017)

The Group is developing the device business and solutions business. A description of each segment is provided in the overview of results per business segment in “(1) Business Progress and Results.”

(8) Principal Offices (as of March 31, 2017)

SANSBIN ELECTRONICS CO., LTD.

Headquarters: 4-12, Shiba 4-chome, Minato-ku, Tokyo

Branches: Osaka Branch, Shizuoka Branch, Nagoya Branch, Takamatsu Branch, Utsunomiya Branch, Nagano Branch, Nagaoka Branch, Kochi Liaison Office

Other Business Place: Atsugi Distribution Center

AXIS DEVICE TECHNOLOGY CO., LTD.

Headquarters: Tokyo

SANSBIN NETWORK SERVICE CO., LTD.

Headquarters: Tokyo

SANSBIN MEDIA SOLUTIONS CO., LTD.

Headquarters: Tokyo

SANSBIN SYSTEM DESIGN CO., LTD.

Headquarters: Tokyo

TAKUMI CORPORATION

Headquarters: Tokyo

SANSBIN ELECTRONICS (HONG KONG) CO., LTD.

Headquarters: Hong Kong

SANSBIN ELECTRONICS (SHANGHAI) CO., LTD.

Headquarters: China

SANSBIN ELECTRONICS (SHENZHEN) CO., LTD.

Headquarters: China

SANSBIN ELECTRONICS KOREA CO., LTD.

Headquarters: Korea

SANSBIN ELECTRONICS SINGAPORE (PTE) LTD.

Headquarters: Singapore

SAN SHIN ELECTRONICS (MALAYSIA) SDN. BHD.

Headquarters: Malaysia

SANSBIN ELECTRONICS (THAILAND) CO., LTD.

Headquarters: Thailand

TAIWAN SANSBIN ELECTRONICS CO., LTD.

Headquarters: Taiwan

SANSBIN ELECTRONICS CORPORATION

Headquarters: U.S.A.

SANSBIN ELECTRONICS CORPORATION DETROIT BRANCH OFFICE

(9) Employees (as of March 31, 2017)

Business segment	Number of Employees	Change from the End of the Previous Term
Device business	386 (12)	down 39 (+1)
Solution business	185 (7)	±0 (±0)
Corporate (common)	62 (70)	down 17 (-4)
Total	633 (89)	down 56 (-3)

Notes: 1. The number of employees represents the number of those actually at work.

2. The number of employees in the "Corporate (common)" row includes personnel in administrative departments, such as General Affairs Department, Accounting Department, distribution centers, etc.

3. The annual average number of temporary employees (part-time and entrusted workers) is enclosed in ().

(10) Principal Lenders (as of March 31, 2017)

Lender	Outstanding Loan Amount
	(Million yen)
Sumitomo Mitsui Banking Corporation	2,748
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,346
Sumitomo Mitsui Trust Bank, Limited.	224

(11) Other Significant Matters concerning the Current Status of Corporate Group

Not applicable.

II. Shares of the Company (as of March 31, 2017)

(1) Number of shares authorized to be issued:

76,171,000 shares

(2) Number of shares issued:

29,281,373 shares

(3) Number of shareholders:

3,031

(4) Major shareholders (Top ten shareholders)

Name of Shareholder	Number of Shares Held (Thousands of shares)	Shareholding ratio (%)
C&I Holdings Co.,Ltd.	2,814	9.99
Aya Nomura	2,810	9.97
Matsunaga Eiichi, Ltd.	1,600	5.68
OFFICE SUPPORT Inc.	1,309	4.65
NEC Corporation	1,049	3.72
Sumitomo Mitsui Banking Corporation	1,000	3.55
Fuminori Nakashima	991	3.52
Japan Trustee Services Bank, Ltd. (Trust Account)	742	2.64
The Master Trust Bank of Japan, Ltd. (Trust Account)	567	2.02
Japan Trustee Services Bank, Ltd. (Trust Account 9)	506	1.80

(Notes) 1. The Company has 1,102,630 shares of treasury stock, but is excluded from the major shareholders above.

2. Shareholding ratio is calculated with treasury shares excluded.

III. Stock Acquisition Rights, etc.

Not applicable.

IV. Directors and Audit & Supervisory Board members

(1) Status of Directors and Audit & Supervisory Board members (as of March 31, 2017)

Position	Name	Responsibility within the Company	Important Concurrent Roles, etc.
Representative Director, CEO	Mitsumasa Matsunaga		
Representative Director, COO	Toshiro Suzuki	In charge of Auditing Office	
Director, Senior Operating Officer	Yasuhiko Ota	Supervisor of Device Business Group / Senior General Manager of Device Business Management Division	
Director, Senior Operating Officer	Fumihide Kitamura	In charge of Device Business Group / Senior General Manager of International Sales Unit	Chairman of the Board of TAIWAN SANSHIN ELECTRONICS CO., LTD. / Managing Director of SANSHIN ELECTRONICS KOREA CO., LTD.
Director, Senior Operating Officer	Nobuyuki Hatano	Senior General Manager of Solution Marketing & Sales Division	
Director, Operating Officer	Akio Misono	Senior General Manager of Finance & Accounting Division	
Director, Operating Officer	Koji Sakamoto	Senior General Manager of Administration Division	
Director, Operating Officer	Yuji Mori	Deputy Senior General Manager of Solution Marketing & Sales Division	
Director, Operating Officer	Tomoyuki Nagase	In charge of Device Business Group / Senior General Manager of 1st Sales Unit	
Director	Takeshi Uchimura		
Director	Minoru Nishino		External Director of Mori-Gumi Co., Ltd.
Director	Tatsuo Takeuchi		
Audit & Supervisory Board member (Full-time)	Keiji Nishio		
Audit & Supervisory Board member (Full-time)	Shin-ichi Miura		
Audit & Supervisory Board Member	Minoru Matsumoto		Certified Public Accountant, External Director of JASTEC Co., Ltd., External Director of Foster Electric Co., Ltd.
Audit & Supervisory Board Member	Shohei Yamamoto		Lawyer, External Director of Narasaki Sangyo Co., Ltd., Audit & Supervisory Board member of MegaHouse Corporation, External Audit & Supervisory Board member of Bandai Co., Ltd., External Audit & Supervisory Board member of Toin Corporation

- Notes: 1. Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi serve as external directors, while Minoru Matsumoto and Shohei Yamamoto serve as external Audit & Supervisory Board members. Also, the Company has designated all five of them as independent directors and auditors as per the provisions of the Tokyo Stock Exchange, and has given notice to this effect to the Stock Exchange.
2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement respectively with Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi, Keiji Nishio, Shin-ichi Miura, Minoru Matsumoto and Shohei Yamamoto, which limits their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The limit on their liability for damages under the agreement coincides with the legally stipulated amounts.
3. Minoru Matsumoto is qualified as a chartered accountant, and has a considerable degree of knowledge about financial and accounting matters.
4. During this consolidated fiscal year, Directors' position and responsibility within the Company were changed as follows:

Name	Before change	After change	Date of change
Mitsumasa Matsunaga	Representative Director, Chairman/CEO	Representative Director, CEO	June 24, 2016
Toshiro Suzuki	Representative Director, President/COO, in charge of Auditing Office	Representative Director, COO, in charge of Auditing Office	June 24, 2016
Yasuhiko Ota	Director, Senior Vice President, Senior General Manager of Marketing & Sales Administration Division and Senior General Manager of Eastern Japan Marketing & Sales Division	Director, Senior Operating Officer, Supervisor of Device Business Group / Senior General Manager of Device Business Management Division	June 24, 2016
Fumihide Kitamura	Director, Associate Senior Vice President, Senior General Manager of International Operations Division	Director, Senior Operating Officer, in charge of Device Business Group / Senior General Manager of International Sales Unit	June 24, 2016
Nobuyuki Hatano	Director, Associate Senior Vice President, Deputy Senior General Manager of Solution Marketing & Sales Division	Director, Senior Operating Officer, Senior General Manager of Solution Marketing & Sales Division	June 24, 2016
Akio Misono	Director, Associate Senior Vice President, Senior General Manager of Finance & Accounting Division	Director, Operating Officer, Senior General Manager of Finance & Accounting Division	June 24, 2016
Koji Sakamoto	Director, Associate Senior Vice President, Senior General Manager of Administration Division	Director, Operating Officer, Senior General Manager of Administration Division	June 24, 2016

5. Pursuant to changes in organization effective as of April 1, 2017, Yasuhiko Ota has become the Director, Senior Operating Officer, Supervisor of Device Business Group, in charge of Sales Promotion & Technical Support Unit and CE Unit/ Senior General Manager of Device Business Management Division; Fumihide Kitamura has become the Director, Senior Operating Officer, in charge of IoT Business Unit and International Sales Unit in Device Business Group and Senior General Manager of International Sales Unit; and Tomoyuki Nagase has become the Director, Operating Officer, in charge of 1st Sales Unit and 2nd Sales Unit in Device Business Group and Senior General Manager of 1st Sales Unit, on the same day.

6. The table below lists the Directors and Audit & Supervisory Board members who have retired during this consolidated fiscal year.

Name	Date of retirement	Reasons for retirement	Title, duties and important concurrent roles, etc., at the time of retirement
Masashi Akabane	June 24, 2016	Expiration of the term of office	Director, Senior Vice President, Senior General Manager of Electronic Devices Sales Promotion Division
Mitsuo Kamoshita	June 24, 2016	Expiration of the term of office	Director, Senior Vice President, Senior General Manager of Solution Marketing & Sales Division, Representative Director and President of SANSHIN NETWORK SERVICE CO., LTD.
Shun-ichi Nakagawa	June 24, 2016	Expiration of the term of office	External Director, External Director of Comany Inc.

(2) Compensation to Be Paid to Directors and Audit & Supervisory Board members

1. Total compensation for this fiscal year

Post	Number of Officials	Amount to Be Paid
Directors	15	¥118 million
(External Directors)	(4)	(¥12 million)
Audit & Supervisory Board members	4	¥39 million
(External Audit & Supervisory Board members)	(2)	(¥9 million)
Total	19	¥157 million

- Notes:
1. The Directors and Audit & Supervisory Board members above include three Directors (including one External Director) who retired at the conclusion of the 65th Ordinary General Meeting of Shareholders held on June 24, 2016.
 2. The amount of compensation for Directors does not include the salaries of Directors who concurrently serve as employees.
 3. The upper limit on the total amount of compensation to be paid to Directors was set at ¥420 million per year (excluding the employee salaries) at the 56th Ordinary General Meeting of Shareholders held on June 22, 2007.
 4. The upper limit on the total amount of compensation to be paid to Audit & Supervisory Board members was set at ¥50 million per year at the 42nd Ordinary General Meeting of Shareholders held on December 21, 1993.
 5. Provision for directors' bonuses was not posted in the consolidated fiscal year under review: the Company abolished the bonus system for Audit & Supervisory Board members in the 54th term.

2. Retirement benefits paid to retired Directors and Audit & Supervisory Board members for this fiscal year

At the 55th Ordinary General Meeting of Shareholders, which was held on June 23, 2006, approval was given for discontinuing payments in line with abolishing the retirement benefit system for directors. Following the resolution, there has been no retirement benefit paid to the retired Audit & Supervisory Board member who resigned at the conclusion of the 65th Ordinary General Meeting of Shareholders held on June 24, 2016.

(3) Matters concerning External Directors and Audit & Supervisory Board members

1. State of significant posts held concurrently at other corporations, and relations between the Company and the location of the other posting

Position	Name	Location of Concurrent Post	Duties of Concurrent Post	Relationship with Location of Concurrent Post
Director	Minoru Nishino	Mori-Gumi Co., Ltd.	External Director	No special relationship exists
Audit & Supervisory Board member	Minoru Matsumoto	JASTECCo., Ltd.	External Director	No special relationship exists
		Foster Electric Co., Ltd.	External Director	
Audit & Supervisory Board member	Shohei Yamamoto	Narasaki Sangyo Co., Ltd.	External Director	No special relationship exists
		MegaHouse Corporation	Audit & Supervisory Board member	
		Bandai Co., Ltd.	External Audit & Supervisory Board member	
		Toin Corporation	External Audit & Supervisory Board member	

2. Major activities in the fiscal year under review

• Status of attendance at meetings of the Board of Directors and the Audit & Supervisory Board.

	Board of Directors Meetings (a total of 14 meetings)		Audit & Supervisory Board Meetings (a total of 17 meetings)	
	Number of Meetings Attended	Attendance Rate	Number of Meetings Attended	Attendance Rate
Director Takeshi Uchimura	11	100%	—	—
Director Minoru Nishino	11	100%	—	—
Director Tatsuo Takeuchi	11	100%	—	—
Audit & Supervisory Board member Minoru Matsumoto	14	100%	17	100%
Audit & Supervisory Board member Shohei Yamamoto	14	100%	17	100%

Note: Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi were newly elected at the 65th Ordinary General Meeting of Shareholders held on June 24, 2016. After the assumption of their Director positions, 11 meetings of the Board of Directors were held.

• Advice and Suggestions Provided at Meetings of the Boards of Directors and Audit & Supervisory Board members

Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi provided a wide range of valuable comments and advices in terms of corporate governance, risk analysis and evaluation in the course of business operation, compensation system for the Directors, election of any Directors, and overall management based on their abundant experience and achievements in corporate management at another listing companies.

Minoru Matsumoto and Shohei Yamamoto provided comments effective and necessary for securing legal compliance of the Company's management from the viewpoints of their positions as a certified public accountant and a lawyer, respectively.

V. Status of Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC.

(2) Amount of Compensation

	Amount to be Paid
Compensation to be paid to Accounting Auditors for the fiscal year under review	¥44 million
Total of cash and other assets to be paid by the Company and subsidiaries to Accounting Auditors	¥44 million

Notes: 1. Among principal subsidiaries of the Company, overseas subsidiaries were subject to audits by a person other than the accounting auditor who audits the Company (overseas certified public accountant or person equivalent to the qualification of audit corporation) (limited to an audit subject to a foreign law equivalent to the Companies Act or the Financial Instruments and Exchange Act of Japan).

2. The auditing contract between the Company and the Accounting Auditors makes no distinction between auditing services based on the Corporate Law and auditing services based on the Financial Instruments and Exchange Law. Since no real distinction can be made in practice, the amount paid represents the total amount.

3. As prescribed in "Practical Guidelines Concerning Cooperation with Accounting Auditors" released by Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has verified the status of execution of duties by Accounting Auditors and their audit plan, and after considering the Company's previous business results, has agreed with the provisions of Article 399, Paragraph 1 of the Companies Act on matters such as the compensation to be paid to Accounting Auditors.

(3) Policy concerning Decisions to Dismiss or Not to Reappoint Accounting Auditors

When there is any difficulty in execution of duties by the Accounting Auditor and their fulfillment is deemed necessary, the Audit & Supervisory Board shall determine the content of the proposal regarding whether to dismiss or not reappoint the Accounting Auditor to be submitted to the General Meeting of Shareholders. Furthermore, if the Accounting Auditor is deemed to fall under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor based on consent of all Audit & Supervisory Board members. In this case, the Audit & Supervisory Board member designated by the Audit & Supervisory Board shall report on the dismissal of the Accounting Auditor and the reason thereof at the first General Meeting of Shareholders following the dismissal.

VI. System for Securing Appropriateness of Business Operations and the Status of Its Operation

(1) System for Securing Appropriateness of Business Operations

At the Meeting of the Board of Directors, the Company resolved the following system for securing compliance of directors' execution of duties in line with laws and regulations as well as with the Articles of Incorporation, but also for securing the appropriateness of the business operations of the Company.

1) System for Securing Compliance of Execution of Duties by Directors and Employees with Laws and Regulations and Articles of Incorporation

- The Company shall set the code of conduct in line with the company creed and philosophy where its directors and employees are required to comply with, and ensure that each and every director and employee is thoroughly informed of this code.
- The Company shall set compliance rules and establish a framework for compliance, including an internal reporting (whistle-blower) system.
- When detecting serious legal violation or other important matters concerning compliance, Directors shall immediately notify Audit & Supervisory Board members and report it at a meeting of the Board of Directors or a corporate management meeting without any delay.
- The Company shall set up an internal audit department that is independent from operational divisions and responsible for auditing the operational processes thereof in order to prevent and detect illegal acts and improve the processes.
- Audit & Supervisory Board members shall be allowed not only to attend meetings of the Board of Directors on a permanent basis but also to participate in other important meetings and committee meetings as necessary. In addition, Audit & Supervisory Board members shall regularly hold meetings to seek the opinions of Accounting Auditors.
- The Company shall stipulate explicitly the obligation to break off relations with antisocial forces in the code of conduct. Furthermore, it shall establish a department to handle such antisocial forces and take all necessary measures such as formulating a communication framework to contact the police and lawyers in the case of emergency, collecting and managing information, preparing regulations and manuals, and so on.

2) System for Storage and Management of Information concerning Directors' Execution of Duties

- Directors shall store and manage documents and other information materials concerning their execution of duties appropriately in accordance with the rules set by the Company.
- Directors, Audit & Supervisory Board members and employees at the internal audit department may access such information at any times.

3) Rules concerning Risk Management

- The Company has established risk management regulations, and clearly states the risks that it faces.
- Under the directions of its General Risk Committee, which is headed by the company president, the Company manages risk for the entire Group.
- As well as clarifying the supervisory department for each risk, the General Risk Committee sets up individual committees as required, and prepares systems for enabling swift and effective responses to be made when risks arise. Also, the Company formulates a Business Continuity Plan (BCP) that assumes the occurrence of a large scale earthquake related disaster.
- The General Risk Committee makes reports to the Board of Directors, as necessary, on the state of responses being made for risks that have arisen.
- Regarding potential risks requiring response, after assessing these, the General Risk Committee reviews the effectiveness of the risk policies and associated management systems, and then reports on their findings to the Board of Directors.

4) System for Securing Efficiency of Execution of Duties by the Group's Directors

- The Company shall hold a regular meeting of the Board of Directors every month and hold an extraordinary meeting of the Board of Directors as necessary.
- In addition, the Company shall regularly hold a corporate management meeting with the participation of Executive Directors, Full-time Audit & Supervisory Board members and others, for which sufficient deliberations shall be conducted in advance on particularly important matters to be determined by the Board of Directors.
- With regard to the execution of operations based on decisions made at a meeting of the Board of Directors, the divisions and officials in charge thereof as well as the execution procedures shall be determined based on the rules concerning the allocation of operational responsibilities and authorities. Furthermore, by similarly maintaining necessary regulations and providing execution proceedings for each subsidiary, the Company aims to streamline execution of duties by each subsidiary's corresponding director.

5) System for Securing Appropriateness of Operations of the Group

- All companies belonging to the Sanshin Electronics Group shall be required to comply with the Group creed and philosophy, the code of conduct and the compliance rules, and the Company shall ensure that directors and all employees of its subsidiaries are thoroughly informed. Each subsidiary shall maintain necessary regulations for itself based on the above rules.
- The Sanshin Electronics Group as a whole, including subsidiaries, shall implement measures to cope with the serious risks. Each subsidiary shall maintain necessary regulations for itself based on the above rules.
- Subsidiaries are required to obtain prior approval from and submit reports to the Company with regard to important matters as specified in the rules concerning the supervision of subsidiaries and affiliated companies.
- The Company shall regularly provide directors and employees of subsidiaries with opportunities to have the Company's Directors and Audit & Supervisory Board members reporting on the execution of their respective duties.
- Audit & Supervisory Board members shall conduct necessary audits with regard to subsidiaries, too.

6) Systems for Ensuring the Reliability of Financial Reporting

- To ensure the reliability of the Group's financial reporting and the effective and appropriate submission of the internal control reports, the Company shall set the Internal Control Management Regulations and introduce the framework to evaluate the effectiveness of the internal control system on a regular basis and to correct inadequacies, if any.

7) System for Accommodating Audit & Supervisory Board members' Requests for Assistant Employees and Independence of Said Employees from Directors

- Audit & Supervisory Board members shall be given the authority to issue instructions to the internal audit division with regard to matters necessary for their auditing activities.
- Concerning instructions received from Audit & Supervisory Board members with regard to matters necessary for their auditing activities, employees at the internal audit department shall not be bound by the chain of command leading down from Directors.
- The Company shall respect the Audit & Supervisory Board members' opinions with regard to matters related to the appointment, transfer, evaluation, disciplinary actions and so forth, of the employees at the internal audit department.

8) Systems for Reporting by Directors and Employees to Audit & Supervisory Board members and for Securing Effective Audits by Audit & Supervisory Board members

- Audit & Supervisory Board members shall be given the authority to request necessary reports from directors and employees at any time.
- The Representative Directors shall provide the Audit & Supervisory Board members with opportunities to exchange opinions with them regularly.
- The internal audit department shall make sure to submit reports to Audit & Supervisory Board members after conducting audits of operations, etc.
- The Company shall establish an appropriate system for the reporting of matters concerning compliance, such as legal violation, to Audit & Supervisory Board members by setting compliance rules.
- Any disadvantageous treatment given to directors and employees who contribute through reports to audits by Audit & Supervisory Board members, or to directors, corporate auditor and employees of subsidiaries is prohibited.
- When Audit & Supervisory Board members request to the Company the payment in advance for the expenses related to the execution of their auditing duties, the Company shall pay such costs or amortize the liability immediately. Moreover, in order to pay the expenses incurred in the execution of duties by Audit & Supervisory Board members, the Company shall allocate a certain amount of budget each year.

(2) Outline of the Status of Operation of the System for Securing Appropriateness of Business Operations

The status of operation of the system for securing appropriateness of business operations is shown as below.

- The Company has set a code of conduct its directors and employees are required to comply with, and is currently taking thorough measures to make this code known by everyone at the training for new employees, as well as through periodic publications in the Company's newsletter, postings within offices, or by distributing cards internally. Furthermore, in order to assess the implementation status of this code of conduct, the Company conducts an employee questionnaire every year. The results of the questionnaire are reported to the Board of Directors and the degree of awareness toward the code of conduct is confirmed.

- The Company has established internal reporting regulations which define items including confidentiality of whistle-blowers, prohibition of disadvantageous treatment of whistle-blowers, and prohibition of handling of reported incidents by individuals who are personally involved in said incidents. The Company operates an internal reporting system. Furthermore, in order to strengthen independence from management, the Company includes all Audit & Supervisory Board members in the reporting contact point.
- Audit & Supervisory Board members shall attend the meetings of the Board of Directors. Furthermore, Full-time Audit & Supervisory Board members shall attend management and executive committee meetings, management strategy meetings and other important gatherings on a permanent basis. In addition to holding deliberation with Accounting Auditors at the beginning of the fiscal term under review in order to formulate an audit plan, Audit & Supervisory Board members meet periodically and as necessary, and are present during the performance of accounting audits as necessary.
- The Company has established an Auditing Office as its internal auditing department. Currently, three dedicated staffs are stationed at the Auditing Office as of the date of creation for this business report. After conducting an operational audit, the Auditing Office submits an auditing report to the Representative Directors and to Audit & Supervisory Board members. Furthermore, the Audit & Supervisory Board members and Auditing Office hold meetings as necessary. Audit & Supervisory Board members gather information from the Auditing Office; for example, requesting reports on the status of the internal control system and related auditing results. Audit & Supervisory Board members also provide instruction and recommendations to the Auditing Office.
- The General Risk Committee makes reports to the Board of Directors, as necessary, on the state of responses being made for risks that have arisen. Also, regarding new risks requiring response, after assessing these, the General Risk Committee reports on the effectiveness of the risk policies and associated management systems to the Board of Directors.
- During the fiscal term under review, ordinary meetings were held 13 times, and extraordinary meetings were held once.
- The scope of matters to be resolved by the Board of Directors was limited to legal matters and fundamental matters of the Company (disposal of important assets such as investments, corporate code of conduct, corporate philosophy, code of conduct, establishment/revision of basic management policies and management plans, items related to corporate governance, etc.). Other matters shall be delegated to corporate management meetings and executive directors, and action shall be taken in accordance with rules. In regards to the executions of said actions, executive directors shall report to the Board of Directors as necessary. Through these reports, the Board of Directors shall supervise the decision-making and business operation of executive directors.
- Full-time Audit & Supervisory Board members of the Company are concurrently serving as Audit & Supervisory Board members of the Company's subsidiaries, where they perform necessary audits.
- In accordance with the Internal Control Management Regulations, the Internal Control Committee meets once every quarter. In order to evaluate the effectiveness of internal controls at the Company, the Internal Control Committee considers the self-assessment results of self-inspection and the results of independent evaluation by the Auditing Office. Results are reported to the President.
- Representative Directors meet periodically with Audit & Supervisory Board members and an External Director in order to exchange opinions. Furthermore, separate meetings are held between Audit & Supervisory Board members and an External Directors in order to exchange opinions. In the consolidated period under review, the Company increased the number of highly independent External Directors from one (1) to three (3), in order to strengthen the supervisory function of the Board of Directors and to facilitate open and constructive discussion.

CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2017

	Millions of yen
ASSETS	
Current assets:	
Cash and deposits	19,599
Notes and accounts receivable-trade	43,597
Electronically recorded monetary claims	9,009
Merchandise inventories	11,327
Partly-finished work	1
Accrued income	97
Deferred tax assets	328
Others	3,133
Allowance for doubtful accounts	(7)
Total current assets	87,088
Non-current assets:	
Property and equipment	
Buildings and structures	1,559
Land	2,046
Leased assets	115
Others	88
Total property and equipment	3,810
Intangible assets:	312
Investments and other assets:	
Investment securities	2,657
Others	290
Allowance for doubtful accounts	(14)
Total investments and other assets	2,933
Total non-current assets	7,055
TOTAL	94,144

Note: Figures are rounded down to the nearest million yen.

CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2017

	Millions of yen
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
Current liabilities:	
Notes and accounts payable-trade	16,717
Short-term loans payable	13,124
Lease obligations	40
Accrued corporate tax, etc.	156
Allowance for bonuses to employees	489
Others	1,233
Total current liabilities	31,760
Non-current liabilities:	
Lease obligations	74
Deferred tax liabilities	210
Net defined benefit liabilities	465
Others	95
Total non-current liabilities	845
Total liabilities	32,606
NET ASSETS:	
Shareholders' equity:	
Common stock	14,811
Capital surplus	15,329
Retained earnings	31,923
Treasury stock	(764)
Total shareholders' equity	61,300
Accumulated other comprehensive income:	
Valuation difference on available-for-sale securities	654
Deferred hedge gains (losses)	(7)
Foreign currency translation adjustments	(241)
Remeasurements of defined benefit plans	(168)
Total accumulated other comprehensive income	237
Total net assets	61,537
TOTAL	94,144

Note: Figures are rounded down to the nearest million yen.

CONSOLIDATED PROFIT AND LOSS STATEMENT

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2017

	Millions of yen	
Net sales		167,654
Cost of sales:		156,968
Gross profit on sales		10,686
Selling, general and administrative expenses:		9,882
Operating profit		804
Non-operating profit:		
Interest income	14	
Dividend income	31	
Others	93	138
Non-operating expenses:		
Interest expenses	103	
Sales discounts	26	
Foreign exchange losses	1,745	
Others	18	1,894
Ordinary profit (loss)		(952)
Extraordinary profits:		
Gain on sales of non-current asstes	0	
Gain on sales of investment securities	0	
Gain on sales of memberships	15	15
Extraordinary losses:		
Loss on sales of non-current assets	0	
Loss on retirement of non-current assets	10	
Loss on sales of investment securities	0	
Impairment loss	34	44
Net profit before tax and other adjustments		(981)
Corporate, resident and enterprise taxes	297	
Adjustment for corporate tax, etc.	296	593
Net profit (loss)		(1,575)
Net profit (loss) attributable to shareholders of parent company		(1,575)

Note: Figures are rounded down to the nearest million yen.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2017

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	14,811	15,329	34,625	(763)	64,003
Changes during the term					
Dividends of surplus			(1,127)		(1,127)
Net profit attributable to shareholders of parent company			(1,575)		(1,575)
Acquisition of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the term	—	—	(2,702)	(0)	(2,702)
Balance as of March 31, 2017	14,811	15,329	31,923	(764)	61,300

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	
Balance as of April 1, 2016	398	(493)	(158)	(364)	(617)	63,385
Changes during the term						
Dividends of surplus						(1,127)
Net profit attributable to shareholders of parent company						(1,575)
Acquisition of treasury stock						(0)
Net changes of items other than shareholders' equity	256	486	(83)	196	854	854
Total changes during the term	256	486	(83)	196	854	(1,847)
Balance as of March 31, 2017	654	(7)	(241)	(168)	237	61,537

Note: Figures are rounded down to the nearest million yen.

NON-CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2017

	Millions of yen
ASSETS	
Current assets:	
Cash and deposits	15,970
Trade notes	250
Electronically recorded monetary claims	9,009
Trade accounts	23,540
Merchandise inventories	7,277
Partly-finished work	1
Advance payment	167
Prepaid expenses	132
Accrued income	206
Deferred tax assets	353
Consumption taxes receivable	2,632
Others	12
Allowance for doubtful accounts	(0)
Total current assets	59,554
Non-current assets:	
Property and equipment:	
Buildings	1,532
Structures	19
Vehicles	0
Tools and fixtures	65
Land	2,046
Leased assets	100
Total property and equipment	3,764
Intangible assets:	
Software	142
Others	83
Total intangible assets	226
Investments and other assets:	
Investment securities	2,389
Stocks of subsidiaries and affiliates	3,557
Guarantee money deposit	44
Other investments	42
Allowance for doubtful accounts	(1)
Total investments and other assets	6,033
Total non-current assets	10,023
TOTAL	69,578

Note: Figures are rounded down to the nearest million yen.

NON-CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2017

		Millions of yen
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Current liabilities:		
Trade notes		861
Trade accounts		10,305
Short-term loans payable		4,319
Lease obligations		35
Accounts payable		362
Accrued expenses		163
Accrued corporate tax, etc.		59
Advance received		314
Allowance for bonuses to employees		489
Others		51
	Total current liabilities	16,961
Non-current liabilities:		
Lease obligations		64
Deferred tax liabilities		284
Employees' severance and retirement benefits		161
Others		95
	Total non-current liabilities	605
	Total liabilities	17,567
NET ASSETS:		
Shareholders' equity:		
Common stock		14,811
Capital surplus		15,329
Capital reserve		15,329
Retained earnings		21,986
Retained surplus		670
Others		21,315
Reserve for dividend payments		600
General reserve		18,680
Retained earnings brought forward		2,035
Treasury stock		(764)
	Total shareholders' equity	51,364
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		654
Deferred hedge gains (losses)		(7)
	Total valuation and translation adjustments	647
	Total net assets	52,011
	TOTAL	69,578

Note: Figures are rounded down to the nearest million yen.

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2017

		Millions of yen
Net sales		105,510
Cost of sales:		98,862
Gross profit on sales		6,648
Selling, general and administrative expenses:		7,364
Operating profit (loss)		(716)
Non-operating profit:		
Interest and dividend income	225	
Management consulting fees	326	
Others	102	654
Non-operating expenses:		
Interest expenses	34	
Foreign exchange losses	1,722	
Others	15	1,771
Ordinary profit (loss)		(1,833)
Extraordinary profits:		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	0	0
Extraordinary losses:		
Loss on retirement of non-current assets	9	
Loss on sales of investment securities	0	
Impairment loss	34	44
Net profit (loss) before tax and other adjustments		(1,877)
Income taxes:		
Corporate, resident and enterprise taxes	65	
Adjustment for corporate tax, etc.	255	320
Net profit (loss)		(2,198)

Note: Figures are rounded down to the nearest million yen.

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2017

Millions of yen

	Shareholders' equity									
	Common stock	Capital surplus		Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Retained surplus	Other retained earnings			Total retained earnings		
					Reserve for dividend payments	General reserve	Unappropriated retained earnings for the term			
Balance as of April 1, 2016	14,811	15,329	15,329	670	600	18,680	5,361	25,312	(763)	54,689
Changes during the term										
Dividends of surplus							(1,127)	(1,127)		(1,127)
Net profit							(2,198)	(2,198)		(2,198)
Acquisition of treasury stock									(0)	(0)
Net changes of items other than shareholders' equity										
Total changes during the term	—	—	—	—	—	—	(3,325)	(3,325)	(0)	(3,325)
Balance as of March 31, 2017	14,811	15,329	15,329	670	600	18,680	2,035	21,986	(764)	51,364

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Total valuation and translation adjustments	
Balance as of April 1, 2016	398	(493)	(94)	54,594
Changes during the term				
Dividends of surplus				(1,127)
Net profit				(2,198)
Acquisition of treasury stock				(0)
Net changes of items other than shareholders' equity	256	486	742	742
Total changes during the term	256	486	742	(2,583)
Balance as of March 31, 2017	654	(7)	647	52,011

Note: Figures are rounded down to the nearest million yen.

Report of the audit of the consolidated accounts by Accounting Auditors

Independent Auditor's Report

May 10, 2017

To the Board of Directors of Sanshin Electronics Co., Ltd.:

Deloitte Touche Tohmatsu LLC.

Takeshi Ando

Designated and Engagement Limited Partner

Certified Public Accountant

Yutaka Hamaguchi

Designated and Engagement Limited Partner

Certified Public Accountant

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which consist of the consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders' equity and notes to consolidated financial statements, of Sanshin Electronics Co., Ltd., (the "Company") for the consolidated fiscal year from April 1, 2016 to March 31, 2017.

Responsibility of the Company's management for preparation of consolidated financial statements

The responsibility of the Company's management is to prepare and fairly present these consolidated financial statements in accordance with accounting standards generally accepted in Japan. This includes designing and operating internal control judged by management as necessary to prepare and fairly present consolidated financial statements that are free from material misstatements due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit from an independent perspective. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we design the audit plan and perform the audit accordingly to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatements.

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in these consolidated financial statements. Audit procedures were selected and applied on the basis of our judgments, including the assessment of risk of material misstatements in consolidated financial statements due to fraud or error. In making this risk assessment, we have considered the Company's internal control relating to the preparation and fair presentation of these consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the presentation of these consolidated financial statements taken as a

whole, including accounting policies used by management, their application, and accounting estimates made by management.

We believe that the audit evidence we have obtained is sufficient and appropriate, and provides a reasonable basis for our opinion.

Auditor's opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Sanshin Electronics Co., Ltd. and its consolidated subsidiaries for the related consolidated fiscal year, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Interest relationships

There are no interest relationships either between the Company and our audit corporation or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the Certified Public Accountant Law.

Report of the audit of the accounts by Accounting Auditors

Independent Auditor's Report

May 10, 2017

To the Board of Directors of Sanshin Electronics Co., Ltd.:

Deloitte Touche Tohmatsu LLC.

Takeshi Ando

Designated and Engagement Limited Partner
Certified Public Accountant

Yutaka Hamaguchi

Designated and Engagement Limited Partner
Certified Public Accountant

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, which consist of the balance sheet, statement of income, statement of shareholders' equity, notes to non-consolidated financial statements, and detailed statements thereof, of Sanshin Electronics Co., Ltd., (the "Company") for the 66th fiscal year from April 1, 2016 to March 31, 2017.

Responsibility of the Company's management for preparation of financial statements

The responsibility of the Company's management is to prepare and fairly present these financial statements and detailed statements thereof in accordance with accounting principles generally accepted in Japan. This includes designing and operating internal control judged by management as necessary to prepare and fairly present financial statements and detailed statements thereof that are free from material misstatements due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements and detailed statements thereof based on our audit from an independent perspective. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we design the audit plan and perform the audit accordingly to obtain reasonable assurance about whether these financial statements and detailed statements thereof are free from material misstatements.

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in these financial statements and detailed statements thereof. Audit procedures were selected and applied on the basis of our judgments, including the assessment of risk of material misstatements in financial statements and detailed statements thereof due to fraud or error. In making this risk assessment, we have considered the Company's internal control relating to the preparation and fair presentation of these financial statements and detailed statements thereof in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the Company's internal control. An audit also includes evaluating the presentation of these financial statements and detailed statements thereof taken as a whole, including accounting policies used by management, their application, and accounting estimates made by management. We believe that the audit evidence we have obtained is sufficient and appropriate, and provides a reasonable basis for our opinion.

Auditor's opinion

In our opinion, the non-consolidated financial statements and detailed statements referred to above present fairly, in all material respects, the financial position and results of operations of Sanshin Electronics Co., Ltd. for the business year under review, in conformity with accounting principles generally accepted in Japan.

Interest relationships

There are no interest relationships either between the Company and our audit firm or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the provision of Certified Public Accountant Law.

Auditors' Report

The Audit & Supervisory Board (the "Board"), having deliberated on the audit reports prepared by the Audit & Supervisory Board members on the performance of the duties of Directors for the 66th fiscal year from April 1, 2016 to March 31, 2017 hereby reports on its audit findings as follows:

1. Method and Content of the Audit by Audit & Supervisory Board members and the Board

(1) The Board established the audit policy and allocation of duties, etc., received reports from Audit & Supervisory Board members on the status of the execution and results of their audits, received reports from Directors and the Accounting Auditors on the status of execution of their duties and requested explanations as needed.

(2) In compliance with the auditing standards set by the Audit & Supervisory Board and based on the audit policy, assigned duties, etc., each Audit & Supervisory Board member maintained proper communication with Directors, internal audit staff and other employees, and strove to create an environment that supports the collection and audit of information, as well as they conducted audit by the following methods.

1) Attended meetings of the Board of Directors and other important gatherings, received reports from Directors and employees on the status of the execution of their duties, requested explanations as necessary, and examined the situation of the operations and assets of the head office and principal offices. In addition, the Audit & Supervisory Board members also maintained appropriate communication and exchanged information with Directors and Audit & Supervisory Board members of subsidiaries, and received reports about operations from subsidiaries when necessary.

2) In order to ensure the system guaranteeing that the performance of the work of the directors stipulated in the business reporting is in accordance with laws and ordinances and the Articles of Incorporation, and also to ensure appropriateness of all the other business processes that are required in a group comprising a joint stock company and its subsidiaries, regarding the corporate resolutions on the creation of a system in accordance with Article 100, Paragraphs 1 and 3 of the Enforcement of the Companies Act, as well as regarding the system (internal control system) currently maintained based on the contents of the corporate resolutions concerned, the Audit & Supervisory Board members regularly received reports from Directors, employees, etc., on the current situation of the establishment and the implementation of such system, requested explanations as necessary, and expressed their opinions.

3) In addition, the Audit & Supervisory Board members monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits and received reports from the Accounting Auditors on the status of execution of their duties, and requested explanations as needed. In addition, Audit & Supervisory Board members were informed by the Accounting Auditors that they were developing the "structure and system to ensure that their duties would be executed in a proper manner" (items prescribed in Article 131 of the Corporate Calculation Regulations) in accordance with "Quality Control Standards for Auditing" (Business Accounting Council dated October 28, 2005), and requested explanations as needed.

Based on the aforementioned methods, the Audit & Supervisory Board members examined the Company's business report and its supplementary statements, financial statements (non-consolidated balance sheets, non-consolidated profit and loss statement, non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements), their supporting schedules, and consolidated financial statements (consolidated balance sheets, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity and notes to consolidated financial statements) for the fiscal year under review.

2. Results of the Audit

(1) Results of the audit of the business report and its supporting schedules

- (a) The business report and its supporting schedules present fairly the status of the Company in conformity with the relevant laws and Articles of Incorporation.
- (b) No misconduct or material fact running counter to the relevant laws or Articles of Incorporation has been found with respect to the execution of Directors' duties.
- (c) The content of the resolutions of the Board of Directors on the internal control system are fair and reasonable. No item worthy of special mention has been found with respect to the contents of the business report and the execution of Directors' duties concerning the relevant internal control system.

(2) Results of the audit of financial statements and their supporting schedules

The audit methods adopted and the results of the audit conducted by Deloitte Touche Tohmatsu, Accounting Auditors, are appropriate.

(3) Results of the audit of consolidated financial statements

The audit methods adopted and the results of the audit conducted by Deloitte Touche Tohmatsu, Accounting Auditors, are appropriate.

May 11, 2017

Audit & Supervisory Board

Sanshin Electronics Co., Ltd.

Keiji Nishio, Full-time Audit & Supervisory Board member

Shin-ichi Miura, Full-time Audit & Supervisory Board member

Minoru Matsumoto, External Audit & Supervisory Board member

Shohei Yamamoto, External Audit & Supervisory Board member

Reference Materials for the General Meeting of Shareholders

Item 1: Payment of Year-End Dividends of Surplus

The Company's basic policy concerning profit allocation is to make decisions with consideration given to expanding profits for returning to shareholders and shoring up internal reserves. Under this policy, we aim to continually provide steady dividends to shareholders, and strive towards increased dividends, with a dividend payout ratio of around 50% of net profit for this consolidated fiscal year. Taking into consideration the fact that full-year net loss was recorded in the consolidated fiscal year under review, we announce that the year-end dividends that we will offer will be as outlined below.

1. Type of dividends

Cash

2. Allocation and total of year-end dividends

We propose to pay a year-end dividend of ¥15 per share, with the total payment of ¥422,681,145. (Combined with the already paid interim dividend, annual dividend thus becomes ¥25 per share.)

3. Date of commencement of payment of dividends of surplus

June 26, 2017

Item 2: Appointment of Twelve (12) Directors

All 12 Directors' terms of office expire at the closing of this General Meeting of Shareholders. Therefore, the Company hereby proposes the election of twelve (12) Directors.

The candidates for the position of Director are as follows:

Candidate no.	Name (Date of birth)	Brief personal history, title, duty and important concurrent role	Shares owned
1	<p>[Reappointment] Mitsumasa Matsunaga (born February 7, 1948)</p> <p>Rate of attendance at the Board of Directors meetings during the current term 14 times / 14 meetings (100%)</p>	<p>Jan. 1980: Joined Sanshin Electronics Co., Ltd.</p> <p>Oct. 1980: Director, Associate Senior Vice President</p> <p>Nov. 1983: Director, Senior Vice President</p> <p>Apr. 1993: Director, Executive Vice President</p> <p>Jun. 1995: Representative Director, Senior Executive Director</p> <p>Jun. 1996: Representative Director, President</p> <p>Jun. 2014: Representative Director, Chairman</p> <p>Aug. 2014: Representative Director, Chairman/CEO</p> <p>Jun. 2016: Representative Director, CEO (current)</p>	148,100
		<p>[Reasons for appointment]</p> <p>Mitsumasa Matsunaga has been involved in the management of Sanshin Electronics since 1980, when he was appointed as the Director. Mr. Matsunaga, who has deep knowledge of corporate management as well as strong leadership, can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors, and is therefore being asked to continue to serve as Director of the Company.</p>	
2	<p>[Reappointment] Toshiro Suzuki (born December 6, 1957)</p> <p>Rate of attendance at the Board of Directors meetings during the current term 14 times / 14 meetings (100%)</p>	<p>Mar. 1982: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2003: General Manager of General Affairs Department</p> <p>Jun. 2005: General Manager of Corporate Strategy Department</p> <p>Jun. 2008: Director, Associate Senior Vice President</p> <p>Jun. 2014: Representative Director, President</p> <p>Aug. 2014: Representative Director, President/COO</p> <p>Jun. 2016: Representative Director, COO (current)</p> <p>[Duties] In charge of Auditing Office</p>	2,700
		<p>[Reasons for appointment]</p> <p>Backed by an enormous reserve of knowledge regarding corporate management and management strategy, Toshiro Suzuki has led the Group as President since 2014. Utilizing this wealth of experience and extensive track record, Mr. Suzuki can be expected to take a leading role in implementing the policies to strengthen business capability of the Group, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate no.	Name (Date of birth)	Brief personal history, title, duty and important concurrent role	Shares owned
3	<p>[Reappointment] Fumihide Kitamura (born September 15, 1957)</p> <p>Rate of attendance at the Board of Directors meetings during the current term 14 times / 14 meetings (100%)</p>	<p>Jan. 1985: Joined Sanshin Electronics Co., Ltd.</p> <p>Oct. 1995: President (seconded) of SANSHIN ELECTRONICS (HONG KONG) CO., LTD.</p> <p>Oct. 2007: General Manager of Business Development Department, International Operations Division</p> <p>Oct. 2008: Deputy Senior General Manager of International Operations Division</p> <p>Apr. 2011: Vice President, Deputy Senior General Manager of International Operations Division</p> <p>Jun. 2014: Director, Associate Senior Vice President</p> <p>Jun. 2016: Director, Senior Operating Officer (current)</p> <p>[Duties] In charge of IoT Business Unit and International Sales Unit in Device Business Group / Senior General Manager of International Sales Unit</p> <p>[Important Concurrent Role] Chairman of the Board of TAIWAN SANSHIN ELECTRONICS CO., LTD. Managing Director of SANSHIN ELECTRONICS KOREA CO., LTD.</p>	1,989
<p>[Reasons for appointment]</p> <p>Fumihide Kitamura has served Sanshin Electronics for many years as a manager of overseas subsidiaries. He was a driving force in the Sanshin Electronics Group's overseas expansion. Mr. Kitamura can be expected to take a leading role in strengthening overseas business and new business, which have become increasingly important in the device business, and is therefore being asked to continue to serve as Director of the Company.</p>			

Candidate no.	Name (Date of birth)	Brief personal history, title, duty and important concurrent role	Shares owned
4	<p>[Reappointment]</p> <p>Nobuyuki Hatano</p> <p>(born November 8, 1954)</p> <p>Rate of attendance at the Board of Directors meetings during the current term</p> <p>14 times / 14 meetings (100%)</p>	<p>Apr. 1983: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2004: General Manager of 2nd Network Systems Sales Department</p> <p>Oct. 2012: Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Jun. 2013: Vice President, Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Jun. 2014: Director, Associate Senior Vice President</p> <p>Jun. 2016: Director, Senior Operating Officer (current)</p> <p>[Duties]</p> <p>Senior General Manager of Solution Marketing & Sales Division</p>	2,731
<p>[Reasons for appointment]</p> <p>Nobuyuki Hatano has been active in the Solution business since he joined the Company. He has a great deal of experience in the IT industry and the Company's Solution business. Drawing on this wealth of experience, Mr. Hatano can be expected to contribute to development of Company's business strategies that meet changes in the business environment, and is therefore being asked to continue to serve as Director of the Company.</p>			
5	<p>[Reappointment]</p> <p>Akio Misono</p> <p>(born June 24, 1959)</p> <p>Rate of attendance at the Board of Directors meetings during the current term</p> <p>14 times / 14 meetings (100%)</p>	<p>Mar. 1982: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2003: General Manager of Accounting Department</p> <p>Oct. 2008: General manager of Planning Department</p> <p>Oct. 2012: General Manager of Finance Department (current)</p> <p>Oct. 2013: Deputy Senior General Manager of Finance & Accounting Division</p> <p>Jun. 2014: Director, Associate Senior Vice President</p> <p>Jun. 2016: Director, Operating Officer (current)</p> <p>[Duties]</p> <p>Senior General Manager of Finance & Accounting Division</p>	2,000
<p>[Reasons for appointment]</p> <p>Akio Misono has not only engaged in the fields of management planning, accounting and finance, but also taken a leading role in Company's IR activities over many years. Drawing on this wealth of experience, Mr. Misono can be expected to contribute further to development of Company's business strategies and expansion of the portfolio of Company's IR activities, and is therefore being asked to continue to serve as Director of the Company.</p>			

Candidate no.	Name (Date of birth)	Brief personal history, title, duty and important concurrent role	Shares owned
6	<p>[Reappointment]</p> <p>Koji Sakamoto</p> <p>(born February 3, 1960)</p> <p>Rate of attendance at the Board of Directors meetings during the current term</p> <p>14 times / 14 meetings (100%)</p>	<p>Mar. 1984: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2003: General Manager of Personnel Department</p> <p>Oct. 2013: Deputy Senior General Manager of Administration Division</p> <p>Jun. 2014: Vice President, Senior General Manager of Administration Division</p> <p>Jun. 2015: Director, Associate Senior Vice President</p> <p>Jun. 2016: Director, Operating Officer (current)</p> <p>[Duties]</p> <p>Senior General Manager of Administration Division</p>	700
	<p>[Reasons for appointment]</p> <p>Koji Sakamoto holds knowledge and experience in personnel strategy, corporate governance and internal controls. Utilizing the experience in these fields, Mr. Sakamoto can be expected to contribute further to construction of efficient and flexible organizational structure and strengthening of Company's human resources, and is therefore being asked to continue to serve as Director of the Company.</p>		
7	<p>[Reappointment]</p> <p>Yuji Mori</p> <p>(born May 2, 1957)</p> <p>Rate of attendance at the Board of Directors meetings during the current term</p> <p>14 times / 14 meetings (100%)</p>	<p>Mar. 1982: Joined Sanshin Electronics Co., Ltd.</p> <p>Oct. 2002: General Manager of Video System Sales Department (current)</p> <p>Oct. 2014: Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Oct. 2015: Executive Officer, Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Jun. 2016: Director, Operating Officer (current)</p> <p>[Duties]</p> <p>Deputy Senior General Manager of Solution Marketing & Sales Division</p>	200
	<p>[Reasons for appointment]</p> <p>Imaging operations are a pillar of the Company's Solution business. Yuji Mori has extensive experience in this field and is experienced in business management, having served as President of the Company's subsidiary. Drawing on this wealth of experience, Mr. Mori can be expected to contribute to development of Company's business strategies that meet changes in the business environment, and is therefore being asked to continue to serve as Director of the Company.</p>		

Candidate no.	Name (Date of birth)	Brief personal history, title, duty and important concurrent role		Shares owned
8	<p>[Reappointment]</p> <p>Tomoyuki Nagase</p> <p>(born February 15, 1960)</p> <p>Rate of attendance at the Board of Directors meetings during the current term</p> <p>14 times / 14 meetings (100%)</p>	Jan. 1984:	Joined Sanshin Electronics Co., Ltd.	800
		Apr. 1996:	Senior Manager (seconded) of SANSHIN ELECTRONICS (HONG KONG) CO., LTD.	
		Oct. 2006:	General Manager of the 2nd Marketing & Sales Department	
		Oct. 2012:	Deputy Senior General Manager of the 1st Marketing & Sales Division	
		Oct. 2014:	Executive Officer, Deputy Senior General Manager of Eastern Japan Marketing & Sales Division	
		Jun. 2016:	Director, Operating Officer (current)	
		[Duties]	In charge of 1st Sales Unit and 2nd Sales Unit in Device Business Group / Senior General Manager of 1st Sales Unit	
<p>[Reasons for appointment]</p> <p>Since the day he joined Sanshin Electronics, Tomoyuki Nagase has worked in the device business and boasts an enviable track record in expanding the business of overseas subsidiaries. Drawing on this wealth of experience, Mr. Nagase can be expected to take a leading role in development of Company's strategies to improve profitability of its device business, and is therefore being asked to continue to serve as Director of the Company.</p>				
9	<p>[New appointment]</p> <p>Mitsuhiro Ogawa</p> <p>(born October 26, 1958)</p> <p>Rate of attendance at the Board of Directors meetings during the current term</p> <p>- times / - meetings (- %)</p>	Apr. 1981:	Joined NEC Corporation	0
		Apr. 2000:	Manager of Marketing Group at NEC Semiconductors (Malaysia) Sdn. Bhd.	
		Apr. 2004:	Manager of 1st Sales Business Department at NEC Electronics Corporation (currently Renesas Electronics Corporation)	
		Oct. 2014:	Joined Sanshin Electronics Co., Ltd., Deputy Senior General Manager of Eastern Japan Marketing & Sales Division	
		Jun. 2016:	Operating Officer, Senior General Manager of 3rd Sales Unit in Device Business Group	
		Apr. 2017:	Operating Officer, Senior General Manager of CE Unit in Device Business Group (current)	
<p>[Reasons for appointment]</p> <p>In addition to a proven track record at the former position in Renesas Electronics Corporation, Mitsuhiro Ogawa has engaged in the device business over many years and has extensive working experience in the vehicle-mounted system field where the Group aims to expand its business. Drawing on this wealth of experience, Mr. Ogawa can be expected to take a leading role in strengthening Company's sales activities in the vehicle-mounted system market where growth is projected. Accordingly, Mr. Ogawa is nominated as a candidate for Director of the Company.</p>				

Candidate no.	Name (Date of birth)	Brief personal history, title, duty and important concurrent role		Shares owned
10	[Reappointment]	Apr. 1972:	Joined Sumitomo Bakelite Co., Ltd.	0
	[External]	Jun. 2000:	Director	
	[Independent]	Aug. 2003:	Manager of subsidiaries in Belgium, Spain and the Netherlands	
	Takeshi Uchimura	Jun. 2006:	Director & Managing Executive Officer	
	(born August 16, 1949)	Jun. 2009:	Director & Executive Operating Officer	
	Rate of attendance at the Board of Directors meetings during the current term	Jun. 2010:	Audit & Supervisory Board Member (full-time)	
	14 times / 14 meetings (100%)	Jun. 2015:	Senior Adviser (current)	
		Jun. 2016:	External Director of the Company (current)	
	[Reasons for appointment] Takeshi Uchimura meets the Independence Standards required by the Company for the position of External Director, and can be expected to provide extensive suggestions concerning all aspects of the Company's corporate management, based on his abounding experience in corporate management as Director for listed companies. Furthermore, Mr. Uchimura can be expected to provide extensive suggestions mainly regarding growth strategies for business overseas and the development of a corporate governance system, based on his experience as an Audit & Supervisory Board Member, and his expertise in M&A, subsidiary restructuring, and in IR for foreign institutional investors, as he was in charge of overseas subsidiaries. Accordingly, Mr. Uchimura is being asked to continue to serve as Director of the Company.			

Candidate no.	Name (Date of birth)	Brief personal history, title, duty and important concurrent role		Shares owned
11	[Reappointment] [External] [Independent] Minoru Nishino (born August 16, 1950) Rate of attendance at the Board of Directors meetings during the current term 14 times / 14 meetings (100%)	Apr. 1974:	Joined The Daiwa Bank, Limited.	0
		Jun. 2003:	Executive Officer at Resona Holdings, Inc.	
		Nov. 2003:	Consultant at Haseko Corporation	
		Jun. 2004:	Director at Haseko Corporation	
		Apr. 2005:	Director & Managing Executive Officer	
		Jun. 2007:	Representative Director & Managing Executive Officer	
		Apr. 2010:	Representative Director & Executive Operating Officer	
		Jun. 2015:	Senior Adviser (current)	
		Jun. 2016:	External Director of the Company (current)	
		[Important Concurrent Role] External Director of Mori-Gumi Co., Ltd.		
[Reasons for appointment] Minoru Nishino meets the Independence Standards required by the Company for the position of External Director, and can be expected to provide extensive suggestions concerning all aspects of the Company's corporate management, based on his abounding experience in corporate management as Director for listed companies. Furthermore, Mr. Nishino can be expected to provide effective suggestions, mainly in finance, such as effective fund operation reflecting the Company's management strategy, based on his abounding work experience in a bank, in addition to his central role in the corporate planning of a construction company. Accordingly, Mr. Nishino is being asked to continue to serve as Director of the Company.				
12	[Reappointment] [External] [Independent] Tatsuo Takeuchi (born October 23, 1950) Rate of attendance at the Board of Directors meetings during the current term 14 times / 14 meetings (100%)	Apr. 1974:	Joined Pioneer Corporation	0
		Apr. 1998:	President of Pioneer High Fidelity Taiwan Co., Ltd.	
		Dec. 2004:	President of Pioneer Electronics Asiacentre Pte. Ltd.	
		Jun. 2006:	Executive Officer at Pioneer Corporation	
		Oct. 2008:	Managing Executive Officer	
		Jun. 2009:	Senior Vice President	
		Jun. 2012:	Senior Managing Executive Officer	
		Jun. 2013:	Senior Adviser (retired June 2015)	
		Jun. 2016:	External Director of the Company(current)	
		[Reasons for appointment] Tatsuo Takeuchi meets the Independence Standards required by the Company for the position of External Director, and can be expected to provide extensive suggestions concerning all aspects of the Company's corporate management, based on his abounding experience in corporate management as Director for listed companies. Furthermore, Mr. Takeuchi can be expected to provide suggestions mainly regarding growth strategies for the Group's business overseas, based on his experience as the President of a local subsidiary and his engagement for an electronics manufacturer in sales overseas, such as in Europe, the United States or Asia. Accordingly, Mr. Takeuchi being asked to continue to serve as Director of the Company.		

- Notes: 1. The candidates are decided by the Board of Directors based on reports received from the Nomination and Remuneration Advisory Committee. Key members of this Committee are Independent Directors of companies listed on the Tokyo Stock Exchange.
2. None of the above candidates have special vested interests with the Company.
 3. Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi are candidates for External Director.
 4. Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi are Company's External Directors, and the term of their offices shall be one (1) year at the conclusion of this General Meeting of Shareholders.
 5. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement respectively with Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi, which limits their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The limit on their liability for damages under the agreement coincides with the legally stipulated amounts, and if the reappointment of them is approved as proposed at this General Meeting of Shareholders, the Company will continue the said agreement with them.
 6. The Company designated Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi as Independent Directors as per the provisions of the Tokyo Stock Exchange, and gave notice to this effect to the Tokyo Stock Exchange. If the reappointment of them is approved as proposed at this General Meeting of Shareholders, the Company will designate them as Independent Directors as per the provisions of the Tokyo Stock Exchange again, and will give notice to this effect to the Tokyo Stock Exchange.

Item 3: Appointment of One (1) Substitute Audit & Supervisory Board Member

To prepare for a contingency in which the Company does not have the number of Audit & Supervisory Board Members required by laws and regulations, the Company hereby proposes the election of one (1) substitute Audit & Supervisory Board Member.

Approval for this proposal has been obtained from the Audit & Supervisory Board.

The candidate for the position of Substitute Audit & Supervisory Board member is as follows:

Name (Date of birth)	Brief personal history, title, duty and important concurrent role	Shares owned
Katsuya Sato (born April 24, 1957)	Apr. 1990: Registered as an attorney-at-law Apr. 1995: Permanent member of Tokyo Bar Association Apr. 2006: Review committee member of the Japan Legal Support Center, Tokyo Branch Jun. 2007: External Audit & Supervisory Board Member of the Company Jun. 2015: Retired from External Audit & Supervisory Board Member of the Company	0
[Reasons for appointment] Katsuya Sato is a lawyer and has a high level of expertise, as well as extensive knowledge and experience that will help the Company strengthen its auditing system. Mr. Sato can be expected to monitor the management of the Company from the objective point of view and to provide shrewd opinions and recommendations to the Company. The company judges that he is competent as the substitute External Audit & Supervisory Board Member, and therefore propose to elect Mr. Sato as the substitute External Audit & Supervisory Board Member.		

- Notes: 1. The candidates are decided by the Board of Directors based on reports received from the Nomination and Remuneration Advisory Committee. Key members of this Committee are Independent Directors of companies listed on the Tokyo Stock Exchange.
2. The above candidate has no special vested interests with the Company.
3. Katsuya Sato is a candidate for the substitute External Audit & Supervisory Board Member. If Mr. Sato assumes the office of the External Audit & Supervisory Board Member, the Company will designate him as an Independent Director as per the provisions of the Tokyo Stock Exchange, and will give notice to this effect to the Tokyo Stock Exchange.
4. Although Katsuya Sato does not have past experience in corporate management other than having served as an external corporate auditor, the Company judges that, as described in the reasons for appointment, he will be able to implement the duties as the External Audit & Supervisory Board Member appropriately.
5. If Katsuya Sato assumes the office of the External Audit & Supervisory Board Member, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with him, which limits his liability for damages prescribed in Article 423, Paragraph 1 of the same Act. However, the limit on his liability for damages under this agreement coincides with the legally stipulated amounts.

Item 4: Introduction of Performance-Based Stock Compensation Plan for Directors

1. Reasons for proposal

In this proposal, the Company would like to ask for shareholders' approval for introduction of performance-based stock compensation plan (hereinafter referred to as "Plan") for the Directors (excluding External Directors and the same applies hereafter). In addition, the Company would like its shareholders to entrust the Board of Directors with the decision on the details of the Plan, which shall be within the scope of the framework mentioned in 2. below.

The purpose of the Plan is to further clarify the link between the value of Company's shares and compensation of the Directors. Under the Plan, the Directors share with the shareholders not only the benefits deriving from future appreciation of share prices, but also the risks associated with a fall in the same. This is intended ultimately to enhance the awareness of the Directors with respect to making a contribution to an improvement in Company's mid and long-term performance and its corporate value.

Specifically, the Plan is in a scheme that is different from the scheme to set the upper limit on the total amount of compensation to be paid to Directors (¥420 million or less per year) approved at the 56th Ordinary General Meeting of Shareholders held on June 22, 2007, and the Company would like to ask for shareholders' approval for payment of newly introduced Stock compensation to the Directors of the Company. If "Item 2: Election of Twelve (12) Directors" is approved in its original form, the number of the Directors who will be the beneficiaries under the Plan will be nine (9) at the conclusion of this General Meeting of Shareholders.

2. Amount and system of compensation in the Plan

(1) Outline of the Plan

This Plan is a stock compensation scheme. Under the Plan, a trust (hereinafter referred to as "Trust") that the Company will establish and contribute funds to will acquire common shares of the Company (hereinafter referred to as "Sanshin Shares"). The Trust will grant the Directors the number of points in accordance with the Sanshin Share delivery rules to be established by Company's Board of Directors. Then, the Trust will deliver the number of Sanshin Shares equal to that of the points granted.

In principal, the Directors will receive the granted Sanshin Shares at the time when he or she leaves the office of the Director. For further information about the outline of the Plan, please see the "Notice Regarding Introduction of Performance-Based Stock Compensation Plan for Directors" dated May 15, 2017 on page 48.

(2) Maximum amount of funds to be contributed to the Trust

The target period of the Trust shall be five (5) years extending from August 2017 (planned) through August 2022 (planned). As the funds for acquiring Sanshin Shares necessary for delivery of Sanshin Shares to the Directors as a remuneration to the Directors under the Plan, in the target period of the Trust (five years), the Company will contribute funds which will not exceed ¥200 million (equivalent to ¥40 million per year), and will establish the Trust by designating the Directors who meet certain requirements as the beneficiaries. The Trust will use the fund contributed by the Company to acquire Sanshin Shares either by acquisition on the stock exchange market or subscription for Company's treasury shares that may be disposed.

Note: The amount of funds to be deposited in the Trust will be the sum of the estimated amount of trust remuneration, remuneration for the trust administrator, and other necessary expenses in addition to the aforementioned funds for acquiring Sanshin Shares.

Please take note that the Company may extend the trust period of the Plan by a decision at a Board of Directors meeting, in order to continue to the Trust (including the case where the trust period will be substantially extended by transferring the trust assets under the Trust to any other trust having the same purpose as the purpose of the Trust to be set up by the Company, and the same shall apply hereinafter). In this case, as additional funds for acquiring Sanshin Shares necessary for delivery to the Directors under the Plan, the Company will make an additional contribution of funds not exceeding the amount calculated by multiplying the number of years of the extended trust period with ¥40 million yen. In this case, the Company will extend the target period according to the continuation of the Plan or the extension of the trust period, and continue to grant the points described in (3)a below and the delivery of Sanshin Shares described in (4) below within the extended trust period.

However, if grant of the points is not continued and there is any Director who received the points and has not yet left the office at the maturity of trust period, the trust period of the Trust may be extended until such Director leaves the office and delivery of Sanshin Shares is completed.

(3) Method of calculating the number of Sanshin Shares to be granted to the Directors and upper limit of the points to be granted

a. Method of calculating the points to be granted to the Directors and upper limit

Based on the Sanshin Share delivery rules to be established by Company's Board of Directors, the points will be granted to each Director in accordance with the level of achievement of his or her performance on the predetermined date in the trust period specified by the Sanshin Share delivery rules.

However, the upper limit to the total number of points to be granted by the Company to the Directors shall be 50,000 points per year.

b. Delivery of Sanshin Shares corresponding to the granted points

On the basis of the granted points described in the preceding section a. the Directors will receive Sanshin Shares in the procedure described in (4) below.

The number of Sanshin Shares to be delivered to each Director shall be determined by multiplying the number of the granted points with 1.0 (However, in such an event as a share split and a share consolidation with regard to Sanshin Shares in which it is acknowledged that it is reasonable to make an adjustment to the number of Sanshin Shares to be delivered, a reasonable adjustment shall be made according to such split rate, consolidation rate, etc.).

(4) Delivery of Sanshin Shares to the Directors

Delivery of Sanshin Shares described in the preceding section (3) will be made by the Trust to each of the Directors who has completed the required procedures for designation as beneficiaries at the time when he or she leaves the office. However, as for a certain percentage of Sanshin Shares, such Sanshin Shares will be sold and liquidated within the Trust, and the cash proceeds will be paid out in place of Sanshin Shares. Furthermore, in any case where any Sanshin Shares within the Trust are liquidated, including a case where a settlement is made for Sanshin Shares within the Trust by subscribing to a tender offer, the cash proceeds may be paid out in place of delivering Sanshin Shares.

[Reference Material]

Independence Standards required by the Company for the positions of External Directors and External Audit & Supervisory Board Members

The Company judges that the positions of External Directors and External Audit & Supervisory Board Members (hereinafter referred to as “External Officers”) shall have independence, in order to guarantee the objectivity and transparency necessary to proper governance. If the requirements below are not met, the External Officers shall not be appointed.

1. Officers^{*1} or employees of the Company and its subsidiaries (hereinafter referred to as “The Group”) shall not be appointed.
2. Individuals to which one of the following a) to g) apply in the last five years shall not be appointed.
 - a) Executives^{*2} working for companies, etc., which are or will be major clients^{*3} of the Group
 - b) Executives working for the principal lenders^{*4} of the Group
 - c) Individuals who are the major shareholders^{*5} of the Group (in the event of corporations or organizations such as unions, their members)
 - d) Executives working for companies, etc., which are the Group’s major shareholders^{*5}
 - e) Specialists such as Consultants, Public Accountants, Tax Accountants, Lawyers, Judicial Scriveners, Patent Attorneys, who acquired large amounts^{*6} of money and other assets from the Group (in the event of corporations or organizations such as unions, their members)
 - f) Individuals benefiting from donations in the form of large amounts^{*6} of money and other assets from the Group (in the event of corporations or organizations such as unions, their members)
 - g) Officers and employees of companies, etc., which have a relationship of mutual assumption of office with individuals such as officers of the Group
3. The aforementioned items 1 and 2 shall not apply to the spouse and near relatives within the second degree of kinship of the individuals concerned.
4. The individuals shall not be recognized as having special motivations to lead to a conflict of interests with the Group.

*1: “Officer” refers to directors, executive officers, audit & supervisory board members, and other corporate directors.

*2: “Executives” refers to any person who falls under Article 2, Paragraph 3 Item 6 of the Enforcement of the Companies Act.

*3: “Major clients” refers to companies, etc., which paid or received an amount of money in any fiscal year of the last five years, as a compensation for business and trade with the Group, this amount being more than 2% of the consolidated net sales of the client or more than 2% of the consolidated net sales of the Group.

*4: “Principal lenders” refers to financial institutions which lent money to the Group, for which outstanding borrowings of the end of the fiscal year of any of the last five years exceeded 2% of the consolidated total assets of the Group at the end of such fiscal year.

*5: “Major shareholders” refers to stockholders who own directly or indirectly more than 10% of the total votes.

*6: “Large amounts” refers to amounts exceeding 10 million yen or 2% of the higher amount between net sales or the total income of this person, except executive compensation, in the event of a payment such as a remuneration for professional services, or a compensation for business and trade, in any fiscal year of the last five years. In the event of a donation, it refers to an amount exceeding 10 million yen or 2% of the higher amount between net sales or the total income of this person.

[Reference Material]

“Notice Regarding Introduction of Performance-Based Stock Compensation Plan for Directors”
dated May 15, 2017 (excerpt)

1. Purpose of introduction of the Plan

The purpose of the Plan is to further clarify the link between the Company’s business performance and share value, and compensation to the Directors. Under this Plan, the Directors share with the shareholders not only the benefits deriving from future appreciation of share prices, but also the risks associated with a fall in the same. This is intended ultimately to enhance the awareness of the Directors with respect to making a contribution to an improvement in Company’s mid and long-term performance and its corporate value. The Board of Directors decided to introduce this plan under the condition that the proposal for introduction of this plan is approved at the 66th Ordinary General Meeting of Shareholders to be held on June 23, 2017 (hereinafter referred to as “Shareholders Meeting”).

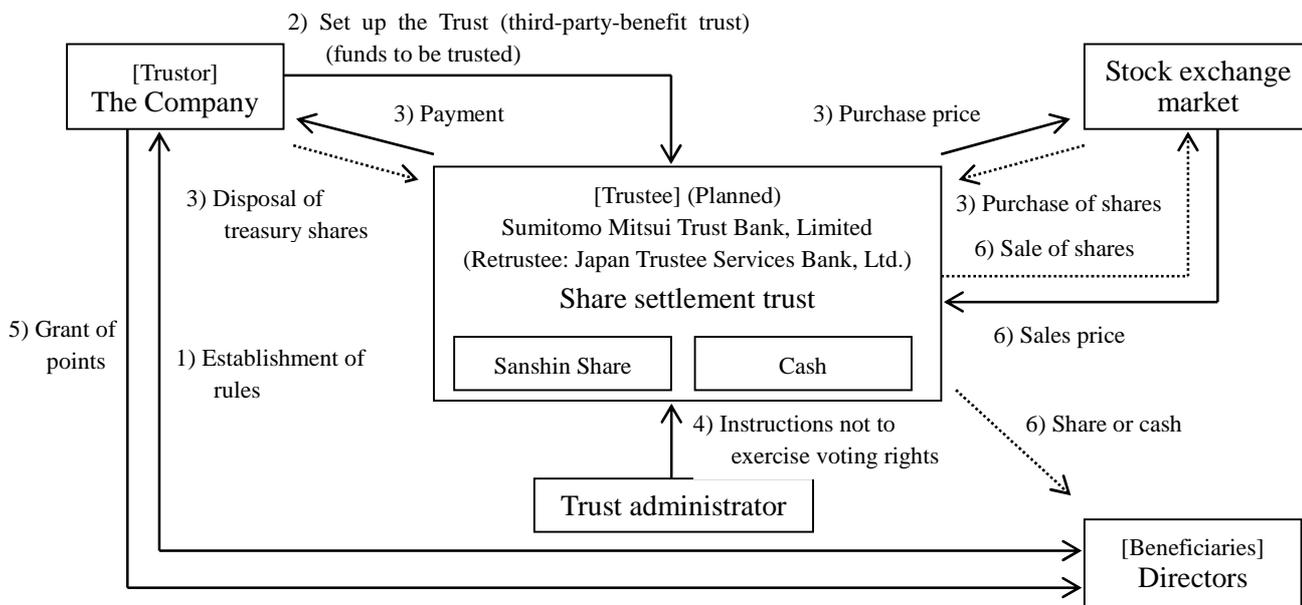
2. Outline of the Plan

(1) Outline of the Plan

This Plan is a stock compensation scheme. Under the Plan, a trust (hereinafter referred to as “Trust”) that the Company will establish and contribute funds to will acquire common shares of the Company. The Trust will grant the Directors the number of points determined based on the level of achievement of specific performance targets set in line with the management plan in accordance with the Sanshin Share delivery rules to be established by Company’s Board of Directors. Then, the Trust will deliver the number of shares of the Company equal to that of the points granted. In principal, the Directors will receive the granted shares of the Company at the time when he or she leaves the office of the Director.

The outline of the scheme is illustrated below.

<Outline of the scheme>



- 1) The Company will establish the Sanshin Share delivery rules related to the Directors.
- 2) The Company will establish a share settlement trust (third-party-benefit trust) for the Directors who meet certain requirements as the beneficiaries. At this time, the Company will entrust to the trustee the amount of money equivalent to the funds for acquiring shares (the amount of which shall be within the upper limit approved at the Shareholders Meeting).
- 3) The Trustee will collectively acquire the number of shares equal to that of shares that are expected to be settled in the future. (The Trustee will acquire those shares by means of subscribing to Company's treasury shares to be disposed of by the Company or through the stock exchange market (including after-hours trading)).
- 4) The Company and the Trustee will appoint a trust administrator (who shall be a person independent of the Company and its directors and officers) who will protect the interests of the beneficiaries subject to the Sanshin Share delivery rules and will supervise the Trustee throughout the period of the Trust.
The Trustee shall not exercise voting rights throughout the trust period in accordance.
- 5) The Company will grant the points to the Directors in accordance with the Sanshin Share delivery rules.
- 6) The Directors who meet the requirements of the Sanshin Share delivery rules and the Trust agreement relating to the Trust will receive as beneficiaries under the Trust the number of Sanshin shares which equals to the number of the points granted. Further, in any of the cases provided for in advance in the Sanshin Share delivery rules or the Trust agreement, part of the Sanshin shares to be delivered will be sold on the stock exchange market, and the cash proceeds will be paid out instead
It should be noted that Sumitomo Mitsui Trust Bank, Limited, which will be the Trustee under this Plan for the Beneficiaries will entrust (retrust) the management of the trust assets to Japan Trustee Services Bank, Ltd.

(2) Establishment of the Trust

Under the condition that the proposal for this Plan is approved at the Shareholders Meeting, the Company will establish the Trust by contributing the fund required by the Trust to acquire, in advance, a certain number of Sanshin Shares that are estimated, in a rational manner, to be needed for the time being for the delivery described in (7) below. The Trust will use the fund contributed by the Company for acquisition of Sanshin Shares as described in (5) below. It should be noted that Sumitomo Mitsui Trust Bank, Limited, which will be the Trustee under this Plan for the Beneficiaries will entrust (retrust) the management of the trust assets to Japan Trustee Services Bank, Ltd.

(3) Period of the Trust

The period of the Trust shall be about five (5) years extending from August 2017 (planned) through August 2022 (planned); provided however, that the Company may extend the period of the Trust as described in (4) below.

(4) Maximum amount of funds to be contributed to the Trust for acquisition of Sanshin Shares

The period of the Trust shall be five (5) years extending from the fiscal year ending March 31, 2018 through the fiscal year ending March 31, 2022 (hereinafter referred to as "Target Period"). As the funds for acquiring Sanshin Shares necessary for delivery of Sanshin Shares to the Directors under the Plan, in the period of the Trust described in (3) above, the Company will contribute funds which will not exceed ¥200 million (equivalent to ¥40 million per year), and will establish the Trust by designating the Directors who meet certain requirements as the beneficiaries, to reward the Directors who take the offices in the above mentioned period of five (5) years. The Trust will use the funds contributed by the Company to acquire Sanshin Shares either by acquisition on the stock exchange market or subscription for Company's treasury shares that the may be disposed.

Note: The amount of funds to be deposited in the Trust will be the sum of the estimated amount of trust

remuneration, remuneration for the trust administrator, and other necessary expenses in addition to the aforementioned funds for acquiring shares.

Please take note that the Company may extend the trust period of the Plan by a decision at a Board of Directors meeting, in order to continue to the Trust (including the case where the trust period will be substantially extended by transferring the trust assets under the Trust to any other trust having the same purpose as the purpose of the Trust to be set up by the Company, and the same shall apply hereinafter). In this case, as additional funds for the acquisition of the Sanshin Shares necessary for delivery to the Directors under the Plan, the Company will make an additional contribution of funds not exceeding the amount calculated by multiplying the number of years of the extended trust period with ¥40 million yen. In this case, the Company will extend the target period according to the continuation of the Plan or the extension of the trust period, and continue to grant the points described in (6)a below and the delivery of Sanshin Shares described in (7) below within the extended trust period.

However, if grant of the points is not continued and there is any Director who received the points and has not yet left the office at the maturity of trust period, the trust period of the Trust may be extended until such Director leaves the office and delivery of Sanshin Shares is completed.

(5) Acquisition of Sanshin Shares through the Trust

Currently, the intended method for acquiring Sanshin Shares initially at the Trust is either by acquiring the shares on the stock exchange market or by subscribing for those Sanshin treasury shares that may be disposed of by it within the upper limit to the funds for acquiring shares as described in (4) above. However, the details of the method for acquiring Sanshin Shares will be decided and disclosed following the resolution of the Shareholders Meeting.

Please take note that if there is any possibility that the number of Sanshin Shares within the Trust falls below the number of Sanshin Shares corresponding to the total points granted in the period of the Trust due to an increase in Directors or other reason, the Company may additionally contribute the funds to the Trust within the maximum amount of the funds approved at the Shareholders Meeting as described in above (4), so that the Trust can additionally acquire the Sanshin Shares.

(6) Method of calculating the points to be granted to Directors

Based on the Sanshin Share payout delivery rules to be established by Company's Board of Directors, the points will be granted to each Director in accordance with the level of achievement of his or her performance of the business year ending just before on the predetermined date in the trust period specified by the Sanshin Share payout delivery rules.

However, the upper limit to the total number of points to be granted by the Company to the Directors shall be 50,000 points per year.

(7) Delivery of Sanshin Shares to Directors

The number of Sanshin Shares to be delivered to each Director shall be determined by multiplying the number of the granted points with 1.0 (However, in such an event as a share split and a share consolidation with regard to Sanshin Shares in which it is acknowledged that it is reasonable to make an adjustment to the number of Sanshin Shares to be delivered, a reasonable adjustment shall be made according to such split rate, consolidation rate, etc.). Delivery of Sanshin Shares will be made by the Trust to each of the Directors who has completed the required procedures for designation. However, as for a certain percentage of Sanshin Shares, such Sanshin Shares will be sold and liquidated within the Trust, and the cash proceeds will be paid out in place of Sanshin Shares. Furthermore, in any case where any Sanshin Shares within the Trust are liquidated, including a case where a settlement is made for Sanshin Shares within the Trust by subscribing to a tender offer, the cash proceeds may be

paid out in place of delivering Sanshin Shares.

(8) Exercising voting rights

Any voting right attached to Sanshin Shares held at the Trust shall not be exercised due to the instruction of the trust administrator who shall be a person independent of the Company and its directors and officers. Such Instructions not to exercise voting rights is intended to maintain neutrality of the management of the Company regarding the exercise of voting rights related to Sanshin Shares in the Trust.

(9) Dividends

Any dividends on Sanshin Shares held at the Trust shall be received by the Trust and used for the acquisition of Sanshin Shares and payment of trust remuneration to the trustee in relation to the Trust, etc.

(10) Termination of the Trust

Out of the residual assets of the Trust remaining at the time of termination of the Trust, the Company currently intends to acquire all of the Sanshin Shares without payment and retire them by the resolution of the Board of Directors. The Company is also planning to donate a specified amount of cash out of the residual assets of the Trust remaining at the time of termination of the Trust to specified public-sector service promotion entities which do not share any interest with its Directors in accordance with the Sanshin Share delivery rules and Trust agreement.

(Reference: Outline of the Trust)

Name: Share settlement trust for Directors

Trustor: The Company

Trustee: Sumitomo Mitsui Trust Bank, Limited

Beneficiaries: Directors who meet certain requirements

Trust administrator: A third party not having any interest in the Company will be appointed (planned)

Type of trust: Trust of funds other than money trust (third-party-benefit trust)

Effective Date of Trust agreement: August 2017 (planned)

Date at which cash will be trusted: August 2017 (planned)

Period of trust: August 2017 (planned) to August 2022 (planned)

Information on How to Exercise Your Voting Rights via the Internet

We ask for your understanding regarding the following matters when exercising your voting rights via the Internet.

1. About the website for exercising your voting rights

It is only possible to exercise your voting rights via the Internet by using the following website which is specified by the Company for exercising your voting rights.

Address of website for exercising your voting rights: <http://www.web54.net>

*You can connect to the website for exercising your voting rights by using a mobile phone equipped with a barcode reading function to read the QR code® shown on the right. For details on operating the barcode reading function, please refer to the instruction manual of your mobile phone.

(QR code is a registered trademark of Denso Wave Incorporated.)

2. Handling of votes

- (1) When exercising your voting rights via the Internet, please use the "Code for Exercising Voting Rights" and "Password" listed in the enclosed form for exercising your voting rights. Follow the instructions on the screen and enter your approval / disapproval.
- (2) The deadline for voting is Thursday, June 22, 2017 at 5:10 p.m. Please exercise your voting rights at your earliest convenience.
- (3) If you exercise your voting rights both in writing and via the Internet, the electronic exercise shall be deemed as valid. Similarly, if you exercise your voting rights multiple times via the Internet, or more than once using a PC and a mobile phone, the latest exercise shall be deemed as valid.
- (4) When using the website for exercising your voting rights, shareholders are responsible for the fees (connection fees, etc.) charged by Internet providers and telecommunications carriers.

3. Handling of the code for exercising voting rights and password

- (1) The Code for Exercising Voting Rights which is listed on the form for exercising your voting rights is only valid for the current General Meeting of Shareholders.
- (2) The Password is important information for confirming that the person exercising voting rights is the shareholder himself/herself. Please manage the Password with care.
- (3) If the Password is entered incorrectly a certain number of times, it will become invalid. If you would like to have your Password reissued, please follow instructions listed on the screen.

4. Inquiries regarding how to exercise your voting rights on the Internet

If you have any questions regarding the operation method to exercise your voting rights on the website through the Internet, please direct your inquiry to the contact listed below:

Dedicated phone line for Securities Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

TEL.: 0120-652-031 (9 a.m. to 9 p.m.)

5. Using the platform for electronic exercising of voting right by institutional investors

Regarding standing proxies and nominal shareholders such as management trust banks, if application has been filed in advance for use of the platform operated by ICJ, Inc. (a company established by the Tokyo Stock Exchange, Inc.) for electronic exercising of voting rights by institutional investors, said platform can be used as a method of exercising voting rights via an electromagnetic method at the general meeting of shareholders of the Company.