[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of Notice of Convocation of the 103rd Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 5901
June 6, 2016

To Our Shareholders:

Takao Nakai
President
Toyo Seikan Group Holdings, Ltd.
2-18-1 Higashi-Gotanda, Shinagawa-ku,
Tokyo

NOTICE OF CONVOCATION OF THE 103rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 103rd Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. (the "Company"). The Meeting will be held as described below.
If you are unable to attend the Meeting, you can exercise your voting rights in writing. Please review the "Reference Documents for the General Meeting of Shareholders" mentioned below, indicate your approval or disapproval of each proposal on the enclosed Voting Rights Exercise Form and return it to the Company to arrive by 5:15 p.m., Monday, June 27, 2016.

1. **Time and Date:** 10:00 a.m., Tuesday, June 28, 2016
2. **Place:** 2F Meeting Room, Osaki Forest Bldg.
   2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo, Japan

3. **Agenda of the Meeting:**
   Items to be Reported:
   (1) The Business Report and the Consolidated Financial Statements, and the Audit Reports of the Accounting Auditor and the Audit and Supervisory Board for the Consolidated Financial Statements for the 103rd Fiscal Year (from April 1, 2015 to March 31, 2016)
   (2) The Non-consolidated Financial Statements for the 103rd Fiscal Year (from April 1, 2015 to March 31, 2016)

   Items to be Resolved:
   Proposal 1: Appropriation of Surplus
   Proposal 2: Election of Nine (9) Directors
   Proposal 3: Election of Three (3) Audit and Supervisory Board Members

1. For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the Meeting.
2. Should any modification to the Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (http://www.tskg-hd.com/).

[Translation for Reference and Convenience Purposes Only]

THE 103rd TERM BUSINESS REPORT

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

I. Business Overview of the Group

1. Progress and Results of Operations

In the consolidated fiscal year ended March 31, 2016, Japan's economy continued to recover gradually on the back of improvements in corporate profits and the employment and income environment. This occurred despite signs of weakness in exports and manufacturing activity resulting from a slowdown in the economies of China and other emerging markets, as well as a temporary standstill in the consumer spending rally.

Given such circumstances, the Toyo Seikan Group's operating performance for the consolidated fiscal year under review is as described below. Net sales increased to ¥802,048 million (a year-on-year increase of 2.3%), primarily due to an increase in sales of beverage-filling facilities and beverage containers, as well as the effect of the yen depreciation. On the profit front, operating income increased to ¥32,347 million (a year-on-year increase of 114.5%), due to higher net sales as well as the impact of Group-wide cost-cutting and raw material and energy prices below the previous fiscal year's levels as a result of lower crude oil prices. Ordinary income also increased to ¥26,659 million (a year-on-year increase of 11.8%), due to the reporting of foreign exchange losses related to foreign-currency-denominated receivables and payables such as the foreign-currency-denominated loans receivable to overseas subsidiaries. Consequently, the Group's net income attributable to parent company shareholders amounted to ¥10,027 million (a year-on-year increase of 178.2%) for the consolidated fiscal year under review. This increase was mainly attributable to a decrease in tax expense despite the reporting of costs related to business structure reforms.

The overall business situation for each segment was as follows:

Business segment	Net sales (millions of yen)	Change from FY2014 (%)	Composition ratio (%)
Packaging business	683,698	102.8	85.2
Steel plate related business	54,447	92.9	6.8
Functional materials related business	38,431	97.1	4.8
Real estate related business	6,966	114.7	0.9
Other businesses	18,503	124.1	2.3
Total	802,048	102.3	100.0

[Packaging business]

Segment net sales increased 2.8% from the previous fiscal year to ¥683,698 million, and operating income was ¥24,620 million, a 350.3% increase compared with the previous fiscal year.

1) Manufacturing and sales of metal packaging

Sales of metal packaging products remained flat year on year.

<Domestic>

Although sales of cans for beer and *chuhai* (*shochu*-based beverage) increased and sales of closures for soft drink bottles also increased, sales of cans for soft drinks, particularly coffee drinks, remained sluggish and sales of cans for food and daily supplies such as containers for processed vegetables declined. As a result, domestic sales remained flat year on year.

<Overseas>

Sales of cans for beverages such as nutritional drinks increased in Thailand, and the yen depreciation also made a contribution. As a result, overseas sales significantly surpassed the previous fiscal year's results.

2) Manufacturing and sales of plastic packaging

Sales of plastic packaging products increased year on year.

<Domestic>

Sales of refill pouches for laundry detergent decreased, and sales of PET beverage bottles for carbonated soft drinks and fruit juice beverages remained sluggish. However, sales of cups for yogurt increased, and sales of plastic closures for soft drink bottles and bottles for laundry detergent were solid. As a result, domestic sales remained flat year on year.

<Overseas>
Sales of PET beverage bottles were sluggish in Thailand due to a decrease in contract filling of bottles for coffee, but the yen depreciation had a positive impact, resulting in higher overseas sales than in the previous fiscal year.

3) Manufacturing and sales of glass packaging
Sales of glass packaging products increased from the previous fiscal year due to the growth in sales of bottle products for beer and soft drinks.

4) Manufacturing and sales of paper products
Sales of paper products exceeded the previous fiscal year's results due to favorable growth in sales of paper cups for coffee, which are mainly used at convenience stores.

5) Contract manufacturing and sales of aerosol products and general filling products
Sales of aerosol products increased year on year, reflecting an increase in sales of general filling products such as hair care products as well as favorable sales of products such as waterproofing sprays and insecticides.

6) Manufacturing and sales of machinery and equipment related to packaging containers
Sales of machinery and equipment related to packaging containers increased considerably year on year. Despite poor sales in the U.S. of can and can-end manufacturing machinery destined for the Middle East, a growth in sales of beverage-filling equipment in Japan increased and yen depreciation contributed to this increase.

[Steel plate related business]
Segment net sales decreased 7.1% from the previous fiscal year to ¥54,447 million with operating income of ¥1,187 million (a year-on-year decrease of 51.4%).
Sales of materials for electrical and electronic components decreased over the previous fiscal year due to poor sales of battery materials, such as for dry-cell batteries.
Sales of materials for automobile and industrial machinery parts decreased over the previous fiscal year due to lower sales of gasket materials.
Sales of construction materials and household electric appliances decreased over the previous fiscal year due to a decline in sales of interior materials for unit baths and exterior materials for residences and buildings.

[Functional materials related business]
Segment net sales decreased 2.9% from the previous fiscal year to ¥38,431 million with operating income of ¥3,279 million (a year-on-year decrease of 21.6%).
Sales of aluminum substrates for magnetic disks increased from the previous fiscal year mainly due to yen depreciation despite a fall in productivity, which was caused by the increased quality requirements of customers.
Sales of functional films for optics decreased from the previous fiscal year.
Meanwhile, sales of pigments and other materials decreased due to falling demand.

[Real estate related business]
Segment net sales increased 14.7% from the previous fiscal year to ¥6,966 million with operating income of ¥4,184 million (a year-on-year increase of 18.5%), which resulted from the rental/lease of office buildings and commercial facilities.

[Other businesses]
This segment includes 1) the manufacturing and sales of hard alloys, machinery and appliances, and raw material products for agriculture; 2) sales of petroleum products; and 3) the non-life insurance agency business. The acquisition of FUJI TECHNICA & MIYAZU INC. as a consolidated subsidiary in the fourth quarter contributed to an increase in automobile press dies. As a result, segment net sales increased 24.1% from the previous fiscal year to ¥18,503 million with operating income of ¥1,166 million (a year-on-year increase of 23.5%).

The operating results of business segments per region were as follows.
Net sales in Japan were ¥680,373 million (a year-on-year increase of 1.1%) with operating income of

¥25,545 million (a 205.5% increase from the previous fiscal year).

Net sales in Asia (Thailand, China, Malaysia, etc.) were ¥59,539 million (a year-on-year increase of 7.7%) with operating income of ¥2,622 million (a year-on-year increase of 22.9%).

Net sales in other regions (the U.S., etc.) were ¥62,134 million (a year-on-year increase of 10.3%) with operating income of ¥4,225 million (a 6.7% decrease from the previous fiscal year).

At the end of the consolidated fiscal year under review, the number of consolidated subsidiaries was sixty-six (66) (a decrease of one (1) from the previous fiscal year), and associates accounted for using the equity method were three (3) (unchanged from the previous fiscal year). The change in the number of our consolidated subsidiaries during the consolidated fiscal year under review was as follows:

The following two (2) companies were included:
- Japan Bottled Water Co., Ltd.
- FUJI TECHNICA & MIYAZU INC.

The following three (3) companies were excluded:
- DAC Co., Ltd.*1
- Sunny Star Development Limited*2
- Tokan (Guangzhou) High Technology Containers Co., Ltd.*3

*1. Sunnap Co., Ltd. and DAC Co., Ltd. carried out an absorption-type merger effective April 1, 2015 in which Sunnap was the surviving company.
*2. The liquidation of Sunny Star Development Limited was completed in February 2016.
*3. The liquidation of Tokan (Guangzhou) High Technology Containers Co., Ltd., a consolidated subsidiary of the Company, was completed in March 2016.

2. Capital Investment

(1) Capital investment conducted during the consolidated fiscal year under review amounted to ¥41,744 million, which mainly consisted of the following investments.

[Packaging business] 32,523 million yen
  Toyo Seikan Co., Ltd.
    Manufacturing facilities for beverage cans (Saitama Plant, Ibaraki Plant)
    Manufacturing facility for plastic products (Osaka Plant)
    Renovation of plant buildings, etc. (Ibaraki Plant)

[Steel plate related business] 2,134 million yen

[Functional materials related business] 3,430 million yen
  Toyo Kohan Co., Ltd.
    Manufacturing facility for aluminum substrates for magnetic disks (Kudamatsu Plant)

[Real estate related business] 2,045 million yen

[Other businesses] 944 million yen

(2) Major facilities completed during the consolidated fiscal year under review were as follows:

[Packaging business]
  Toyo Seikan Co., Ltd.
    Manufacturing facilities for beverage cans (Sendai Plant, Saitama Plant, Ibaraki Plant)
    Manufacturing facility for plastic products (Kuki Plant)
    Renovation of plant buildings, etc. (Toyohashi Plant, Ibaraki Plant)

(3) Ongoing establishment, expansion and improvement of major facilities at the end of the consolidated fiscal year under review were as follows:

[Packaging business]
  Toyo Seikan Co., Ltd.
    Manufacturing facility for beverage cans (Ibaraki Plant)
    Manufacturing facility for cans for food and daily supplies (Shiga Plant)
    Manufacturing facilities for plastic products (Kuki Plant, Kawasaki Plant, Osaka Plant)

Expansion of plant buildings, etc. (Shiga Plant)

[Functional materials related business]
Toyo Kohan Co., Ltd.
Manufacturing facility for aluminum substrates for magnetic disks (Kudamatsu Plant)

3. Financing

Not applicable.

4. Transfer of Business, Absorption-Type Split or Incorporation-Type Company Split

Not applicable.

5. Business Taken Over from Other Companies

Not applicable.

6. Succession of Rights and Obligations with Respect to Business of Other Companies through Absorption-Type Merger or Split

Sunnap Co., Ltd. and DAC Co., Ltd., consolidated subsidiaries of the Company, carried out an absorption-type merger effective April 1, 2015 in which Sunnap was the surviving company.

7. Acquisition and Disposal of Shares and Other Equity Interests or Stock Acquisition Rights of Other Companies

(1) Toyo Kohan Co., Ltd., a consolidated subsidiary of the Company, acquired FUJI TECHNICA & MIYAZU INC. (FTM) through the acquisition of all of the issued and outstanding shares of FTM in a public tender offer. As a result, FTM became a consolidated subsidiary of the Company on February 12, 2016.

(2) The liquidation of Tokan (Guangzhou) High Technology Containers Co., Ltd., a consolidated subsidiary of the Company, was completed in March 2016.

8. Issues to Be Addressed

Japan's economy is expected to remain uncertain in the near future with concerns such as the economic outlook of China and other emerging countries and the impact of fluctuations in crude oil prices and financial and capital markets, although a gradual recovery is expected to accompany ongoing improvement of the employment and income environments. While the size of container packaging market in Japan is not expected to grow, business environment surrounding Japanese packaging manufacturers is even harsher because business partners have further shifted to in-house production of beverage PET bottles.

Given such business environment, Toyo Seikan Group has transferred to a holding company system in April 2013 to strengthen group collaboration, established "Growing 2022", the Group's future vision for growth, to "grow into a global company that develops peripheral businesses centered on packaging operations", and formulated and implemented "Toyo Seikan Group Third Mid-Term Management Plan" for FY2013-FY2015.

During the three years covered under the Third Mid-Term Management Plan, the Company could set the foundation for future growth such as posting higher sales from Stolle Machinery Company, LLC and increasing overseas business bases. In particular, in FY2015, the final year of the Plan, we could achieve the income target defined in the Plan due to factors including sales growth and lower manufacturing cost in response to falling material and energy prices. However, we are in the midst of profit improvement in the domestic container packaging business, the mainstay business of Toyo Seikan Group, and are also aware that further restructuring is needed.

Based on the issues remaining from the previous Mid-Term Management Plan, the Company has established the following basic policy by redefining the Fourth Mid-Term Management Plan as the phase for "solidifying the foundation for growth" to achieve "Growing 2022".

An overview of the Plan is provided below.

Basic Policy

・Define and promote Group strategies under the holding company system
・Further restructure the existing businesses mainly focusing on the domestic packaging segments

・Expand business areas in the value chain focusing on packaging containers
・Enhance the soundness of assets and finances in preparation for future growth investment

Outline of Basic Strategy
<CSR-Based Management>
The Group's vision for group CSR management is to "contribute to bringing happiness and prosperity to mankind through its sincere and fair business activities". Under this management philosophy, we will continue establishing "Toyo Seikan Group as a brand that is trusted by people around the world" while communicating with all stakeholders.
< Group's Management Structure>
While strategically making business decisions and promoting collaboration among group companies under the holding company system, we will enhance the soundness of assets and finances in preparation for future growth.
<Existing Business in Japan>
While keep creating new values to gain customer loyalty, we will further streamline and automate the Group's production system, further improve profitability by partnering with third parties, and establish a sustainable profit structure.
<Overseas Business>
While striving to stabilize the earnings of recently established overseas subsidiaries, we will develop and implement appropriate decisions on overseas businesses based on strategies by specific businesses and regions.
<Growth Strategy>
We will utilize the Group's technologies to expand businesses peripheral to core segments such as machinery/equipment engineering business that incorporates both the technologies of equipment manufacturing and container production, and strive for constant growth of new businesses such as "life science, medical care" and electricity/electronics, information and communication and energy" on which our R&D efforts are focused.

Although the business environment surrounding the Group is expected to be more severe, we aim to achieve further growth by steadily implementing various measures under the "Toyo Seikan Fourth Mid-Term Management Plan".
We would like to request all shareholders their continued support for the coming years.

[Translation for Reference and Convenience Purposes Only]

9. Assets, and Profit and Loss for the Recent Four Fiscal Years

(millions of yen)

	100th term FY2012	101st term FY2013	102nd term FY2014	103rd term FY2015 (Current term)
Net sales	732,771	785,245	784,362	802,048
Ordinary income	22,872	29,605	23,851	26,659
Profit attributable to owners of parent	11,232	13,800	3,604	10,027
Profit per share (yen)	55.54	68.03	17.77	49.43
Total assets	991,071	1,068,525	1,137,899	1,150,667
Net assets	634,941	667,765	710,747	704,189
Net asset per share (yen)	2,816.83	2,971.34	3,164.11	3,133.81

Note: As the business segments have been reclassified effective from the 101st term, reclassified figures are indicated for the 100th term.

10. Parent Company and Significant Subsidiaries

(1) Parent company
Not applicable.

(2) Significant subsidiaries

Company name	Paid-in capital	Ratio of voting rights (%)	Main operations
Toyo Seikan Co., Ltd.	1,000 (millions of yen)	100.0	Manufacturing and sales of metal and plastic packaging products, etc.
Toyo Kohan Co., Ltd.	5,040 (millions of yen)	47.6	Manufacturing and sales of tinplate, steel sheets, surface-treated steel sheets and functional materials
Toyo Glass Co., Ltd.	960 (millions of yen)	100.0	Manufacturing and sales of glass products
Tokan Kogyo Co., Ltd.	1,531 (millions of yen)	100.0	Manufacturing and sales of paper container and plastic products
Nippon Closures Co., Ltd.	500 (millions of yen)	100.0	Manufacturing and sales of closures and crown caps
Toyo Aerosol Industry Co., Ltd.	315 (millions of yen)	100.0	Contract manufacturing and sales of aerosol products, etc.
Tokan Material Technology Co., Ltd.	310 (millions of yen)	100.0	Manufacturing and sales of glaze/ trace-element fertilizer/pigment/gel coat, etc.
Nippon Tokan Package Co., Ltd.	700 (millions of yen)	55.0 [55.0]	Manufacturing and sales of corrugated paper products and paper container products, etc.
Bangkok Can Manufacturing Co., Ltd.	1,800 (million baht)	99.9 [99.9]	Manufacturing and sales of beverage cans
Crown Seal Public Co., Ltd.	528 (million baht)	47.6 [47.6]	Manufacturing and sales of closures and crown caps
Stolle Machinery Company, LLC	—	100.0 [100.0]	Manufacturing and sales of can and can end manufacturing machinery

Notes: 1. The ratio of indirect voting rights is shown in parentheses in the column of the “Ratio of voting rights”.
2. The status of specified wholly owned subsidiary on the last day of the fiscal year under review is as follows.

Name of specified wholly owned subsidiary	Toyo Seikan Co., Ltd.
Address of specified wholly owned subsidiary	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
Book value of the specified wholly owned subsidiary's shares in the Company	238,746 million yen
Total assets of the Company	634,838 million yen

11. Content of Principal Businesses (as of March 31, 2016)

Business segment	Content of business
Packaging business	Manufacturing and sales of metal packaging, plastic packaging, glass packaging and paper products; contract manufacturing and sales of aerosol and general products; and manufacturing and sales of machinery and equipment related to packaging containers
Steel plate related business	Manufacturing and sales of steel plate and related processed goods
Functional materials related business	Manufacturing and sales of aluminum substrates for magnetic disks, functional films for optics, glaze, trace-element fertilizer, pigment and gel coat, etc.
Real estate related business	Rental/lease of office buildings and commercial facilities, etc.
Other businesses	Manufacturing and sales of hard alloys, machinery and appliances, raw material products for agriculture, and automobile press dies; sales of petroleum products; and non-life insurance agency business

12. Principal Offices and Plants (as of March 31, 2016)

Company name	Major base	
Toyo Seikan Group Holdings, Ltd.	Head Office	2-18-1Higashi-Gotanda, Shinagawa-ku, Tokyo
Toyo Seikan Co., Ltd.	Head Office	2-18-1Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Chitose (Chitose City), Sendai (Miyagino-ku, Sendai City), Ishioka (Ishioka City), Kuki (Kuki City), Saitama (Yoshimi-cho, Hiki-gun), Kawasaki (Kawasaki-ku, Kawasaki City), Yokohama (Tsurumi-ku, Yokohama City), Shizuoka (Makinohara City), Toyohashi (Toyohashi City), Shiga (Higashi-Omi City), Ibaraki (Ibaraki City), Osaka (Izumisano City), Hiroshima (Mihara City), Kiyama (Kiyama-cho, Miyaki-gun)
Toyo Kohan Co., Ltd.	Head Office	2-12Yonbancho, Chiyoda-ku, Tokyo
	Plant	Kudamatsu (Kudamatsu City)
Toyo Glass Co., Ltd.	Head Office	2-18-1Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Chiba (Kashiwa City), Shiga (Konan City)
Tokan Kogyo Co., Ltd.	Head Office	2-18-1Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Ibaraki (Goka-machi, Sashima-gun), Atsugi (Ayase City), Shizuoka (Kakegawa City), Komaki (Komaki City), Osaka (Settsu City), Itami (Itami City), Fukuoka (Miyawaka City)
Nippon Closures Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Ishioka (Ishioka City), Hiratsuka (Hiratsuka City), Komaki (Komaki City), Okayama (Shouo-cho, Katsuta-gun)
Toyo Aerosol Industry Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Tsukuba (Ryugasaki City), Kawagoe (Kawagoe City), Mie (Iga City)
Tokan Material Technology Co., Ltd.	Head Office	2-1-27 Oyodo Kita, Kita-ku, Osaka City, Osaka
	Plants	Osaka (Kita-ku, Osaka City), Komaki (Komaki City), Kyushu (Nakama City)

Nippon Tokan Package Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Sendai (Taiwa-cho, Kurokawa-gun), Fukushima (Iwaki City), Ibaraki (Goka-machi, Sashima-gun), Koga (Koga City), Saitama (Souka City), Sagamihara (Minami-ku, Sagamihara City), Atsugi (Ayase City), Aichi (Anjo City), Gifu (Mizuho City), Shiga (Kusatsu City), Kyoto (Kumiyama-cho, Kuse-gun), Osaka (Settsu City), Fukuoka (Shingu-machi, Kasuya-gun)
Bangkok Can Manufacturing Co., Ltd.	Head Office	Thailand (Pathumthani)
	Plant	Thailand (Pathumthani)
Crown Seal Public Co., Ltd.	Head Office	Thailand (Pathumthani)
	Plant	Thailand (Pathumthani)
Stolle Machinery Company, LLC	Head Office	United States (Delaware)
	Plant	United States (Colorado)

13. Employees (as of March 31, 2016)

(1) Employees of the Group

Business segment	Number of employees (persons)	Change from the end of previous fiscal year (persons)
Packaging business	15,413	Decrease by 83
Steel plate related business	1,104	Increase by 4
Functional materials related business	1,140	Increase by 31
Real estate related business	8	Decrease by 1
Other businesses	828	Increase by 486
Corporate (common)	391	Increase by 1
Total	18,884	Increase by 438

Note: Number of employees stated as "Corporate (common)" refers to employees who belong to administrative departments that cannot be allocated to specific segments.

(2) Employees of the Company

Number of employees (persons)		Change from the end of previous fiscal year (persons)	Average age (years)	Average years of service
Male	303	No change	40.7	15.5
Female	88	Increase by 1	37.5	12.8
Total	391	Increase by 1	40.0	14.9

14. Principal Lenders (as of March 31, 2016)

(millions of yen)

Lender	Borrowed amount
Sumitomo Mitsui Banking Corporation	90,726
Sumitomo Mitsui Trust Bank, Limited	48,248
Mizuho Bank, Ltd.	16,670

15. Other Significant Matters Concerning Current Status of the Group

(1) Toyo Kohan Co., Ltd., a consolidated subsidiary of the Company, acquired additional common stock in FUJI TECHNICA & MIYAZU INC. (FTM) in a public tender offer, and became FTM's special controlling shareholder as of April 13, 2016.
In addition, with the aim of making FTM a wholly owned subsidiary, based on Paragraph 1, Article 179 of the Companies Act, at the Board of Directors meeting held on April 21, 2016, Toyo Kohan decided to request that all FTM shareholders sell their shareholdings to Toyo Kohan. This was approved at FTM's Board of Directors meeting held on the same day.

(2) At their respective Board of Directors meetings held on April 25, 2016, the Company and Hokkan Holdings Limited resolved to sign a memorandum of understanding (MOU) regarding the business integration of the two companies. The MOU was signed on the same day. As a basic policy, the business integration will be conducted through a share exchange whereby the Company will become the wholly-

owning parent company and Hokkan HD will become a wholly-owned subsidiary.

(3) Toyo Seikan Co., Ltd., a consolidated subsidiary of the Company, at the Board of Directors meeting held on April 26, 2016, resolved to transfer its customer engineering business to Toyo Food Equipment Co., Ltd., its wholly owned subsidiary, according to an absorption-type split effective June 1, 2016. Toyo Food Equipment Co., Ltd., at the Board of Directors meeting held on April 26, 2016, decided to change its trade name to Toyo Seikan Group Engineering Co., Ltd. after the absorption-type split.

[Translation for Reference and Convenience Purposes Only]

II. Current Status of the Company

1. Shares (as of March 31, 2016)

(1) Number of shares authorized to be issued: 450,000,000 shares
(2) Number of issued shares: 217,775,067 shares
(3) Number of shareholders: 5,554
(4) Major shareholders:
(Top 10 shareholders)

Name	Number of shares held (in thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	23,268	11.5
Toyo College of Food Technology	16,192	8.0
Japan Trustee Services Bank, Ltd. (trust account)	14,443	7.1
Toyo Institute of Food Technology	12,390	6.1
Sumitomo Mitsui Banking Corporation	6,500	3.2
Fukoku Mutual Life Insurance Company	5,600	2.8
Sumitomo Mitsui Trust Bank, Limited	5,492	2.7
Toyo Ink SC Holdings Co., Ltd.	3,798	1.9
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,673	1.8
The Gunma Bank, Ltd.	3,619	1.8

Notes: 1. In addition to the above-mentioned shares, 14,911,335 shares are held by the Company as treasury shares.
2. The shareholding ratio is calculated by subtracting 14,911,335 treasury shares.

2. Stock Acquisition Rights Related Information

Not applicable.

[Translation for Reference and Convenience Purposes Only]

3. Directors and Audit and Supervisory Board Members of the Company

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2016)

Position	Name	Area of responsibility and significant concurrent positions
Chairman and Representative Director	Shunji Kaneko	
President and Representative Director	Takao Nakai	
Executive Vice President and Director	Atsuo Fujii	- Corporate Strategy and Corporate Administration - Chief Financial Officer
Director	Norimasa Maida	- Executive Officer - CTO - Director, Tokan Material Technology Co., Ltd.
Director	Toshiyasu Gomi	- Executive Officer - Secretariat, CSR, General Affairs, Legal, HR and Compliance
Director	Masashi Gobun	- Executive Officer - Accounting, Finance & IT
Director	Mitsuo Arai	- Certified Public Accountant
Director	Hideaki Kobayashi	- Professor, Okinaga Research Institute of Teikyo University - Outside Director, Densan Co., Ltd.
Director	Tsutao Katayama	- Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences, Doshisha University
Standing Audit and Supervisory Board Member	Kunio Okawa	- Audit and Supervisory Board Member, Toyo Seikan Co., Ltd. - Outside Audit and Supervisory Board Member, Toyo Kohan Co., Ltd. - Audit and Supervisory Board Member, Toyo Aerosol Industry Co., Ltd. - Audit and Supervisory Board Member, Tokan Material Technology Co., Ltd. - Auditor, Toyo Institute of Food Technology
Standing Audit and Supervisory Board Member	Toshitaka Uesugi	- Audit and Supervisory Board Member, Toyo Glass Co., Ltd. - Audit and Supervisory Board Member, Tokan Kogyo Co., Ltd. - Audit and Supervisory Board Member, Nippon Closures Co., Ltd. - Audit and Supervisory Board Member, Nippon Tokan Package Co., Ltd.
Audit and Supervisory Board Member	Ryusaku Konishi	- President and Representative Director, Nippon Zoki Pharmaceutical Co., Ltd.
Audit and Supervisory Board Member	Akira Hirose	- Certified Tax Accountant
Audit and Supervisory Board Member	Takayuki Katayama	- Advisor, Teijin Limited - Outside Director, Santen Pharmaceutical Co., Ltd.

Notes:
1. Directors Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama are outside Directors.
2. Audit and Supervisory Board Members Ryusaku Konishi, Akira Hirose and Takayuki Katayama are outside Audit and Supervisory Board Members.
3. Directors Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama, and Audit and Supervisory Board Members Ryusaku Konishi, Akira Hirose and Takayuki Katayama were reported to the Tokyo Stock Exchange as Independent Directors of the Company.
4. Standing Audit and Supervisory Board Member Kunio Okawa has considerable insight into

finance and accounting based on his experience as General Manager of the Accounting Department of the Company.

5. Audit and Supervisory Board Member Akira Hirose is a certified tax accountant and has considerable insight into finance and accounting.
6. Audit and Supervisory Board Member Takayuki Katayama has considerable insight into finance and accounting based on his experience as Chief Financial Officer of Teijin Limited.
7. Resignation from significant concurrent positions during the fiscal year under review were as follows:

Position	Name	Significant concurrent positions	Date of resignation
Director	Hideaki Kobayashi	Professor, Okinaga Research Institute of Teikyo University	March 31, 2016

(2)Total amount of compensation to Directors and Audit and Supervisory Board Members

Category	Basic compensation		Bonus		Total
	Number of persons paid	Amount provided	Number of persons paid	Amount reserved	
		(millions of yen)		(millions of yen)	(millions of yen)
Directors (of the above, outside Directors)	12 (4)	232 (19)	9 (3)	49 (3)	281 (22)
Audit and Supervisory Board Members (of the above, outside Audit and Supervisory Board Members)	5 (3)	60 (18)	5 (3)	11 (3)	72 (21)
Total (of the above, outside Directors and Audit and Supervisory Board Members)	17 (7)	293 (38)	14 (6)	60 (6)	354 (44)

Notes:1. In the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that compensation paid to Directors will be no more than ¥430 million per year (excludes the employee salary portion if a Director concurrently serves as an employee).

2. In the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that compensation paid to Audit and Supervisory Board Members will be no more than ¥80 million per year.
3. "Number of persons paid" and "Amount provided" under the "Basic compensation" for Directors above include three (3) Directors who retired due to expiry of the term of office at the close of the 102nd Ordinary General Meeting of Shareholders held on June 25, 2015 and the amount paid to such Directors.

(3) Outside Directors and Audit and Supervisory Board Members

1) Significant positions concurrently held by outside Directors (In case of being a person who executes business or an outside Director or Audit and Supervisory Board Member outside the Company)

Name	Significant concurrent positions outside the Company
Hideaki Kobayashi	Outside Director, Densan Co., Ltd.

Note: There are no special interests between the Company and Densan Co., Ltd.

2) Significant positions concurrently held by outside Audit and Supervisory Board Members (In case of being a person who executes business or an outside Director or Audit and Supervisory Board Member outside the Company)

Name	Significant concurrent positions outside the Company
Ryusaku Konishi	President and Representative Director, Nippon Zoki Pharmaceutical Co., Ltd.
Takayuki Katayama	Outside Director, Santen Pharmaceutical Co., Ltd.

Notes: 1. There are no special interests between the Company and Nippon Zoki Pharmaceutical Co., Ltd.
2. There are no special interests between the Company and Santen Pharmaceutical Co., Ltd.

3) Major activities in the fiscal year under review

Each outside Director sufficiently fulfilled management surveillance functions by providing advice and making proposals to ensure the validity and appropriateness of decision making by the Board of Directors in a proper and timely manner.

Each outside Audit and Supervisory Board Member sufficiently fulfilled auditing functions by expressing questions and opinions necessary for discussion of proposals in Board of Directors Meetings and exchanging opinions and discussing audited matters in the Audit and Supervisory Board Meetings.

Name	Position	Record of attendance		Status of expression of opinions
		Board of Directors Meetings	Audit and Supervisory Board Meetings	
Mitsuo Arai	Outside Director	13 out of 13 times	—	Expresses opinions as needed mainly from a professional viewpoint as a CPA
Hideaki Kobayashi	Outside Director	13 out of 13 times	—	Expresses opinions as needed mainly based on his international experience and broad insights as a diplomat over many years
Tsutao Katayama	Outside Director	10 out of 10 times	—	Expresses opinions as needed mainly from a professional viewpoint as a professor
Ryusaku Konishi	Outside Audit and Supervisory Board Member	10 out of 13 times	11 out of 14 times	Expresses opinions as needed mainly based on his abundant experience and knowledge concerning corporate management
Akira Hirose	Outside Audit and Supervisory Board Member	13 out of 13 times	14 out of 14 times	Expresses opinions as needed mainly from a professional viewpoint as a certified tax accountant
Takayuki Katayama	Outside Audit and Supervisory Board Member	11 out of 13 times	12out of 14 times	Expresses opinions as needed mainly based on his abundant experience and knowledge concerning corporate management

Note: As Director Tsutao Katayama took office at the Ordinary General Meeting of Shareholders held on June 25, 2015, the number of Board of Directors meetings available for him to attend was 10.

4) Outline of the limited liability agreements

Under provisions of Article 427, paragraph 1 of the Companies Act, the Company has concluded an agreement with each outside Director and outside Audit and Supervisory Board Member, which limits the liability under Article 423, paragraph 1 of the Companies Act. The maximum limit of liability amount both for outside Directors and outside Audit and Supervisory Board Members based on said agreement shall be the higher of either ¥10 million or the amount stipulated in the Act.

4. Accounting Auditor

(1) Name of Accounting Auditor Sohken Audit Corporation

(2) Amount of compensation to Accounting Auditor

(millions of yen)

		Amount of compensation
1)	Amount of compensation to be paid to the Accounting Auditor in the fiscal year under review	52
2)	Amount of monetary and other economic benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	200

Notes: 1. The audit agreement entered into by the Company and the Accounting Auditor does not clearly distinguish the amount of compensation being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act, and cannot do so practically. Therefore, the total amount of such compensations is stated in 1).

2. The Audit and Supervisory Board considered the content of the Audit and Supervisory Board members' audit plans and the status of these operations, as well as the validity of the basis for calculations of compensation estimates, taking into account the Practical Guidelines on Cooperation with Audit and Supervisory Board Members released by the Japan Audit and Supervisory Board Members Association. As a result of these deliberations, the Board decided to abide by Paragraph 1, Article 399 of the Companies Act.

Among the Company's primary subsidiaries, Bangkok Can Manufacturing Co., Ltd., Crown Seal Public Co., Ltd. and Stolle Machinery Company, LLC have been subject to statutory audits (limited only to audits based on provisions of the Companies Act or the Financial Instruments and Exchange Act (including foreign laws equivalent to said laws in Japan) by Certified Public Accountants or audit corporations (including those who have foreign licenses equivalent to Japanese licenses for such audits) other than the Company's Accounting Auditor).

(3) Company policy regarding decision on dismissal or non-reappointment of the Accounting Auditor

The Audit and Supervisory Board shall, if it determines that the Accounting Auditor brings about significant obstacles to the Company in cases where, for example, the Accounting Auditor has violated any of its professional obligations or neglected its duties, or committed any misconduct, follow the policy of dismissing the Accounting Auditor, based on the consent of all the Audit and Supervisory Board Members, in accordance with the provisions of Paragraph 1, Article 340, of the Companies Act.

In addition, in case the Accounting Auditor's appropriate performance of duties cannot be ensured due to the occurrence of a cause that could impair qualification and/or independence of the Accounting Auditor, or in case it judges that the replacement thereof would be reasonable to enhance the appropriateness of audits, the Audit and Supervisory Board shall determine the content of a proposal regarding dismissal or refusal of reelection of the Accounting Auditor, which will be submitted to the General Meeting of Shareholders.

5. System to Ensure Appropriateness of Business and Its Managerial Status

(1) System to ensure Appropriateness of Business

With respect to the system to ensure the appropriateness of its business, the Company resolved the following matters at the Board of Directors meetings:

1) System to ensure that the performance of duties by respective Directors and employees of the Company and each Group company complies with Japanese laws and regulations and the Articles of Incorporation

(a) The Company shall formulate the Toyo Seikan Group Code of Conduct Charter, which shall apply to the Company and each Group company accordingly, and establish the Toyo Seikan Group Compliance Promotion Committee (hereinafter the "Compliance Promotion Committee") and the operational secretariat to streamline the Group-wide compliance structure and control compliance-related initiatives.

(b) Under the guidance of the Compliance Promotion Committee, the Company and each Group company shall formulate their respective corporate codes of conduct as behavior guidelines for Directors, Executive Officers, employees and other personnel (collectively, hereinafter the "Officers and Employees") to address compliance with Japanese laws and regulations, the Articles of Incorporation and corporate ethics. At the same time, the Company and each Group company shall conduct training and education of their respective Officers and Employees to ensure that they thoroughly understand compliance issues.

(c) The Company and each Group company shall establish their respective compliance hotlines as a means for employees, etc., to directly provide information about questionable activity that might be illegal or otherwise non-compliant. Group company shall also set rules for operating said hotline system and streamline the compliance-related reporting and consulting systems to prevent and/or early detect and correct non-compliance.

2) System to retain and manage information regarding the performance of duties by respective Directors of the Company and each Group company
In accordance with Japanese laws and regulations, and internal regulations, the Company and each Group company shall record and maintain all information regarding the performance of duties by Directors, including i) General Meeting of Shareholders meeting minutes, ii) Board of Directors meeting minutes, iii) management meeting minutes and iv) consultations and approvals , for a period of time set forth by regulations pertaining to such information and in an appropriate manner that it is accessible in either hard copy or electromagnetic media by Directors and Audit & Supervisory Board Members for examination. In addition, the Company and each Group company shall respectively formulate relevant regulations for information management to ensure appropriate information management.

3) Regulations and other systems for controlling the risk of loss at the Company and each Group company
(a) The Company shall formulate the basic policy regarding risk management of the Toyo Seikan Group. The Company and each Group company shall streamline their respective risk management systems accordingly. The Company shall also check the risk management status of respective Group companies through its management meetings to take necessary measures for improvement and correction.
(b) In any unforeseen event or circumstances, the Company shall establish, as the need arises, a crisis management headquarters to control crisis management efforts at the Group companies, or each relevant Group company shall establish its own crisis management headquarters. Thus, the Company and each Group company shall put in place an emergency response structure to prevent or minimize further expansion of Group-wide damages.

4) System to ensure efficient performance of duties by respective Directors of the Company and each Group company
(a) The Company shall stipulate matters to be resolved and reported at the Board of Directors meetings. In addition, the Board of Directors meetings of the Company shall be held once per month, in principle, and at other times, as needs dictate, to make appropriate and quick decisions with regard to Group-wide management policies and strategies, as well as important issues in relation to the execution of business operations.
(b) The Company shall stipulate matters to be discussed and reported at the management meetings. In addition, the management meetings of the Company shall be held three times per month, in principle, and at other times, as appropriate, to discuss important issues relating to the execution of the business operations of the Company and each Group company to help the Board of Directors of the Company improve the efficiency and effectiveness of deliberations. Each Group company shall also establish management meetings, etc., in principle, to help its Board of Directors improve the efficiency and effectiveness of deliberations.
(c) At the Company and each Group company, business operations based on the decisions regarding a course of action made by the Board of Directors shall be executed by each department in charge according to rules governing the division of duties, final decisions (*kessai*) and authority, which shall be stipulated by the Company or each Group company through prior consultation with the Company and shall be checked or rectified by Directors, as necessary.

5) Other systems to ensure the appropriateness of operations at the Company and each Group company
(a) As the holding company that controls the overall businesses of all the Group companies, the Company shall confirm and validate the scope of business, operating performance, etc., by holding regular meetings with each Group company.
(b) The Company shall formulate the Group Companies Management Regulations and streamline systems to receive reports on business operations, etc., from each Group company and provide it with business administration and support in the pursuit of seeking the appropriate management of each Group company.
(c) The Internal Audit Division of the Company shall audit the internal control systems at the Company and each Group company and report the audit results to the President.
(d) The Company and each Group company shall streamline and operate appropriate internal management

systems to ensure proper financial reporting in accordance with the Financial Instruments and Exchange Act and other applicable Japanese laws and regulations.

6) System of employees assigned to assist the duties of Audit and Supervisory Board Members, as well as matters for ensuring independence of said employees from Directors and the effectiveness of the directions given by Audit and Supervisory Board Members to said employees

(a) Based on discussion with Audit and Supervisory Board Members on the required number of such assistants, Directors shall appoint the assistants to be engaged in carrying out the duties of Audit and Supervisory Board Members as dedicated employees necessary for requesting Audit and Supervisory Board to perform his/her professional duties.

(b) The aforementioned assistants shall receive directions and orders only from the Audit and Supervisory Board in executing their duties and shall never receive any orders from Directors. Evaluations of assistants will be made by the relevant Audit and Supervisory Board Member, but the Directors, with the consent of the Audit and Supervisory Board, will carry out any appointments, dismissals, reassignments and/or revision of wages, etc., of such assistants.

7) System to report to Audit and Supervisory Board Members by Directors and employees, etc., of the Company and each Group company, as well as other systems for reporting to other Audit and Supervisory Board Members

(a) The Officers and Employees shall make timely and appropriate reports to the Audit and Supervisory Board Members regarding important matters that might have an impact on business operations or performance through management meetings, etc.

Despite the above, Audit and Supervisory Board Members may, whenever necessary, request reports from the Officers and Employees and attend important meetings on various business operations at the Company and each Group company.

(b) The Internal Audit Division of the Company shall regularly hold reporting sessions for Audit and Supervisory Board Members to report the current circumstances of the internal audits, compliance, risk management, etc., mainly at the Company and any relevant Group companies.

(c) The Company and each Group company shall streamline their respective systems that allow the Officers and Employees to report compliance-related issues to any Audit and Supervisory Board Member.

(d) The Company and each Group company shall ensure that anyone who has reported to Audit and Supervisory Board Member does not suffer from detrimental treatment for the reason of having made said report, and streamline the system to this end.

8) Other systems to ensure the efficiency of audits by Audit and Supervisory Board Members

(a) The Audit and Supervisory Board Members shall strive to continually fulfill and improve their professional duties by mutually exchanging information and ideas with the President, the Internal Audit Division and Accounting Auditor.

(b) When problems or issues arise in the operation or management of the Company's internal control system, the Audit and Supervisory Board Members may discuss with the Board of Directors and request measures to address those problems.

(c) The Company and each Group company shall immediately treat expenses in their respective accounting procedures that have accrued in relation to the performance of duties by Audit and Supervisory Board Members, by taking into account the opinion of the relevant Audit and Supervisory Board Member, except as otherwise recognized that such expenses are not necessary for the performance of said Audit and Supervisory Board Member's duties.

9) Basic principles and structures for eliminating antisocial forces

(a) The Company and each Group company shall have a resolute stance of no association with any antisocial forces that pose a threat to the order and safety of society, and if such association exists, immediate action shall be taken to eliminate any connection and all demands refused.

(b) The Company and each Group company shall establish their respective Corporate Codes of conduct and other guidelines to deal with antisocial forces, which shall be made widely known to the Officers and Employees, and other stakeholders.

The Company and each Group company shall cooperate with authorities to obtain information through the General Affairs Department as the response team that takes action against any such antisocial forces, and shall maintain close connections with law enforcement agencies and attorneys in order to act swiftly to prohibit further activity by such groups.

(2) Managerial Status of System to Ensure Appropriateness of Business

Summarized below is the managerial status of the system to ensure the appropriateness of business in the fiscal year under review.

1) Overall internal control system

The Group has an internal audit system whereby the Internal Audit Office, the Group's internal audit division, regularly carries out internal audits to confirm the status of the framework and operation of internal controls and compliance with laws and regulations. The Audit Division makes improvements as necessary based on the results, and reports the results to the Company's executives at Board of Directors meetings, management meetings, and Audit and Supervisory Board Meetings.

2) Compliance

The Group carries out compliance activities such as Compliance Promotion Committee meetings and training, with a flexible cross-organizational approach to ensure compliance awareness and prevent violations.

The Company and each Group company endeavor to ensure that employees are familiar with the compliance hotlines and that they are easy to use. The information received through the compliance hotlines is investigated and addressed by the related division based on the instructions from the officer in charge of compliance, and then reported in Compliance Promotion Committee meetings by the Internal Audit Office.

3) Risk management

The Company and each Group company reinforce the risk management system, based on the Basic Policy Regarding Risk Management and Crisis Management, with the aim of preventing various risks that could have an impact on our continuous business activities to stabilize the management foundations of the Company and each Group company. Management Executive Meeting comprising full-time Directors, CTO/CFO, Senior Executive Officers, and the presidents of key Group companies, confirms the status of the Group's risk management, and devises steps to make improvements and prevent risks. All Group companies establish risk management policies and basic plans based on their own promotion systems, and summarize risk management conditions.

4) Group companies' management

Based on the Group Companies Management Regulations, each Group company's important decisions are discussed in Company management meetings after being discussed at the management meetings of the respective Group companies.

The Group shares its business issues by regularly holding meetings of the Group Management Promotion Committee and others with major Group companies.

5) Audit and Supervisory Board Members' performance of duties

The Audit and Supervisory Board Members, including outside Audit and Supervisory Board Members, hold Audit and Supervisory Board Meetings 14 times a year. Also, the Audit and Supervisory Board Members attend Board of Directors meetings and the Standing Audit and Supervisory Board Members attend the management meetings to receive reports on important management issues and confirm the status of business operations.

Audit and Supervisory Board Members, including outside Audit and Supervisory Board Members, regularly exchange opinions with the Company's Representative Director, Executive Vice President and Director, and with representative directors and audit and supervisory board members, and accounting auditors of key Group companies, to cooperate appropriately.

6. Basic Policy concerning Control of the Company

(1) Outline of the basic policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value and who will make it possible to continuously and steadily ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders. Also, the Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including, for example, those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders. Unless the acquirer of a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

The Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become a person who would control decisions on the Company’s financial and business policies. The Company also believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition by such persons.

(2) Details of activities to implement the basic policy

(a) Details of special activities to contribute to the implementation of the basic policy

(Mid-Term Management Plan and others)

In 2013, the Group devised a medium-term growth vision “Growing 2022,” which lays out the “Grow into a global company that develops peripheral businesses centered on packaging operations” as the Group’s future vision for the next 10 years, and also implemented the Toyo Seikan Group Third Mid-Term Management Plan, which lasted from fiscal year 2013 through fiscal year 2015. In May, incorporating the experiences of the issues tackled in the previous plan, the Group initiated the Toyo Seikan Group Fourth Mid-Term Management Plan, lasting from fiscal year 2016 through fiscal year 2018. This plan is designated as the period to solidify foundations for growth in order to achieve “Growing 2022”.

(Reinforcement of Corporate Governance)

The Group based on the fundamental spirit since its foundation, places the enhancement of corporate governance as management priority to improve the corporate value and continue new development and progress further while contributing to society through its business activities. Accordingly, “Basic Corporate Governance Policy” has been established to address this issue on an ongoing basis.

The Board of Directors is composed of nine (9) Directors, including three (3) outside Directors who are independent from the management of the Company. The number of outside Directors represents one-third of the members of the Board of Directors. To clarify the management responsibility of Directors and flexibly establish a management system to promptly respond to changes in the management environment, we shortened the term of office of Directors to one year. The Audit and Supervisory Board is composed of five (5) Audit and Supervisory Board Members, including three (3) outside Audit and Supervisory Board Members who are independent from the management of the Company. The names of all three (3) outside Directors and all three (3) outside Audit and Supervisory Board Members were reported to the Tokyo Stock Exchange as Independent Directors/Audit and Supervisory Board Members of the Company.

These outside Directors and outside Audit and Supervisory Board Members have actively expressed opinions at the Board of Directors meetings, and active discussions based on such opinions have enabled the effective operation of the Board of Directors. The Company uses and maintains a monitoring structure for the management system by these outside Directors and outside Audit and Supervisory Board Members who are independent from the Company's management as well as the shareholders who approve the election of Directors each year.

At the same time, the Group ensures management efficiency and flexibility through the introduction of the Executive Officer System and clarifies management functions related to decision-making and supervision, and the performance of duties. To appropriately and promptly establish basic management guidelines, determine various measures, and aggressively promote management activities, a “Management Strategy Meeting” is held once a month comprising full-time Directors, CTO/CFO, Senior Executive Officers, and Executive Officers. Further, a “Management Executive Meeting” is held twice a month in principle and attended by full-time Directors, CTO/CFO, Senior Executive Officers, and the Presidents of key Group companies. Standing Audit and Supervisory Board Members attend the Management Strategy Meetings and the Management Executive Meetings and offer their opinions as appropriate. The Company provides opportunities for training as needed with the aim of ensuring that directors and executive officers acquire the necessary knowledge and continually update this knowledge so that they can appropriately fulfill their roles and responsibilities. In terms of internal controls, the Company has set up the Audit Office to ensure that corporate activities comply with laws and regulations and enhance management efficiency, and to reinforce internal controls. The Group strives to strengthen corporate governance by implementing the above measures to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders.

(b) Outline of measures to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate under the basic policy

(i) The Company revised countermeasures to large-scale acquisitions of shares of the Company (takeover defense measures; the "Plan") following resolutions adopted at the Board of Directors meeting held on May 15, 2015 and the 102nd Ordinary General Meeting of Shareholders held on June 25, 2015. Details of the Plan are explained below in item (ii).

(ii) Plan outline

As set out in the Basic Policy, the Board of Directors believes that persons who would propose a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the Company and thus the common interests of its shareholders, and on the occasion that it receives a large-scale acquisition proposal from an acquirer, to enable the Board of Directors to present an alternative proposal to shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Board of Directors to negotiate for the benefit of the shareholders.

The Plan sets out procedures necessary to achieve the purpose stated above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.

The acquirer must not effect a large-scale acquisition of the shares and other equity securities of the Company until and unless the Board of Directors determines not to trigger the Plan in accordance with the procedures for the Plan.

In the event that an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares and other equity securities of the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders, etc., and in cases such as where the acquisition satisfies the triggering requirements set out in the Plan, the Company will implement a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) for stock acquisition rights with (a) an exercise condition that does not allow the acquirer, etc., to exercise the rights as a general rule, and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer, etc., or implement any other reasonable measures that could be taken under the Japanese laws and regulations, and the Company's Articles of Incorporation.

If a gratis allotment of stock acquisition rights were to take place in accordance with the Plan and all shareholders other than the acquirer received shares in the Company as a result of those shareholders exercising or the Company acquiring those stock acquisition rights, the ratio of voting rights in the Company held by the acquirer may be diluted by up to a maximum of approximately 50%.

In order to eliminate arbitrary decisions by directors, the Company will establish the Special Committee, which is solely composed of members who are independent from the management of the Company such as outside Directors of the Company, to ensure objective decisions of the committee with respect to matters such as the implementation or non-implementation of the gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights under the Plan, in compliance with the Rules of the Special Committee. In addition, the Board of Directors may, if prescribed in the Plan, convene a meeting of shareholders and confirm the intent of the Company's shareholders.

Transparency with respect to the course of those procedures will be ensured by timely disclosing information to all of the Company's shareholders. The effective period of the Plan will be until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 25, 2015.

(3) Decisions on specific measures by the Board of Directors and reasons for decisions

The Toyo Seikan Mid-Term Management Plan and various measures for strengthening corporate governance were specifically formulated in order to enhance the corporate value of the Company and the common interests of its shareholders continuously and sustainably in compliance with the Company's basic policy.

The Plan is a framework for the Company to ensure the corporate value of the Company and, in turn, the common interests of its shareholders in compliance with the Company's basic policy in cases where any Acquisition of the shares in the Company is effected.

Moreover, the Company established the Plan, focusing on the intent of the Company's shareholders on the condition that (i) it fully satisfies the three principles provided in the "Guidelines Regarding Takeover Defense Measures for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests"; (ii) it is subject to approval at a general meeting of shareholders upon the Renewal thereof; (iii) it is based on a system to confirm the intent of the Company's shareholders at a meeting of shareholders regarding the triggering of the Plan, etc., in some cases; (iv) the effective period thereof is to be approximately three years, that is, the "sunset clause" provision is stipulated; and, (v) it may be abolished at any time by a resolution at a general meeting of shareholders even before the expiration of the effective period. Furthermore, fairness and objectivity are also assured in the Plan such as (i) reasonable and objective requirements regarding the triggering thereof are established; (ii) the substantial decision on whether or not to trigger the Plan will be made by the Special Committee, which is composed of outside Directors and others who are independent from the management of the Company; (iii) the Special Committee may at the cost of the Company obtain advice from experts; and, (iv) the term of office of Directors is determined to be one year.

Accordingly, the purpose of the Plan is not to maintain the status of Directors and Audit and Supervisory Board Members within the Company, but to contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

Note: All fractions of less than ¥ 1 million in amounts and numbers of shares of less than one unit contained in this Business Report are rounded down to the nearest unit. Ratios are rounded off to the nearest unit.

[Translation for Reference and Convenience Purposes Only]

Consolidated Balance Sheet

(As of March 31, 2016)

(millions of yen)

Accounting title	Amount	Accounting title	Amount
(Assets)		(Liabilities)	
Current assets	555,069	Current liabilities	222,630
Cash and deposits	169,185	Notes and accounts payable—trade	87,248
Notes and accounts receivable—trade	205,750	Short-term loans payable	50,199
		Current portion of bonds	5,000
Electronically recorded monetary claims - operating	30,140	Lease obligations	427
Merchandise and finished goods	70,914	Income taxes payable	2,848
Work in process	20,877	Provision for directors' bonuses	460
Raw materials and supplies	30,618	Provision for plant site improvement expenses	522
Deferred tax assets	10,088		
Other	20,115	Provision for business structure reform	1,306
Allowance for doubtful accounts	(2,621)	Other	74,616
		Non-current liabilities	223,848
		Long-term loans payable	132,343
		Lease obligations	1,463
		Deferred tax liabilities	19,274
Non-current assets	595,597	Provision for special repairs	4,116
Property, plant and equipment	350,772	Provision for PCB	378
		Provision for asbestos	155
Buildings and structures	121,612	Provision for loss on guarantees of subsidiaries and associates	1,500
Machinery, equipment and vehicles	119,994	Provision for directors' retirement benefits	1,009
Land	81,362	Net defined benefit liability	55,511
Leased assets	1,770	Asset retirement obligations	1,317
Construction in progress	13,085	Other	6,777
Other	12,947		
Intangible assets	88,751	Total liabilities	446,478
Goodwill	43,934	(Net assets)	
Other	44,817	Shareholders' equity	568,953
		Capital stock	11,094
Investments and other assets	156,073	Capital surplus	1,361
Investment securities	128,092	Retained earnings	581,274
Investments in capital of subsidiaries and associates	5,425	Treasury shares	(24,776)
Long-term loans receivable	2,499	Accumulated other comprehensive income	66,783
Net defined benefit asset	4,318	Valuation difference on available-for-sale securities	56,097
Deferred tax assets	6,508		
Other	10,290	Deferred gains or losses on hedges	(230)
Allowance for doubtful accounts	(1,061)	Foreign currency translation adjustment	20,609
		Remeasurements of defined benefit plans	(9,692)
		Non-controlling interests	68,452
		Total net assets	704,189
Total assets	1,150,667	Total liabilities and net assets	1,150,667

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Income

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

(millions of yen)

Accounting title	Amount	
Net sales		802,048
Cost of sales		682,782
Gross profit		119,266
Selling, general and administrative expenses		86,918
Operating income		32,347
Non-operating income		
Interest income	280	
Dividend income	2,507	
Rent income	575	
Gain on sales of non-current assets	983	
Other	5,291	9,639
Non-operating expenses		
Interest expenses	1,468	
Rent expenses on non-current assets	454	
Loss on retirement of non-current assets	1,177	
Foreign exchange losses	6,748	
Share of loss of entities accounted for using equity method	296	
Other	5,182	15,326
Ordinary income		26,659
Extraordinary losses		
Provision for business structure expenses	6,842	
Provision for business structure reform	1,306	8,149
Income before income taxes and minority interests		18,510
Income taxes—current	6,254	
Income taxes—deferred	81	6,335
Profit		12,174
Profit attributable to non-controlling interests		2,147
Profit attributable to owners of parent		10,027

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Equity

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

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,094	1,361	574,087	(24,774)	561,768
Changes of items during period					
Dividends of surplus			(2,840)		(2,840)
Profit attributable to owners of parent			10,027		10,027
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	7,187	(2)	7,185
Balance at end of current period	11,094	1,361	581,274	(24,776)	568,953

[Translation for Reference and Convenience Purposes Only]

(millions of yen)

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of current period	61,760	(307)	18,800	(135)	80,117	68,861	710,747
Changes of items during period							
Dividends of surplus							(2,840)
Profit attributable to owners of parent							10,027
Purchase of treasury shares							(2)
Net changes of items other than shareholders' equity	(5,663)	77	1,809	(9,557)	(13,334)	(408)	(13,743)
Total changes of items during period	(5,663)	77	1,809	(9,557)	(13,334)	(408)	(6,558)
Balance at end of current period	56,097	(230)	20,609	(9,692)	66,783	68,452	704,189

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Financial Statements

(Assumptions Underlying Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

1) Number of consolidated subsidiaries and names of significant consolidated subsidiaries

Number of consolidated subsidiaries: sixty-six (66)

(Toyo Seikan Co., Ltd., Toyo Kohan Co., Ltd., Tokan Kogyo Co., Ltd., Toyo Glass Co., Ltd., Nippon Closures Co., Ltd., Toyo Aerosol Industry Co., Ltd., Tokan Material Technology Co., Ltd., and fifty-nine (59) other companies)

Due to the increased importance of Japan Bottled Water Co., Ltd. and the new acquisition of FUJI TECHNICA & MIYAZU INC., these two companies were included in the scope of consolidation in the consolidated fiscal year under review.

Sunnap Co., Ltd. and DAC Co., Ltd. conducted an absorption-type merger on April 1, 2015, with Sunnap Co., Ltd. as the surviving company. As a result, DAC Co., Ltd. was excluded from the scope of consolidation in the consolidated fiscal year under review. In addition, the liquidations of Sunny Star Development Limited and Tokan (Guangzhou) High Technology Containers Co., Ltd. were completed on February 12, 2016 and March 11, 2016, respectively, and the companies were excluded from the scope of consolidation. The statement of income, however, was consolidated until the liquidations were complete.

2) Non-consolidated subsidiaries

Toyo Packs Co., Ltd., and sixteen (16) other non-consolidated subsidiaries for which the respective sums of total assets, net sales, profit (loss) (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) have no significant impact on these account items in the consolidated financial statements have been excluded from the scope of consolidation.

2. Application of the Equity Method

Number of associates accounted for using the equity method: three (3)

(Asia Packaging Industries (Vietnam) Co., Ltd., T&T Enertechno Co., Ltd., and TOSYALI TOYO CELIK ANONIM SIRKETI)

The non-consolidated subsidiaries (Toyo Packs Co., Ltd., and sixteen (16) others) and associates (Takeuchi Hi-Pack Co., Ltd., and eight (8) others) are no longer accounted for using the equity method because the impact of their profit or loss (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) on the consolidated financial statements is immaterial.

As for associates that are accounted for using the equity method, of which the closing date for the settlement of accounts is different from the consolidated closing date, the financial statements for each company's own fiscal year are used.

3. Closing Date for the Settlement of Accounts of Consolidated Subsidiaries

Twenty-nine (29) consolidated subsidiaries, including eight (8) companies mentioned below, close their accounts on December 31.

Because the difference between the closing date of said companies and the consolidated closing date is less than three months, the financial statements as of the closing date of these companies are used in the consolidated financial statements.

Bangkok Can Manufacturing Co., Ltd.
TOYO-MEMORY TECHNOLOGY SDN. BHD.
Toyo Seikan (Thailand) Co., Ltd.
Malaysia Packaging Industry Berhad
Tokan (Changshu) High Technology Containers Co., Ltd.
Crown Seal Public Co., Ltd.
Stolle Machinery Company, LLC
Next Can Innovation Co., Ltd.

Necessary adjustments are made for material transactions between their closing date (December 31) and the consolidated closing date (March 31) for the purposes of consolidation.

[Translation for Reference and Convenience Purposes Only]

4. Accounting Policies

(1) Valuation basis and method for major assets

1) Securities

Bonds held to maturity: Valued at amortized cost by the straight-line method.

Available-for-sale securities

With fair value:	Valued at fair market value as of the balance-sheet date with changes in net unrealized gain or loss included directly in net assets. Cost of securities sold is determined by the moving-average method.
Without fair value:	Valued using the moving-average method.

2) Derivatives

Derivatives are valued using the fair value method.

3) Inventories

Inventories are principally stated at cost determined by the average cost method, using the value method to devaluate a book value for decreasing profitability.

(2) Depreciation and amortization methods of major assets

1) Property, plant and equipment (excluding leased assets)

Mainly depreciated using the straight-line method.

2) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

3) Leased assets (non-ownership-transfer finance lease transactions)

Depreciated over the lease period using the straight-line method with no residual value.

Financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee and which commenced before the date on which the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, revised on March 30, 2007) was applied are accounted for using the same method as that for rental transactions.

(3) Accounting for major reserves

1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of uncollectible receivables based on the actual rate of bad-debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

2) Provision for directors’ bonuses

The provision for directors’ bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.

3) Provision for special repairs

The provision for repairs of glass furnaces, which are conducted periodically, is provided at an amount considered sufficient to cover the estimated amount for the next repair in response to the lapsed time.

4) Provision for plant site improvement expenses

The provision for plant site improvement expenses is provided at a reasonably estimated amount to cover costs and losses expected to accrue in the future for the improvement of the former Kawasaki Plant owned by a domestic consolidated subsidiary.

5) Provision for loss on guarantees of subsidiaries and associates

The provision for loss on guarantees of subsidiaries and associates is provided at an amount expected as a bad-debt loss by taking into account the financial conditions, among others, of the respective guaranteed subsidiaries/associates concerned.

6) Provision for business structure reforms

The provision for business structure reforms is provided at a reasonably estimated amount to cover costs and losses expected to accrue in the future for the process of reforming the structure of the domestic packaging and container business.

(4) Accounting standards for the amount and cost of completed work

The percentage-of-completion method has been applied to works for which the outcome of the construction activity is deemed certain at the work zone with advanced construction by the end of the consolidated fiscal year ended March 31, 2015 (the degree of completion of construction is estimated principally by the cost-to-cost method), whereas the completed-contract method has been applied to other works.

(5) Other important matters in preparing the consolidated financial statements

1) Hedge accounting method

The Company has adopted the deferral method for hedging activities. Certain forward foreign exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment ("*furiate-shori*").

2) Accounting for consumption tax, etc.

Transactions subject to the consumption tax and local consumption tax are recorded at amounts exclusive of the consumption taxes.
However, the nondeductible consumption tax, etc., in respect of assets is recorded as period costs for the consolidated fiscal year when such costs were incurred.

3) Amortization method and period of goodwill

Goodwill is equally amortized over a period of 5-20 years. If the amount is insignificant, the corresponding goodwill is amortized in the full amount for the year of its recognition.

4) Application of consolidated tax payment system

The consolidated tax payment system with Toyo Seikan Group Holdings, Ltd., as the parent company of the consolidated tax payment has been applied.

5) Accounting procedure regarding employees' retirement benefits

The amount of retirement benefit obligations after deducting the plan assets was reported as "Net defined benefit liability" based on the projected retirement benefits for the consolidated fiscal year under review.
In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the consolidated fiscal year under review.
Prior service cost is amortized at one time in the fiscal year of occurrence.
Unrecognized actuarial gains or losses are amortized in expenses for the pro-rata amount mainly computed by the straight-line method over a period of 10 years, which is shorter than the average remaining service years for employees at the time of recognition, commencing from the following consolidated fiscal year of recognition.
Actuarial gains or losses are reported as remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section after adjusting tax effects.

(Note to Changes in Accounting Policy)

(Adoption of the Accounting Standard for Business Combinations, etc.)

Effective from the consolidated fiscal year under review, the Company adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combinations Standard"), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Financial Statements Standard") and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestitures Standard") and others. Accordingly, the Company's accounting policies have been changed to record the difference arising from a change in the Company's ownership interest in a subsidiary over which the Company continues to have control as capital surplus and to record acquisition-related costs as expenses for the consolidated fiscal year in which they are incurred. Furthermore, for business combinations to be performed at and after the beginning of the consolidated fiscal year under review, the accounting method has been changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the consolidate fiscal year in which the relevant business combinations become effective. In addition, the Company has changed the presentation of net income and other related items, and the presentation of minority interests to non-controlling interests.

[Translation for Reference and Convenience Purposes Only]

The Business Combinations Standard and others were adopted in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, and they have been prospectively adopted from the beginning of the consolidated fiscal year under review.
As a result, operating income, ordinary income, and income before income taxes and minority interest for the consolidated fiscal year under review decreased by ¥171 million, respectively.

(Notes to Consolidated Balance Sheet)

	(millions of yen)
1. Accumulated depreciation on property, plant and equipment	1,225,564
2. Pledged assets and Secured liabilities	
Pledged assets	
Buildings	1,274
Land	2,611
Secured liabilities	
Short-term loans payable	3,810
Long-term loans payable	1,225
3. Guarantee of liabilities	
As stated below, the Company has guaranteed loans from financial institutions.	
Employees (housing fund)	1,549
TOSYALI TOYO CELIK ANONIM SIRKETI (L/C transactions)	6,592
	(EUR 31 million)
	(USD 22 million)
TOSYALI TOYO CELIK ANONIM SIRKETI (bank loans)	12,064
	(USD 107 million)

(Notes to Consolidated Statement of Income)
Matters concerning extraordinary losses

1) Cost of business structure reforms
Additional allowance for early retirement following the offer of voluntary retirement implemented as part of the structural reforms in the domestic packaging and container business

2) Provision for business structure reforms
The provision for business structure reforms is provided at a reasonably estimated amount to cover costs and losses expected to accrue in the future for the process of reforming the structure of the domestic packaging and container business in the future. These primarily include cost for consolidating production facilities and additional allowance for early retirement.

(Notes to Consolidated Statement of Changes in Equity)
1. Matters Concerning Class and Total Number of Shares Issued

(thousands of shares)

Class of shares	Number of shares at beginning of fiscal year under review	Number of shares increased in fiscal year under review	Number of shares decreased in fiscal year under review	Number of shares at end of fiscal year under review
Number of shares issued and outstanding				
Common shares	217,775	—	—	217,775
Treasury shares				
Common shares (Note)	14,910	1	—	14,911

(Note) The breakdown of the increase in treasury shares is as follows:
Purchase of shares constituting less than one unit: 1 thousand shares

[Translation for Reference and Convenience Purposes Only]

2. Matters Concerning Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2015	Common shares	1,420	7.00	March 31, 2015	June 26, 2015
Board of Directors Meeting on October 30, 2015	Common shares	1,420	7.00	September 30, 2015	December 4, 2015

(2) Dividends of which record date belongs to the consolidated fiscal year under review and effective date for payment is in the following consolidated fiscal year

Resolution	Class of shares	Dividend resource	Total dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2016	Common shares	Retained earnings	1,420	7.00	March 31, 2016	June 29, 2016

[Translation for Reference and Convenience Purposes Only]

(Note to Tax-Effect Accounting)

Significant components of deferred tax assets and liabilities

	(millions of yen)
Deferred tax assets	
Net defined benefit liability	16,542
Excessive depreciation	17,702
Others	39,832
Subtotal of deferred tax assets	74,077
Valuation reserve	(23,885)
Total of deferred tax assets	50,191
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(22,577)
Gain on contribution of securities to retirement benefit trust	(5,327)
Reserve for advanced depreciation of non-current assets	(9,240)
Intangible assets	(13,998)
Others	(1,728)
Total of deferred tax liabilities	(52,872)
Net deferred tax liabilities	(2,680)

(Note) Net deferred tax liabilities in the consolidated fiscal year under review are included in the following items of the consolidated balance sheet:

	(millions of yen)
Current assets—Deferred tax assets	10,088
Non-current assets—Deferred tax assets	6,508
Non-current liabilities—Deferred tax liabilities	(19,274)

(Revision to the amounts of deferred tax assets/liabilities due to the revision of the income tax rate)

Following the passage in the Diet on March 29, 2016 of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Amendment of the Local Taxation Act, etc.” (Act No. 13 of 2016), the effective statutory tax rate, which was used to calculate deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review, has been changed as follows depending on the fiscal year during which temporary differences are expected to be eliminated.

Until March 31, 2016	33.1%
April 1, 2016, through March 31, 2018	30.9%
April 1, 2018, or later	30.6%

As a result of this change in the tax rate, income taxes–deferred increased by ¥519 million and valuation difference on available-for-sale securities increased by ¥1,365 million, whereas deferred tax liabilities (the amount after deducting deferred tax assets) decreased by ¥674 million, deferred gains or losses on hedges decreased by ¥4 million, and remeasurements of defined benefit plans decreased by ¥167 million.

(Notes to Financial Instruments)

1. Status of Financial Instruments

(1) Policy on treatment of financial instruments

With regard to fund management, the Toyo Seikan Group only utilizes highly secure financial assets. For financing, it primarily utilizes bank loans and bond issuances to obtain necessary funds in accordance with the business plan. The Group is also committed to appropriate fund management by effectively leveraging its cash management service (CMS). It is our policy to utilize derivatives to hedge risks from fluctuations of currencies and interest rates arising from our business activities, using those that are based only on actual demand, and not to use derivatives for speculation.

(2) Details of financial instruments, and risks and risk management system thereof

Notes and accounts receivable—trade, which are operating receivables, are exposed to customer credit risks. To manage these risks, we have established a system whereby due dates and balances are managed for each business partner and the credit status of a major business partner is checked on a regular basis. In addition, we hedge foreign exchange fluctuation risks utilizing forward exchange contracts for some operating receivables denominated in foreign currencies. Although most of the Company’s investment securities, which primarily consist of held-to-maturity debt securities and the shares of business partner corporations with which any group companies have business relations, are exposed to the risk of market value fluctuations, our system is prepared to regularly monitor market prices, financial conditions and other financial data regarding issuers and counterparties.

Notes and accounts payable—trade, which are operating debts, mostly become due within a year. For operating debts denominated in foreign currencies, forward exchange contracts are used to hedge exchange fluctuation risk.

Loans payable are used to collect funds needed mainly for investments and loans such as business transactions and capital investments, whereas bonds payable are used to collect funds needed mainly for capital investments. We hedge interest rate fluctuation risks utilizing derivatives (e.g., interest rate swaps) for some loans.

Derivatives are managed through mutual supervision by the execution division and the accounting division with checks by each counterparty such as balance confirmation, and are reported to the Board of Directors, etc., on a regular basis (it is Toyo Seikan Group's policy to use derivatives that are based only on actual demand and not to use them for speculation with the intent to acquire trading profit). In addition, we enter into derivative transactions only with highly rated and major financial institutions to mitigate credit risks.

Operating debts and loans are exposed to liquidity risks. The Toyo Seikan Group manages these risks by maintaining liquidity on hand at a specific level or above and concluding a commitment line agreement with financial institutions, and the Financial Division prepares and updates financing plans as necessary.

2. Matters regarding Fair Values of Financial Instruments

The consolidated balance sheet amounts and fair values as of March 31, 2016, and their variances, of financial instruments are as follows. However, financial instruments whose fair values are deemed to be extremely difficult to compute are not included therein (Note 2).

(millions of yen)

	Amount recorded in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	169,185	169,185	—
(2) Notes and accounts receivable—trade	205,750		
(3) Electronically recorded monetary claims—operating	30,140		
Allowance for doubtful accounts	(2,575)		
	233,315	233,315	—
(4) Investment securities			
1) Bonds held to maturity	1,000	1,000	0
2) Available-for-sale securities	117,569	117,569	—
(5) Long-term loans receivable	2,499		
Allowance for doubtful accounts	(16)		
	2,482	2,482	0
Total assets	523,553	523,554	0
(1) Notes and accounts payable—trade	87,248	87,248	—
(2) Short-term loans payable	50,199	50,199	—
(3) Current portion of bonds	5,000	5,000	—
(4) Income taxes payable	2,848	2,848	—
(5) Long-term loans payable	132,343	134,126	1,783
Total liabilities	277,641	279,424	1,783
Derivatives*			
Without the application of hedge accounting	—	—	—
With the application of hedge accounting	(191)	(191)	—
Total derivatives	(191)	(191)	—

*Net receivables and payables arising from derivative transactions are shown in net amounts. Negative net amounts are shown in parentheses ( ).

(Note 1) Calculation method of fair values of financial instruments and matters concerning securities and derivatives

<u>Assets</u>

(1) Cash and deposits

Because this item is settled in a short period, its fair value is nearly equal to its carrying value. Therefore, the fair value amount is in accordance with the carrying value.

(2) Notes and accounts receivable—trade and (3) Electronically recorded monetary claims—operating

Because these items are settled in a short period, their fair values are in accordance with their carrying values less the estimated amount of doubtful accounts where credit risks are reflected. The fair value of some accounts receivable—trade is in accordance with the price presented by transacting financial institutions as these items are subject to procedures for appropriation treatment such as forward exchange contracts (refer to “Derivatives” below).

(4) Investment securities
The fair value of a stock is in accordance with the price on the relevant stock exchange, whereas that of a bond is in accordance with the price presented by the transacting financial institutions.

(5) Long-term loans receivable
The future cash flow of each loan group into which these loans are classified by specific periods is calculated at the rate of indicator such as yield of government bonds to which the elements of credit risks are added according to the credit risk category in the light of the credit controls. The resulting amount is the present value at which the fair value of this item is calculated. For doubtful receivables, the estimated amount of doubtful accounts is calculated based on the collectible amount, etc., secured by pledge and security. The fair value of this item is then in accordance with the carrying value less the estimated amount of doubtful accounts.

Liabilities

(1) Notes and accounts payable—trade
Because this item is settled in a short period, its fair value is nearly equal to its carrying value. Therefore, the fair value is in accordance with the carrying value. The fair value of some accounts payable is in accordance with the price presented by transacting financial institutions as these items are subject to procedures for appropriation treatment such as forward exchange contracts (refer to “Derivatives” below).

(2) Short-term loans payable, (3) Current portion of bonds and (4) Income taxes payable
Because these items are settled in a short period, their fair values are nearly equal to their carrying values. Therefore, fair value is in accordance with the carrying value.

(5) Long-term loans payable
Fair value is in accordance with present value, which is calculated at a discount rate obtained under the assumption that a similar loan is newly provided to the total of principal and interest.

Derivatives

Fair value is in accordance with the price presented by financial institutions with which the Group has transactions for those derivatives to which the deferral method for hedging activities is applied. For items subject to appropriation treatment such as forward exchange contracts, fair value is included in the respective amounts of accounts receivable and accounts payable as they are recorded together with said accounts receivable and accounts payable, that is, of the hedged items (refer to “Assets” (2) and “Liabilities” (1) above).

(Note 2) Financial instruments whose fair values are deemed to be extremely difficult to compute
Unlisted shares (amount recorded in the consolidated balance sheet: ¥9,522 million) and investments in capital of subsidiaries and associates (amount recorded in the consolidated balance sheet: ¥5,425 million) do not have market prices and future cash flow cannot be estimated. Thus, they are not included in “(4) Investment securities; 2) available-for-sale securities” as computing the fair values of these items are deemed to be extremely difficult.

(Note to Rental Property)

The Company and several of its consolidated subsidiaries own rental office buildings (including land) and rental commercial facilities, etc., in the Metropolis of Tokyo and other areas. The amounts recorded in the consolidated balance sheet, gains and losses and fair values of these rental properties are as follows.

(millions of yen)

Purpose	Amounts recorded in consolidated balance sheet	Revenue	Expenses	Fair value
Office buildings	16,526	4,675	2,287	64,561
Commercial facilities	2,527	638	230	11,241
Other	11,343	2,285	1,232	39,009
Total	30,397	7,599	3,750	114,811

(Note 1) “Amounts recorded in the consolidated balance sheet” are acquisition costs less accumulated depreciation and impairment loss.

(Note 2) Revenue includes rent income, gain on sales of non-current assets and others, whereas expenses include depreciation expenses, repair expenses, insurance expenses, taxes and dues and others.
(Note 3) Fair values as of the end of the fiscal year under review are mainly based on real estate appraisal reports or real estate inspection reports provided by an outside real estate appraiser.

(Note to Per Share Information)

Net assets per share	¥3,133.81
Profit per share	¥49.43

(Notes to Major Subsequent Events)

(Execution of memorandum of understanding regarding the business integration with Hokkan Holdings Limited)

The Company, at the Board of Directors meeting held on April 25, 2016, resolved to execute a memorandum of understanding (hereinafter, the "MOU") regarding the business integration with Hokkan Holdings Limited (hereinafter, the "Business Integration" and "Hokkan HD," respectively) in which share exchange is conducted, with the Company becoming the wholly-owning parent company and Hokkan HD becoming the wholly-owned subsidiary (hereinafter, the "Share Exchange"), and entered into the MOU as of the same date.

(1) Counterparty in the Share Exchange

1) Trade name, location of head office, name of representative, amount of capital stock, net assets and total assets, and major business

Trade name	Hokkan Holdings Limited
Head office	2-2-2 Marunouchi, Chiyoda-ku, Tokyo
Name of representative	Tsunenobu Kudo, President and Representative Director
Amount of capital stock	¥11,086 million (as of December 31, 2015)
Amount of net assets	¥47,012 million (consolidated) (as of March 31, 2015) ¥31,603 million (non-consolidated) (as of March 31, 2015)
Amount of total assets	¥134,820 million (consolidated) (as of March 31, 2015) ¥84,425 million (non-consolidated) (as of March 31, 2015)
Major business	Governing and managing the business activities of group companies

2) Net sales, operating income, ordinary income, and net income in the past three fiscal years

(Consolidated) (millions of yen)

	FY2012	FY2013	FY2014
Net sales	166,981	169,714	152,931
Operating income	4,937	3,765	816
Ordinary income	5,964	4,639	1,652
Net income (loss)	3,042	1,966	(4,805)

(Non-consolidated) (millions of yen)

	FY2012	FY2013	FY2014
Operating revenue	1,938	1,921	1,647
Operating income	721	705	485
Ordinary income	1,009	1,040	909
Net income (loss)	868	886	(5,702)

[Translation for Reference and Convenience Purposes Only]

3) Names of major shareholders and shareholding ratios as percentages of total issued shares

(as of March 31, 2015)

Names of major shareholders	Shareholding ratios as percentages of total issued shares (%)
Tomoku Co., Ltd.	8.80
Nippon Life Insurance Company	4.86
Mizuho Bank, Ltd. (Standing agent: Trust & Custody Services Bank, Ltd.)	4.86
Hokkan Holdings Group Business Partners' Shareholding Association	4.23
The Norinchukin Bank	2.97

4) Capital ties, personal ties, and business ties with the Company

(a) Capital ties

No important capital ties

(b) Personnel ties

No important personnel ties

(c) Business ties

No important business ties

(2) Purpose of the Share Exchange

1) Background of the Business Integration

Recently, the economic environment of the Company and Hokkan HD has become increasingly severe due to shrinkage of the domestic market associated with Japan's declining birth rate and aging population, intensifying competition with other companies, and increases in the prices of materials and energy.

To respond promptly to such environmental changes, it is desirable for the Company and Hokkan HD to take advantage of each other's strengths and utilize mutual resources, which enables the creation of new value. Based on this understanding, after careful deliberations between the Company and Hokkan HD, they have agreed to aim to integrate their businesses.

2) Objectives of the Business Integration

As noted above, the Company and Hokkan HD acknowledge that, in light of the decrease in domestic demand for packaging containers due to population decrease caused by the declining birth rate and the aging population in Japan, it is necessary to combine the managerial resources of the Group and the Hokkan HD Group to maximize corporate value by taking advantage of the strengths of both the Company and Hokkan HD.

In light of this situation, the Company and Hokkan HD will, through the Business Integration, seek not only to achieve synergy effects and increases in profitability through integration of the advanced technical skills, quality and cost management, responsiveness to customer needs, and product development capabilities that the Company and Hokkan HD have built up, but also to reduce procurement costs by taking full advantage of the economies of scale that come from sharing product specifications and increasing the efficiency of procurement logistics between the Group and the Hokkan HD Group. Further, in addition to optimizing domestic manufacturing infrastructure by increasing productivity through mutual exploitation of the domestic manufacturing bases of the Group and the Hokkan HD Group and reallocation of items manufactured, we seek to promote measures for expanding overseas business and creating new growth business through cooperation among overseas bases of the Group and the Hokkan HD Group, and development of new overseas bases.

By combining their collective efforts and realizing the effects of the Business Integration at an early stage, the Company and Hokkan HD seek to develop further as a global enterprise. In addition, in conducting the Business Integration, the Company and Hokkan HD will respect the corporate cultures of the Group and the Hokkan HD Group and seek to construct a corporate group responsible for stakeholders including shareholders, employees, clients, and the local community through actively contributing to economic and social development.

3) Expected Effects of the Business Integration

i.	Manufacturing and Sales	Optimization by increasing productivity through mutual exploitation of bases and organizations of the Company and Hokkan HD, and reallocation of items manufactured
ii.	Procurement	Reduction of procurement costs by sharing of specifications and increasing the efficiency of procurement logistics
iii.	Global Expansion	Business expansion and creation of growth businesses by establishing overseas networks of operational bases
iv.	Technology, Research and Development	Strengthening of the ability to develop new products and technological manufacturing capabilities by integrating the Companies' technology

(3) Method of the Share Exchange, details on the allotment of shares in the Share Exchange, and other details for the Share Exchange agreement

1) Method of the Share Exchange

i. Method of the Share Exchange

The basic policy of the Business Integration is that, subject to approval at the shareholders' meeting of Hokkan HD and the approval and permission of the relevant authorities necessary for the Business Integration, the Business Integration will be conducted through the Share Exchange whereby the Company will become the wholly-owning parent company and Hokkan HD will become a wholly-owned subsidiary.

ii. Schedule (tentative)

April 25, 2016	Execution of the MOU
By the end of 2016 (tentative)	Execution of a definitive agreement on the Business Integration; Execution of a share exchange agreement for the Share Exchange
February 2017 (tentative)	Extraordinary shareholders' meeting of Hokkan HD (Approval of a share exchange agreement for the Share Exchange)
April 1, 2017 (tentative)	Effective date of the Share Exchange

(Note) The Company will conduct the Share Exchange without the approval of its shareholders' meeting in accordance with the short-form Share Exchange procedures provided for under Paragraph 2, Article 796 of the Companies Act.

The current schedule above is tentative and is subject to change upon consultation and agreement between the Company and Hokkan HD, if, as they conduct procedures and consultations for the Business Integration going forward, any event occurs that would delay the execution of the Business Integration or make the execution difficult or impossible due to filings with the Japan Fair Trade Commission or other relevant authorities (including those under foreign competition laws), obtaining of necessary approvals, procedural necessity or other reasons.

2) Details on the allotment of shares in the Share Exchange

In the event that the Business Integration is carried out through the Share Exchange, the share exchange ratio for this share exchange will be stipulated in the definitive agreement on the Business Integration upon consultation between the Company and Hokkan HD based on valuations and advice provided by the external institutions nominated by the Company and Hokkan HD respectively, including the results of due diligence to be conducted and share price calculation provided by third-party calculators, with due consideration of the market price of the Company and Hokkan HD.

3) Other details for the Share Exchange agreement

This is not yet determined, and will be decided upon consultation between the Company and Hokkan HD by the time the definitive agreement on the Business Integration is executed.

(4) Basis for calculating details of the allotment of shares in the Share Exchange

Not determined at this point.

(5) Trade name, location of head office, name of representative, amount of capital stock, net assets and total assets, and principle business of the wholly-owning parent company after the Share Exchange (tentative)

Trade name	Toyo Seikan Group Holdings, Ltd.
Head office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
Name of representative	President and Representative Director Takao Nakai
Amount of capital stock	Not determined at this point
Amount of net assets	Not determined at this point
Amount of total assets	Not determined at this point
Major business	Business management of group companies

(Note 1) The above is the status after the Business Integration of the Company, which would be the wholly-owning parent company resulting from the Share Exchange in the case where the Business Integration is to be conducted through the Share Exchange.

(Note 2) The Company and Hokkan HD will continue to discuss a new trade name for the Company after the Business Integration.

The necessary matters regarding the Business Integration will be decided upon consultation between the Company and Hokkan HD.

(Absorption-type split between consolidated subsidiaries)

Toyo Seikan Co., Ltd. (hereinafter, “Toyo Seikan”), the Company’s consolidated subsidiary, resolved at the Board of Directors meeting held on April 26, 2016 to transfer its customer engineering business to Toyo Food Equipment Co., Ltd. (hereinafter, “Toyo Food Equipment”), Toyo Seikan’s wholly owned subsidiary, through an absorption-type split (hereinafter, the “Absorption-type Split”).

1. Purpose of the Absorption-type Split

Toyo Seikan decided to conduct the Absorption-type Split with the aims of transforming into a robust machinery manufacturing company by integrating the development capabilities of group companies such as Toyo Seikan to a machinery manufacturing company, and establishing and expanding a new business model by combining machinery and container manufacturing technologies through the effective use of container manufacturing technologies accumulated by group companies.

2. Summary of the Absorption-type Split

(1) Schedule for the Absorption-type Split

Date of the Board of Directors meeting to approve the Absorption-type Split agreement: April 26, 2016
Date of execution of the Absorption-type Split agreement: April 27, 2016
Effective date of the Absorption-type Split: June 1, 2016 (tentative)

(Note) Toyo Seikan will conduct the Absorption-type Split without asking for approval at a general meeting of shareholders in accordance with a simplified procedure under Paragraph 2, Article 784 of the Companies Act.

(2) Method of the Absorption-type Split

The absorption-type split; Toyo Seikan is the splitting company and Toyo Food Equipment is the succeeding company.

(3) Details of allotments related to the Absorption-type Split

Toyo Food Equipment, the succeeding company, will issue 720,000 common shares when the Absorption-type Split takes place, and allot all of them to Toyo Seikan.

(4) Treatment of stock acquisition rights and bond with stock acquisition rights for the absorption-type split

Not applicable

(5) Increase or decrease in capital stock as a result of the Absorption-type Split

No increase or decrease in the capital stock of Toyo Seikan, the splitting company, is expected as a result of the Absorption-type Split.

(6) Rights and obligations assumed by the succeeding company

Toyo Food Equipment, the succeeding company, will assume the assets and liabilities, contractual status, and other rights and obligations deemed essential to pursue the relevant business (excluding labor contracts with employees and the accompanying rights and obligations), based on the absorption-type split agreement approved by Toyo Seikan's Board of Directors as of the effective date. Toyo Seikan will take over Toyo Food Equipment's obligations based on the concomitant assumption method.

(7) Prospects for fulfilment of obligations
The Company foresees no difficulties in ensuring the proper fulfillment of obligations assumed by either Toyo Seikan or Toyo Food Equipment from the effective date of the Absorption-type Split.

3. Overview of companies involved in the Absorption-type Split (as of March 31, 2016)

(1)	Trade name	Toyo Seikan Co., Ltd. (Splitting company)	Toyo Food Equipment Co., Ltd. (Succeeding company)
(2)	Major business	Manufacturing and sales of packaging and containers and filling equipment	Manufacturing and sales of can making machinery, canning & bottling machinery, packaging machinery, and food processing machinery
(3)	Date of incorporation	April 2, 2012	October 13, 1917
(4)	Head office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo	6-19-45 Yako, Turumi-ku, Yokohama-shi, Kanagawa
(5)	Title and name of representative	Ichiro Nakayama, President	Yasuhiro Toyofuku, President
(6)	Capital stock	¥1,000 million	¥100 million
(7)	Number of shares issued	20,000	2,000,000
(8)	Fiscal year-end	March 31	March 31
(9)	Major shareholders and shareholding ratio	Toyo Seikan Group Holdings, Ltd. 100%	Toyo Seikan Co., Ltd. 100%
(10)	Financial position and business performance for the most recent fiscal year (as of March 31, 2015)		
	Net sales	¥297,534 million (non-consolidated)	¥6,858 million (non-consolidated)
	Net assets	¥251,229 million (non-consolidated)	¥3,564 million (non-consolidated)
	Total assets	¥330,746 million (non-consolidated)	¥6,710 million (non-consolidated)
	Net assets per share	¥12,561,455.66 (non-consolidated)	¥1,782.37 (non-consolidated)

4. Conditions after the Absorption-type Split

(1) No changes are expected with respect to trade name, location of head office, title and name of representative, principle business, capital stock, and fiscal year end of the splitting company after the absorption-type split.

(2) Succeeding company

(1)	Trade name	Toyo Seikan Group Engineering Co., Ltd. *
(2)	Major business	Manufacturing and sales of can making machinery, filling machinery, packaging machinery and food processing machinery as well as relevant technical services
(3)	Head office	6-19-45 Yako, Turumi-ku, Yokohama-shi, Kanagawa
(4)	Title and name of representative	Yasuhiro Toyofuku, President
(5)	Capital stock	¥350 million*
(6)	Fiscal year-end	March 31

* Toyo Food Equipment Co., Ltd. will change its trade name to "Toyo Seikan Group Engineering Co., Ltd." after obtaining the approval at the Extraordinary Shareholders Meeting scheduled in the end of May 2016 and subject to the completion of the Company Split. Capital increase will be effected through issuance of shares to be allocated entirely to the Company.

(Business combination through acquisition)

Toyo Kohan Co., Ltd. (hereinafter, "Toyo Kohan"), the Company's consolidated subsidiary, acquired common shares of FUJI TECHNICA & MIYAZU INC. (hereinafter, the "Target Company") in first takeover bid and made the Target Company a consolidated subsidiary as of February 12, 2016.

Toyo Kohan additionally acquired the Target Company's share in second takeover bid, and became a special controlling shareholder of the Target Company as of April 13, 2016.

Toyo Kohan resolved at the Board of Directors meeting held on April 21, 2016, to carry out a Demand for the Sale of Shares pursuant to Paragraph 1, Article 179 of the Companies Act with the aim of making the Target Company a wholly-owned subsidiary. This was approved at the Target Company's the Board of Directors meeting held on the same day.

(Issuance of bond)

Toyo Kohan Co., Ltd., the Company's consolidated subsidiary, has issued a bond with the following details based on a resolution passed at the Board of Directors meeting held on March 25, 2016:

Type of bond:	Unsecured domestic straight bond
Date of issuance:	April 25, 2016
Total issue amount:	¥5 billion
Issue price:	¥100 per ¥100 face value
Interest rate:	0.59% p.a.
Redemption date:	April 23, 2021
Collateral:	Unsecured, Unguaranteed
Purpose:	Bond redemption fund

(Notes to Business Combination)

Commonly controlled transaction

(Merger between consolidated subsidiaries)

The Company resolved at the Board of Directors meeting held on August 28, 2014, to merge Sunnap Co., Ltd. and DAC Co., Ltd., both of which are wholly-owned subsidiaries of Tokan Kogyo Co., Ltd, the Company's consolidated subsidiary. Sunnap Co., Ltd. and DAC Co., Ltd. executed the merger agreement as of October 1, 2014. This merger agreement was approved at extraordinary general meetings of shareholders convened by Sunnap Co., Ltd. and DAC Co., Ltd. on November 10, 2014, and the absorption-type merger took place as of April 1, 2015, with Sunnap Co., Ltd. as the surviving company.

1. Names of parties to the business combination and description of business, date of the business combination, legal form of the business combination, company name after the business combination and overview of transaction including its purpose

(1) Names of parties of the business combination and description of their business

Parties to the business combination	Major business
Sunnap Co., Ltd. (surviving company)	Sales of paper cups, plastic cups, paper plates and paper napkins
DAC Co., Ltd. (dissolved company)	Sales of paper containers, plastic containers, etc.

(2) Date of the business combination

April 1, 2015

(3) Legal form of the business combination

As the surviving company, Sunnap Co., Ltd. will carry out an absorption-type merger, and DAC Co., Ltd. will be dissolved.

(4) Company name after the business combination:

Sunnap Co., Ltd.

(5) Overview of transaction including the purpose of the merger

The two companies were merged with the aim of further improving competitiveness and management efficiency in the sale of containers by consolidating the two companies' management.

2. Overview of accounting treatment implemented

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013), the accounting of the absorption-type merger was processed as a transaction under common control.

Business Combination through Acquisition

Toyo Kohan Co., Ltd. (hereinafter, "Toyo Kohan"), the Company's consolidated subsidiary, resolved at the

Board of Directors meeting on October 6, 2015, to acquire all of the common shares of FUJI TECHNICA & MIYAZU INC. (hereinafter, the "Target Company") through a takeover bid with the aim of making the Target Company a wholly-owned subsidiary of Toyo Kohan (excluding treasury stock held by the target company). Two takeover bids were carried out. The first takeover bid was completed on February 4, 2016. The details of the first takeover bid are provided below.

1. Summary of the business combination

(1) Designation and business of the acquired company
Designation of the acquired company: FUJI TECHNICA & MIYAZU Inc.
Business: Manufacturing and sales of stamping dies for car bodies and various dies

(2) Major reason for the business combination
Toyo Kohan and the Target Company have complementary strengths in the automobile industry by the nature of their business, and the Company decided to build a strategic affiliation and integrate their respective technologies and management resources so that the two companies' potential for revenue growth can be maximized.

(3) Date of the business combination
February 12, 2016 (deemed acquisition date: January 1, 2016)

(4) Legal form of the business combination
Share acquisition with cash as consideration

(5) Designation of the companies after the combination
No change

(6) Percentage of voting rights acquired
Ratio of voting rights before acquisition: －%
Ratio of voting rights after acquisition: 86.14%

(7) Basis for determining acquiring company
Toyo Kohan acquired shares with cash as consideration.

2. The period of performance for which acquired company is included in consolidated statement of income for the fiscal year under review
January 1, 2016 to March 31, 2016

3. Acquisition costs of the acquired company and details of consideration by type

Consideration for the acquisition	Cash	¥7,394 million
Acquisition costs		¥7,394 million

4. Principal acquisition-related costs and their amount

Advisory costs, fees, etc.	¥171 million

5. Amounts of the received assets and assumed liabilities on the date of business combination, as well as the major breakdown thereof

Current assets	¥15,817 million
Non-current assets	¥8,989 million
Total assets	¥24,807 million
Current liabilities	¥13,563 million
Non-current liabilities	¥4,665 million
Total liabilities	¥18,228 million

6. Amount of goodwill recognized, generating factors of goodwill and method and period for amortization of goodwill
   (1) Amount of goodwill generated
   ¥1,727 million

   (2) Generating factors of goodwill
   Because of excess earning power anticipated

   (3) Method and period for amortization of goodwill
   Amortized using the straight-line method over a period of 10 years

7. Amount allocated to intangible assets other than goodwill and the amortization period by principal type
   Intangible assets related to technology: ¥2,250 million
   Amortization period: 10 years

(Note) All fractions less than ¥1 million in amounts contained in these consolidated financial statements are rounded down to the nearest unit.

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Balance Sheet

(As of March 31, 2016)

(millions of yen)

Accounting title	Amount	Accounting title	Amount
(Assets)		(Liabilities)	
Current assets	145,274	Current liabilities	82,090
Cash and deposits	118,903	Short-term loans payable	24,804
Deferred tax assets	369	Lease obligations	51
Short-term loans receivable	21,415	Accounts payable—other	5,627
Accrued receivable	5,670	Accrued expenses	1,409
Other	494	Income taxes payable	47
Allowance for doubtful accounts	(1,578)	Deposits received	50,085
		Provision for directors' bonuses	60
		Other	3
		Non-current liabilities	135,671
		Long-term loans payable	125,716
		Lease obligations	148
		Deferred tax liabilities	2,873
		Provision for retirement benefits	3
Non-current assets	489,564	Provision for asbestos	155
Property, plant and equipment	29,647	Provision for loss on guarantees of subsidiaries and associates	1,500
Buildings	24,044	Asset retirement obligations	582
Structures	351	Other	4,691
Machinery and equipment	329	Total liabilities	217,762
Vehicles	16	(Net assets)	
Tools, furniture and fixtures	1,043	Shareholders' equity	363,765
Land	3,361	Capital stock	11,094
Leased assets	188		
Construction in progress	311	Capital surplus	1,361
		Legal capital surplus	1,361
Intangible assets	83		
Software	26	Retained earnings	376,983
Other	57	Legal retained earnings	2,773
		Other retained earnings	374,210
Investments and other assets	459,833	Reserve for advanced depreciation of non-current assets	72
Investment securities	110,212		
Shares of subsidiaries and associates	250,903	General reserve	342,441
		Retained earnings brought forward	31,696
Long-term loans receivable from subsidiaries and associates	98,319		
Other	3,273		
Allowance for doubtful accounts	(2,876)		
		Treasury shares	(25,674)
		Valuation and translation adjustments	53,310
		Valuation difference on available-for-sale securities	53,629
		Deferred gains or losses on hedges	(319)
		Total net assets	417,075
Total assets	634,838	Total liabilities and net assets	634,838

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Statement of Income

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

(millions of yen)

Accounting title	Amount	
Operating revenue		
Management fee income from subsidiaries and associates	2,997	
Income from operations consignment by subsidiaries and associates	3,871	
Dividends from subsidiaries and associates	2,959	
Rent income of real estate	6,062	15,891
Operating expenses		
Expenses of real estate rent	3,026	
Selling, general and administrative expenses	9,088	12,114
Operating income		3,776
Non-operating income		
Interest and dividend income	4,636	
Other	1,258	5,895
Non-operating expenses		
Interest expenses	1,059	
Foreign exchange losses	3,354	
Other	299	4,712
Ordinary income		4,959
Extraordinary income		
Gain on sales of non-current assets	535	535
Income before income taxes		5,495
Income taxes—current	322	
Income taxes—deferred	1,225	1,547
Net income		3,947

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Statement of Changes in Equity

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

(millions of yen)

	Shareholders' equity								
		Capital surplus	Retained earnings						
				Other retained earnings					
	Capital stock	Legal capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,094	1,361	2,773	72	342,441	30,589	375,876	(25,671)	362,660
Changes of items during the period									
Adjustment to reserve for advanced depreciation of non-current assets due to change in tax rate				1		(1)	—		—
Reversal of reserve for advanced depreciation of non-current assets				(1)		1	—		—
Dividends of surplus						(2,840)	(2,840)		(2,840)
Net income						3,947	3,947		3,947
Purchase of treasury shares								(2)	(2)
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	0	—	1,106	1,107	(2)	1,104
Balance at end of current period	11,094	1,361	2,773	72	342,441	31,696	376,983	(25,674)	363,765

[Translation for Reference and Convenience Purposes Only]

(millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	59,318	(280)	59,037	421,698
Changes of items during the period				
Adjustment to reserve for advanced depreciation of non-current assets due to change in tax rate				—
Reversal of reserve for advanced depreciation of non-current assets				—
Dividends of surplus				(2,840)
Net income				3,947
Purchase of treasury shares				(2)
Net changes of items other than shareholders' equity	(5,688)	(39)	(5,727)	(5,727)
Total changes of items during period	(5,688)	(39)	(5,727)	(4,622)
Balance at end of current period	53,629	(319)	53,310	417,075

[Translation for Reference and Convenience Purposes Only]

Notes to Non-Consolidated Financial Statements

(Summary of Significant Accounting Policies)

1. Valuation Basis and Method for Securities

1) Bonds held to maturity:

Valued at amortized cost determined by the straight-line method.

2) Shares of subsidiaries and associates:

Valued at cost determined by the moving-average method.

3) Available-for-sale securities

With fair value:	Valued at fair market value as of the balance-sheet date with changes in net unrealized gain or loss included directly in net assets. Cost of securities sold is determined by the moving-average method.
Without fair value:	Valued at cost determined by the moving-average method.

2. Valuation Basis and Method for Derivatives

Derivatives are valued using the fair value method.

3. Depreciation and Amortization Methods of Non-Current Assets

1) Property, plant and equipment (excluding leased assets):

Depreciated using the straight-line method.

2) Intangible assets

Amortized using the straight-line method.

3) Leased assets (non-ownership-transfer finance lease transactions)

Depreciated over the lease period using the straight-line method with no residual value.

4. Accounting for Reserves

1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of uncollectible receivables based on the actual rate of bad-debt losses for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

2) Provision for directors' bonuses

The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.

3) Provision for retirement benefits

The provision for retirement benefits is provided at an amount calculated based on the projected benefit obligations at the end of the fiscal year under review.

4) Provision for loss on guarantees of subsidiaries and associates

The provision for loss on guarantees of subsidiaries and associates is provided at an amount expected as a bad-debt loss regarding the debt guarantees for the subsidiaries/associates concerned.

5. Other Important Matters in Preparing the Non-Consolidated Financial Statements

1) Hedge accounting method

The Company has adopted the deferral method for hedging activities. Certain forward foreign exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment ("*furiate-shori*").

2) Accounting for consumption tax, etc.

Transactions subject to the consumption tax and local consumption tax are recorded at amounts exclusive of the consumption taxes.

However, the nondeductible consumption tax, etc., in respect of assets is recorded as period costs for the fiscal year when such costs are incurred.

3) Application of **consolidated tax** payment system
The Company has applied the **consolidated tax** payment system effective from the fiscal year under review.

(Notes to Non-Consolidated Balance Sheet)

	(millions of yen)
1. Accumulated depreciation on property, plant and equipment	23,890
2. Guarantee of liabilities	
As stated below, the Company has guaranteed loans from financial institutions.	
Malaysia Packaging Industry Berhad (debt obligations, etc.)	388
Stolle Machinery Company, LLC (debt obligations, etc.)	8,210
Stolle Machinery Company, LLC (lease agreements)	913
3. Monetary receivables due from subsidiaries and associates	25,974
4. Monetary payables due to subsidiaries and associates	54,328

(Note to Non-Consolidated Statement of Income)
Volume of Trading with Subsidiaries and Associates

	(millions of yen)
Operating revenue	10,988
Operating expenses	379
Volume of non-operating transactions	2,530

(Note to Non-Consolidated Statement of Changes in Equity)
Matters concerning class and total number of treasury shares

(thousands of shares)

Class of shares	Number of shares at beginning of fiscal year under review	Number of shares increased in fiscal year under review	Number of shares decreased in fiscal year under review	Number of shares at end of fiscal year under review
Common shares	14,910	1	—	14,911

(Note) The breakdown of an increase in treasury shares is as follows:
Purchase of shares constituting less than one unit: 1 thousand shares

(Note to Tax-Effect Accounting)
Significant components of deferred tax assets and liabilities

	(millions of yen)
Deferred tax assets	
Shares of subsidiaries and associates	15,540
Excessive depreciation	1,141
Net loss carried forward	1,868
Other	4,862
Subtotal of deferred tax assets	23,412
Valuation reserve	(4,617)
Total of deferred tax assets	18,795
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(21,088)
Reserve for advanced depreciation of non-current assets	(32)
Assets adjusted for gains or losses on transfer	(172)
Other	(6)
Total of deferred tax liabilities	(21,299)
Net deferred tax liabilities	(2,504)

(Impact of the change in income tax rate)
Following the passage in the Diet on March 29, 2016, of the “Act for Partial Amendment of the Income Tax Act,

etc." (Act No. 15 of 2016) and the "Act for Partial Amendment of the Local Taxation Act, etc." (Act No. 13 of 2016), the effective statutory tax rate, which was used to calculate deferred tax assets and deferred tax liabilities for the fiscal year under review, has been changed as follows depending on the fiscal year during which temporary differences are expected to be eliminated.

Until March 31, 2016	33.1%
April 1, 2016, through March 31, 2018	30.9%
April 1, 2018, or later	30.6%

As a result of this change in the tax rate, deferred tax liabilities (the amount after deducting deferred tax assets) decreased by ¥306 million and deferred gains or losses on hedges decreased by ¥7 million, whereas income taxes—deferred increased by ¥971 million and valuation difference on available-for-sale securities increased by ¥1,285 million.

(Notes to Transactions with Related Parties)

Subsidiaries and associates

1. Operating revenue

Attribute	Company name	Ratio of voting rights	Relationship with the related party	Transaction amount (millions of yen)
Subsidiary	Toyo Seikan Co., Ltd.	Direct holding (100%)	Business administration Concurrent post of officers	4,283

(Note 1) The transaction amount above does not include consumption taxes.

(Note 2) The amount is determined based on certain reasonable standards for the purpose of business administration, etc.

2. Debt guarantees

Attribute	Balance at end of period (millions of yen)	Remark
Subsidiaries	9,512	(Notes 1, 2)
Associates	1,500	(Notes 1, 3)

(Note 1) The Company guarantees debt obligations of the subsidiaries/associates from financial institutions.

(Note 2) The Company guarantees rent, etc., over the remaining lease period with regard to lease agreements.

(Note 3) The same amount is posted as "Provision for loss on guarantees of subsidiaries and associates" for the fiscal year under review.

(Note to Per Share Information)

Net assets per share	¥2,055.94
Profit per share	¥19.46

(Notes to Major Subsequent Events)

(Execution of memorandum of understanding regarding the business integration with Hokkan Holdings Limited)

The Company, at the Board of Directors meeting held on April 25, 2016, resolved to execute a memorandum of understanding regarding the business integration with Hokkan Holdings Limited in which share exchange is conducted, with the Company becoming the wholly-owning parent company and Hokkan HD becoming the wholly-owned subsidiary, and entered into the MOU as of the same date.

Details of this share exchange are provided in Notes to Major Subsequent Events in Notes to Consolidated Financial Statements.

(Note) All fractions less than ¥1 million in amounts contained in these non-consolidated financial statements are rounded down to the nearest unit.

[Translation for Reference and Convenience Purposes Only]

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The details of the proposal for appropriation of surplus are as follows:

1. Matters concerning a year-end dividend:
   By improving business performance of the Toyo Seikan Group, the Company has been continuing its efforts to steadily increase returns to shareholders and share profits. We intend to ensure the distribution of stable and continuous dividends, and target a consolidated payout ratio of 20% or higher. The Company proposed the year-end dividend for the fiscal year under review to be distributed as follows:

   (1) Type of dividend property
   Cash

   (2) Allotment of dividend property to shareholders and its total amount
   ¥7 per share of the Company's common share Total amount of payout: ¥1,420,046,124
   The Company paid ¥7 per share as an interim dividend, and accordingly the aggregate amount of annual dividends for the fiscal year under review will be ¥14 per share.

   (3) Effective date of the distribution of surplus
   June 29, 2016

[Translation for Reference and Convenience Purposes Only]

Proposal 2: Election of Nine (9) Directors

The term of office of all nine (9) Directors will expire at the close of this Ordinary General Meeting of Shareholders.

Therefore we would like to ask our shareholders to elect nine (9) Directors.

The candidates for Directors are as follows:

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, status, area of responsibility
and significant concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>Takao Nakai
(April 1, 1952)

Number of the Company’s shares owned:
34,400</td><td>Apr. 1975
Jun. 2000
Jun. 2003

Jun. 2005
Jun. 2006

Jun. 2008
Apr. 2013

Jun. 2013

Jun. 2014

Jun. 2015</td><td>Joined the Company
General Manager, Material Procurement Department
General Manager, Material Procurement Department, Material Procurement & Environment Division
Director
Operating Officer
Head of International Division
Executive Officer
Senior Executive Officer
In charge of International Operations, Marketing and Procurement
Executive Vice President and Director
Assistant to President
President and Representative Director (up to present)
Chairman of Group CSR Promotion Committee (up to present)
Chairman of Group Compliance Promotion Committee (up to present)
Chairman of Group Environment Committee (up to present)</td></tr>
<tr><td colspan="3">Reason for appointment as Director candidate
Takao Nakai is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated as the Group’s corporate executive over many years and he is qualified to lead the management of the Group.</td></tr>
<tr><td rowspan="2">2</td><td>Atsuo Fujii
(March 8, 1952)

Number of the Company’s shares owned:
6,800</td><td>Jun. 2006

Apr. 2008
Apr. 2010

Apr. 2012

Jan. 2013
Apr. 2013

Jun. 2013
Apr. 2015

Jun. 2015</td><td>Executive Officer and Director of Toyo Kohan Co., Ltd.
Head of Strategic Planning Division and General Manager of Strategic Planning Department, Toyo Kohan Co., Ltd.
Managing Executive Officer and Director, Toyo Kohan Co., Ltd.
Senior Managing Executive Officer and Director, Toyo Kohan Co., Ltd.
In charge of CSR, Strategic Planning, Finance, General Affairs, HR and Kudamatsu Plant, Toyo Kohan Co., Ltd.
Assistant to President and Director, Toyo Kohan Co., Ltd.
Executive Officer of the Company
In charge of Group Management Reforms
Head of Corporate Administration Division of the Company
Senior Executive Officer of the Company
In charge of Corporate Administration
Chief Financial Officer (up to present)
Director of the Company
In charge of Corporate Strategy and Corporate Administration (up to present)
Executive Vice President of the Company (up to present)</td></tr>
<tr><td colspan="3">Reason for appointment as Director candidate
Atsuo Fujii is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at strategic planning and corporate administration divisions over many years and he is qualified to act as the Company’s corporate executive.</td></tr>
</table>

[Translation for Reference and Convenience Purposes Only]

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, area of responsibility
and significant concurrent positions</th></tr>
<tr><td rowspan="2">3</td><td>Norimasa Maida
(Mar. 3, 1954)

Number of the Company's shares owned:
3,900</td><td>Apr. 2008 Executive Officer of Toyo Kohan Co., Ltd.
General Manager of Technology Department, Technology Development Division, Toyo Kohan Co., Ltd.
Apr. 2010 In charge of Film Sales Division, Toyo Kohan Co., Ltd.
General Manager, Chemical Products Department, Toyo Kohan Co., Ltd.
Apr. 2012 Operating Officer of the Company
In charge of Group Development Strategy
Apr. 2013 Executive Officer of the Company
In charge of Technology and Business Development of the Company
Apr. 2015 Chief Technology Officer (up to present)
Jun. 2015 Director (up to present)
Apr. 2016 Senior Executive Officer (up to present)</td></tr>
<tr><td colspan="2">Reason for appointment as Director candidate
Norimasa Maida is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at the technology development division over many years and he is qualified to act as the Company's corporate executive.</td></tr>
<tr><td rowspan="3">4</td><td rowspan="2">Toshiyasu Gomi
(Sep. 3, 1955)

Number of the Company's shares owned:
8,600</td><td>Apr. 1978 Joined the Company
Jun. 2005 General Manager, HR Department, Corporate Administration Division
Jun. 2007 Plant Manager, Kawasaki Plant, Production & Operations Division
Jun. 2010 Operating Officer
In charge of Business Restructuring
Apr. 2013 In charge of Secretariat, General Affairs, Legal, HR and Compliance
Apr. 2014 Executive Officer
Apr. 2015 In charge of Secretariat, CSR, General Affairs, Legal, HR and Compliance (up to present)
Jun. 2015 Director (up to present)
Apr. 2016 Senior Executive Officer (up to present)</td></tr>
<tr><td>(Significant concurrent position)
・Director, Toyo Seikan Co., Ltd.</td></tr>
<tr><td colspan="2">Reason for appointment as Director candidate
Toshiyasu Gomi is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight mainly in the personnel administration and HR accumulated at the corporate administration division over many years and he is qualified to act as the Company's corporate executive.</td></tr>
<tr><td rowspan="3">5</td><td rowspan="2">Masashi Gobun
(Apr. 11, 1956)

Number of the Company's shares owned:
7,420</td><td>Apr. 1979 Joined the Company
Jun. 2005 General Manager, Information Technology Department, Corporate Administration Division
Jun. 2008 General Manager, Accounting & Finance Department, Corporate Administration Division
Apr. 2012 Operating Officer
Apr. 2013 In charge of Accounting and IT
Apr. 2014 Executive Officer
May 2015 In charge of Accounting, Finance and IT (up to present)
Jun. 2015 Director (up to present)
Apr. 2016 Senior Executive Officer (up to present)</td></tr>
<tr><td>(Significant concurrent position)
・Director, Toyo Seikan Co., Ltd.</td></tr>
<tr><td colspan="2">Reason for appointment as Director candidate
Masashi Gobun is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at the accounting, finance and IT departments and he is qualified to act as the Company's corporate executive.</td></tr>
</table>

[Translation for Reference and Convenience Purposes Only]

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, area of responsibility
and significant concurrent positions</th></tr>
<tr><td rowspan="3">6</td><td rowspan="2">Mitsuo Arai
(Sep.16, 1945)

Number of the Company's shares owned: 0</td><td>Aug. 1971 Joined Otsuka CPA Office
Mar. 1976 Registered as Certified Public Accountant (up to present)
Sep. 1976 Registered as Certified Tax Accountant (up to present)
Jul. 1983 Resigned from Otsuka CPA Office
Aug. 1983 Established Arai CPA Office
Representative Partner (up to present)
Apr. 1990 Adjunct Professor, Faculty of Economics, Kokugakuin University
Jun. 2006 Director of the Company (up to present)
Mar. 2015 Resigned from Adjunct Professor, Faculty of Economics, Kokugakuin University</td></tr>
<tr><td>(Significant concurrent position)
・Certified Public Accountant (Head of Arai Certified Public Accountant Office)</td></tr>
<tr><td colspan="2">Reason for appointment as outside Director candidate
Mitsuo Arai is appointed as a candidate for outside Director since we believe that he has specialized knowledge and insight, and abundant experience as a certified public accountant and he is considered qualified to act as the Company's corporate executive. Although he has not been directly involved in corporate management other than as an outside Director, the Company deemed that he would be able to adequately perform his duties as outside Director for the above reasons.</td></tr>
<tr><td rowspan="3">7</td><td rowspan="2">Hideaki Kobayashi
(Dec. 19, 1945)

Number of the Company's shares owned: 1,900</td><td>Apr. 1968 Entered the Ministry of Foreign Affairs
Jan. 1995 Assistant Vice-Minister, Minister's Secretariat & Consular and Migration Affairs Department, Ministry of Foreign Affairs
Apr. 1995 Deputy Secretary General (External Affairs), Secretariat of the Japan Fair Trade Commission
Aug. 1997 Envoy Extraordinary and Minister Plenipotentiary, Embassy of Japan in the United States of America
Feb. 2000 Ambassador Extraordinary and Plenipotentiary, Permanent Mission of Japan to the United Nations
Apr. 2001 Chief of Protocol, the Ministry of Foreign Affairs
Oct. 2002 Chief Chamberlain to H.I.H. Crown Prince, The Imperial Household Agency
Oct. 2005 Ambassador Extraordinary and Plenipotentiary to the Kingdom of Thailand
Oct. 2008 Director of State Guest House, Cabinet Office
Mar. 2011 Retired from Cabinet Office
Apr. 2011 Advisor to the Company
Jun. 2011 Director of the Company (up to present)</td></tr>
<tr><td>(Significant concurrent position)
・Outside Director, Densan Co. Ltd.</td></tr>
<tr><td colspan="2">Reason for appointment as outside Director candidate
Hideaki Kobayashi is appointed as a candidate for outside Director since we believe that he has abundant experience and extensive knowledge and insight as a diplomat over many years and he is qualified to act as the Company's corporate executive. Although he has not been directly involved in corporate management other than as an outside Director, the Company deemed that he would be able to adequately perform his duties as outside Director for the above reasons.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, area of responsibility
and significant concurrent positions</th></tr>
<tr><td rowspan="3">8</td><td rowspan="2">Tsutao Katayama
(Apr. 24, 1949)

Number of the Company’s shares owned: 100</td><td>Apr. 1983 Full-time Instructor, Faculty of Engineering, Doshisha University
Apr. 1986 Assistant Professor, Faculty of Engineering
Apr. 1991 Professor, Faculty of Engineering
Apr. 2004 Vice President
Apr. 2008 Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences (up to present)
Jun. 2015 Director of the Company (up to present)</td></tr>
<tr><td>(Significant concurrent position)
Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences</td></tr>
<tr><td colspan="2">Reason for appointment as outside Director candidate
Tsutao Katayama is appointed as a candidate for outside Director since we believe that he has specialized knowledge and insight, and abundant experience as a university professor and he is qualified to act as the Company’s corporate executive.</td></tr>
<tr><td rowspan="3">9*</td><td rowspan="2">Kei Asatsuma
(Sep. 5, 1970)

Number of the Company’s shares owned: 0</td><td>Apr. 1997 Admitted to bar (Daiichi Tokyo Bar Association) (up to present)
Joined Nagashima & Ohno (current Nagashima Ohno & Tsunematsu) (up to present)
Jan. 2005 Partner, Nagashima Ohno & Tsunematsu (up to present)</td></tr>
<tr><td>(Significant concurrent position)
・Lawyer (Partner, Nagashima Ohno & Tsunematsu)</td></tr>
<tr><td colspan="2">Reason for appointment as outside Director candidate
Kei Asatsuma is appointed as a candidate for outside Director since we believe that he has specialized knowledge and insight, and abundant experience as a lawyer and he is qualified to act as the Company’s corporate executive. Although he has not been directly involved in corporate management, the Company deemed that he would be able to adequately perform his duties as outside Director for the above reasons.</td></tr>
</table>

(Notes)
1. Norimasa Maida will assume the position of Director of Toyo Kohan Co., Ltd.as of June 24, 2016.
2. Mitsuo Arai will assume the position of outside Director of Okamoto Industries, Inc. as of June 29, 2016.
3. Those marked with an asterisk (*) are candidates for new Directors.
4. There are no special interests between the Company and each candidate for Directors.
5. Mitsuo Arai, Hideaki Kobayashi, Tsutao Katayama and Kei Asatsuma are outside Director candidates.
6. Term of office as outside Director of the Company
   (1) Mitsuo Arai will have served as outside Director of the Company for ten (10) years at the close of this Ordinary General Meeting of Shareholders.
   (2) Hideaki Kobayashi will have served as outside Director of the Company for five (5) years at the close of this Ordinary General Meeting of Shareholders.
   (3) Tsutao Katayama will have served as outside Director of the Company for one (1) year at the close of this Ordinary General Meeting of Shareholders.
7. Outline of Liability Limitation Agreement with outside Director
   (1) Under provisions in Article 427, paragraph 1of the Companies Act, the Company has concluded an agreement with Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama, which limits the liability stipulated in Article 423, paragraph 1of the Companies Act. The limit of liability amount based on said agreement shall be the higher of either ¥10 million or the amount provided for in the Act. If the proposal for the election of Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama is approved, the Company will extend their agreements.
   (2) If the proposal for the election of Kei Asatsuma is approved, the Company will enter into the same agreement as above (1) with him.
8. Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama have been reported to the Tokyo Stock Exchange as Independent Directors of the Company.

[Translation for Reference and Convenience Purposes Only]

Proposal 3: Election of Three (3) Audit and Supervisory Board Members

The term of office of Audit and Supervisory Board Members Kunio Okawa, Ryusaku Konishi and Takayuki Katayama will expire at the close of this Ordinary General Meeting of Shareholders.

Therefore we would like to ask our shareholders to elect three (3) Audit and Supervisory Board Members.

This proposal has been approved by the Audit and Supervisory Board.

The candidates for Audit and Supervisory Board Members are as follows:

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, area of responsibility
and significant concurrent positions</th></tr>
<tr><td rowspan="3">1</td><td rowspan="2">Kunio Okawa
(Dec. 29, 1955)

Number of the Company's shares owned: 8,486</td><td>Apr. 1978 Joined the Company
Jun. 2004 General Manager, Accounting Department, Corporate Administration Division
Jun. 2008 Standing Audit and Supervisory Board Member (up to present)</td></tr>
<tr><td>(Significant concurrent positions)
・Audit and Supervisory Board Member, Toyo Seikan Co., Ltd.
・Outside Audit and Supervisory Board Member, Toyo Kohan Co., Ltd.
・Audit and Supervisory Board Member, Toyo Aerosol Industry Co., Ltd.
・Audit and Supervisory Board Member, Tokan Material Technology Co., Ltd.
・Auditor, Toyo Institute of Food Technology</td></tr>
<tr><td colspan="2">Reason for appointment as Audit and Supervisory Board Member candidate
Kunio Okawa is appointed as a candidate for Audit and Supervisory Board Member since we believe that he has accumulated experience at the accounting division and abundant knowledge and insight as Audit and Supervisory Board Member of the Group over many years and he is qualified to act as the Company's Audit and Supervisory Board Member.</td></tr>
<tr><td rowspan="3">2</td><td rowspan="2">Ryusaku Konishi
(Sep. 25, 1952)

Number of the Company's shares owned: 7,300</td><td>Feb. 1986 Director, Nippon Zoki Pharmaceutical Co., Ltd.
Feb. 1988 Managing Director, Nippon Zoki Pharmaceutical Co., Ltd.
Jun. 1992 Senior Managing Director, Nippon Zoki Pharmaceutical Co., Ltd.
Jun. 1997 Representative Director and Senior Managing Director, Nippon Zoki Pharmaceutical Co., Ltd.
Jan. 2002 President and Representative Director, Nippon Zoki Pharmaceutical Co., Ltd. (up to present)
Jun. 2004 Audit and Supervisory Board of the Company (up to present)</td></tr>
<tr><td>(Significant concurrent position)
・President and Representative Director, Nippon Zoki Pharmaceutical Co., Ltd.</td></tr>
<tr><td colspan="2">Reason for appointment as outside Audit and Supervisory Board Member candidate
Ryusaki Konishi is appointed as a candidate for outside Audit and Supervisory Board Member since we believe that he has abundant experience and extensive knowledge and insight as the Company's corporate executive and he is qualified to act as the Company's Audit and Supervisory Board Member.</td></tr>
<tr><td rowspan="3">3*</td><td rowspan="2">Fuminari Hako
(Sep. 5, 1969)

Number of the Company's shares owned: 0</td><td>Oct. 1994 Joined Century Audit Corporation (current Ernst & Young ShinNihon LLC)
Apr. 1998 Registered as Certified Public Accountant (up to present)
Oct. 2000 Established Hako & Partners Accounting Office
Sep. 2004 Registered as Certified Tax Accountant (up to present)
Jun. 2011 Established Aoyama Trust Tax Accounting Firm Partner (up to present)</td></tr>
<tr><td>(Significant concurrent positions)
・ Certified Public Accountant, Certified Tax Accountant (Partner, Aoyama Trust Tax Accounting Firm)
・ External Auditor, Showa Chemical Industry Co., Ltd.
・ External Auditor, B-Lot Company Limited</td></tr>
<tr><td colspan="2">Reason for appointment as outside Audit and Supervisory Board candidate
Fuminari Hako is appointed as a candidate for outside Audit and Supervisory Board Member since we believe that he has specialized knowledge and insight and abundant experience as Certified Public Accountant and Certified Public Accountant and he is qualified to act as the Company's Audit and Supervisory Board Member. Although he has not been directly involved in corporate management other than as an outside Audit and Supervisory Board Member, the Company deemed that he would be able to adequately perform his duties as outside Audit and Supervisory Board Member for the above reasons.</td></tr>
</table>

[Translation for Reference and Convenience Purposes Only]

Notes: 1. Those marked with an asterisk (*) are candidates for new Audit and Supervisory Board Members.
2. There are no special interests between the Company and each candidate for Audit and Supervisory Board Members.
3. Ryusaku Konishii and Fuminari Konishi are candidates for outside Audit and Supervisory Board Members.
4. Term of office as outside Audit and Supervisory Board Member of the Company
Ryusaku Konishi will have served as outside Audit and Supervisory Board Member of the Company for 12 years at the close of this Ordinary General Meeting of Shareholders.
5. Outline of Liability Limitation Agreement with outside Audit and Supervisory Board Member
(1) Under provisions in Article 427, paragraph 1 of the Companies Act, the Company has concluded an agreement with Ryusaku Konishi, which limits the liability stipulated in Article 423, paragraph 1of the Companies Act. The limit of liability amount based on said agreement shall be the higher of either ¥10 million or the amount provided for in the Act. If the proposal for the election of Ryusaku Konishi is approved, the Company will extend their agreements.
(2) If the proposal for the election of Fuminari Hako is approved, the Company will enter into the same agreement as above (1) with him.
6. Ryusaku Konishi has been reported to the Tokyo Stock Exchange as Independent Director. If the proposal for election of Fuminari Hako is approved, the Company will report to the Tokyo Stock Exchange as Independent Director of the Company.