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Securities code: 7220
June 5, 2015

To our shareholders:

Hiroshi Otsuka
Representative Director and President
Musashi Seimitsu Industry Co., Ltd.
39-5 Daizen, Ueta-cho, Toyohashi-shi, Aichi

NOTICE OF CONVOCAION OF THE 88TH ANNUAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 88th Annual Meeting of Shareholders of Musashi Seimitsu Industry Co., Ltd. (the “Company”).
If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the Annual Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Monday, June 22, 2015.

[Exercise of Voting Rights in Writing (by Mail)]

Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return to arrive by the voting deadline indicated above.

[Exercise of Voting Rights via the Internet, etc.]

Access the Company’s designated voting rights exercise website (<https://www.net-vote.com/>), input the login ID and temporary password indicated on the enclosed Voting Rights Exercise Form, follow the instructions on the screen, and input your approval or disapproval of the proposals. (Please see pages 60 and 61 in this document for more details.)

Meeting Details

1. Date and Time: Tuesday, June 23, 2015 at 10:00 a.m. (Japan Standard Time)

2. Venue: Conference Room of the Company's Head Office
39-5 Daizen, Ueta-cho, Toyohashi-shi, Aichi

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements, as well as the audit reports of the Financial Auditor and the Audit & Supervisory Board for Consolidated Financial Statements, for the 88th fiscal term (from April 1, 2014 to March 31, 2015)
2. Non-consolidated Financial Statements for the 88th fiscal term (from April 1, 2014 to March 31, 2015)

Items to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Partial Amendments to the Articles of Incorporation

Proposal 3: Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Proposal 4: Election of Four (4) Directors Serving as Audit and Supervisory Committee Members)

Proposal 5: Remuneration of Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Proposal 6: Remuneration of Directors Serving as Audit and Supervisory Committee Members)

Proposal 7: Payment of Officer Bonuses for the 88th Fiscal Term

* If you plan to attend the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk.

* If any changes have been made to the Reference Documents for the Annual Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such changes will be posted via the Internet on the Company's website (<http://www.musashi.co.jp>)

(Attached materials)

Business Report

(April 1, 2014 to March 31, 2015)

1. Overview of the Group

(1) Business results for the consolidated fiscal year ended March 31, 2015

1) Progress and results of business

The economic climate encompassing the Group (Musashi Seimitsu Industry Co., Ltd. (the Company) and consolidated subsidiaries; same shall apply hereafter) during the fiscal year under review saw a continued solid yet modest recovery in consumer spending and capital investment in the United States. However, Europe's recovery stayed at a sluggish pace with low growth. Although Asia continued to grow overall, its pace was slow, with Brazil's slump unabated.

Meanwhile, the domestic economy witnessed a reduction in consumer spending due to the consumption tax hike, but exports grew on the back of the depreciated yen and capital investment showed signs of a recovery.

Under such circumstances, consolidated net sales for the fiscal year under review totaled 158,209 million yen (up 6.3% year on year), with consolidated operating income at 11,588 million yen (up 35.3% year on year).

A segment breakdown reveals that, in Japan, sales amounted to 31,156 million yen (down 12.0% year on year) with a segment profit of 927 million yen (down 66.4% year on year).

In North America, sales totaled 36,619 million yen (up 19.8% year on year) with a segment profit of 2,341 million yen (up 111.9% year on year).

In Europe, sales totaled 6,055 million yen (up 14.1% year on year) with a segment profit of 887 million yen (up 82.7% year on year).

In Asia, sales totaled 71,333 million yen (up 13.6% year on year) with a segment profit of 7,048 million yen (up 118.3% year on year).

In South America, sales totaled 13,043 million yen (down 11.6% year on year) with a segment profit of 9 million yen (down 97.2% year on year).

Consolidated ordinary income was 11,875 million yen (up 23.4% year on year) with net income was 6,379 million yen (down 6.6% year on year).

Group sales by product

(million yen)

Item	The 87th fiscal year ended March 31, 2014		The 88th fiscal year ended March 31, 2015		Increase / Decrease	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Year on Year (%)
Ball joints	21,130	14.2	19,852	12.6	(1,277)	(6.0)
Camshafts	26,922	18.1	28,014	17.7	1,092	4.1
Gears	100,767	67.7	110,341	69.7	9,574	9.5
Total	148,820	100.0	158,209	100.0	9,388	6.3

Note: Figures are presented with amounts less than one million yen truncated.

2) Status of capital investment

A total of 16,324 million yen was invested by the Group during the fiscal year under review to manufacture newly ordered products and meet customer volume increases.

3) Status of fund procurement

During the fiscal year under review, only regular procurement from financial institutions occurred, with no capital increases or corporate bond issuances.

(2) Status of Group assets and income

(million yen, except for per share amounts)

Item	The 85th fiscal year ended March 31, 2012	The 86th fiscal year ended March 31, 2013	The 87th fiscal year ended March 31, 2014	The 88th fiscal year ended March 31, 2015
Net sales	125,205	125,993	148,820	158,209
Ordinary income	10,677	2,597	9,623	11,875
Net income	4,432	2,529	6,827	6,379
Net income per share	¥ 142.08	¥ 81.09	¥ 218.86	¥ 204.51
Total assets	110,448	133,441	155,162	169,539
Net assets	53,399	59,392	71,006	83,969

Note: Net sales, ordinary income, net income, total assets and net assets are presented with amounts less than one million yen truncated.

(3) Status of parent company and major subsidiaries

1) Relationship with the parent company

No items to report

2) Status of major subsidiaries

Company name	Capital (million)	The Company's ownership ratio (%)	Principal business
Kyushu Musashi Seimitsu Co., Ltd.	JPY 200	100.0	Manufacturing of motorcycle and general-purpose engine parts
Musashi Auto Parts Michigan Inc.	USD 40	89.5	Manufacturing of automobile parts
Musashi Auto Parts Co., Ltd.	THB 200	49.0	Manufacturing of motorcycle and general-purpose engine parts
P.T. Musashi Auto Parts Indonesia	USD 14	80.0	Manufacturing of motorcycle and general-purpose engine parts
Musashi Auto Parts Canada Inc.	CAD 20	100.0	Manufacturing of automobile parts
Musashi do Brasil Ltda.	BRL 105.1	74.9	Manufacturing of motorcycle and general-purpose engine parts
Musashi Hungary Manufacturing, Ltd.	EUR 20.1	100.0	Manufacturing of automobile parts
Musashi da Amazonia Ltda.	BRL 60.5	100.0	Manufacturing of motorcycle and general-purpose engine parts
Musashi Auto Parts India Pvt. Ltd.	INR 10,100	100.0	Manufacturing of motorcycle and general-purpose engine parts
Musashi Auto Parts (Zhongshan) Co., Ltd.	USD 65.2	100.0	Manufacturing of automobile parts
Musashi Auto Parts Vietnam Co., Ltd.	USD 42	100.0	Manufacturing of motorcycle and general-purpose engine parts

- Notes:
1. Musashi Auto Parts India Pvt. Ltd. increased capital by 1 billion rupee, all of which was contributed by the Company, on June 2, 2014, as indicated above.
 2. Musashi do Brasil Ltda. increased capital by 1.2 million reais by a capital incorporation of surplus as indicated above.
 3. Although the ownership ratio of Musashi Auto Parts Co., Ltd. is less than 50%, it is essentially controlled by the Company and therefore listed as a subsidiary.

(4) Issues to be handled

The global automotive market is expected to expand over the medium to long term mostly in emerging countries. However, due to circumstances such as the constriction of the domestic market, a compositional transformation of automobiles due to environmental regulations and the intensification of price competition on the back of acceleration of local procurement, the business climate in which the Group operates is undergoing rapid changes. In order to swiftly adapt to this change, it is necessary to further fortify our competitive strengths by reallocating managerial resources to more important areas based on products, build an optimal production system with a global perspective and strengthen our operational functions through the formation of a solid quality assurance system, among other initiatives.

(5) Principal business (As of March 31, 2015)

The principal business of the Group consists of the manufacturing and sale of automobile engine parts, suspension parts, steering parts and transmission parts, among others, of which the main products are listed below.

Ball joints	Suspension arm assemblies, suspension ball joints, steering ball joints, various connection joints
Camshafts	Camshafts
Gears	Planetary gear assemblies, differential gear assemblies, transmission gear assemblies, bevel gears, helical gears, clutch gears, ring gears, sprockets, balance shafts, gear shafts, crank shafts, crank assemblies, con-rods, metal molds, jigs and tools, machinery and instruments

(6) Principal business locations and plants (As of March 31, 2015)

1) Musashi Seimitsu Industry Co., Ltd.

Head Office and Ueta Plant	(Aichi)
Akemi Plant #1	(Aichi)
Akemi Plant #2	(Aichi)
Horai Plant	(Aichi)
Suzuka Plant	(Mie)

2) Principal subsidiaries

Kyushu Musashi Seimitsu Co., Ltd.	(Kumamoto)
Musashi Auto Parts Michigan Inc.	(Michigan, USA)
Musashi Auto Parts Co., Ltd.	
Plant #1	(Pathumthani, Thailand)
Plant #2	(Prachinburi, Thailand)
P.T. Musashi Auto Parts Indonesia	
Plant #1	(Bekasi, Indonesia)
Plant #2	(Karawang, Indonesia)
Musashi Auto Parts Canada Inc.	(Ontario, Canada)
Musashi do Brasil Ltda.	(Pernambuco, Brazil)
Musashi Hungary Manufacturing, Ltd.	(Ercseny, Hungary)
Musashi da Amazonia Ltda.	(Amazonas, Brazil)
Musashi Auto Parts India Pvt. Ltd.	
Plant #1	(Haryana, India)
Plant #2	(Karnataka, India)
Musashi Auto Parts (Zhongshan) Co., Ltd.	(Guangdong, China)
Musashi Auto Parts Vietnam Co., Ltd.	(Hung Yen, Vietnam)

(7) Status of employees (As of March 31, 2015)

1) Employees of the Group

Number of employees	Change from previous fiscal year-end
10,436 (3,107)	+925 (+81)

Note: Number of employees means the number of full-time employees only, and the average number of part-time and temporary employees for the year is indicated in parentheses ().

2) Employees of the Company

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
1,144 (178)	+8 (-33)	38.5 years old	14.4 years

Note: Number of employees means the number of full-time employees only, and the average number of part-time and temporary employees for the year is indicated in parentheses ().

(8) Status of major lenders (As of March 31, 2015)

Lender	Balance of borrowings (million yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,982
Mizuho Bank, Ltd.	12,450
The Shoko Chukin Bank, Ltd.	5,019

Note: The balance of borrowings is the sum total by lender group.

(9) Other important issues related to the current operations

There are no matters that should be reported.

2. Status of the Company

(1) Status of shares (As of March 31, 2015)

- | | |
|---|------------|
| 1) Total Number of Shares Authorized to be issued | 70,000,000 |
| 2) Total Number of Issued Shares | 31,200,000 |
| 3) Number of Shareholders | 2,748 |
| 4) Major Shareholders (Top 10) | |

Shareholder name	Number of shares (thousand shares)	Ownership ratio (%)
Honda Motor Co., Ltd.	8,182	26.2
BNP PARIBAS SEC SERVICES LUXEMBOURG/JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	1,948	6.2
Japan Trustee Services Bank, Ltd. (Trust Account)	1,480	4.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,429	4.5
JPMorgan Chase Bank, N.A. 385632	1,151	3.6
Northern Trust Company (AVFC) Account Non Treaty	973	3.1
Otsuka Holdings Co., Ltd.	801	2.5
Hiroshi Otsuka	701	2.2
CMBL S.A. RE MUTUAL FUNDS	550	1.7
Otsuka Kimitoshi Holdings Co., Ltd.	500	1.6

Notes: 1. Shares less than one thousand have been truncated.
2. Ownership ratio is calculated excluding treasury shares (5,466 shares).

(2) Status of share subscription rights

- Status of share subscription rights held by the Company's officers granted as a consideration for the execution of duties
No items to report
- Status of share subscription rights granted to employees, etc. during the fiscal year under review as a consideration for the execution of duties
No items to report

3) Other important matters concerning share subscription rights

Overview of euro-yen denominated convertible bonds subject to call due 2018 issued based on a resolution made at the Board of Directors Meeting held on November 20, 2013

Item	Euro-yen denominated convertible bonds subject to call due 2018 (Issued December 6, 2013, London time)
Number of share subscription rights	1,000 units
Type and number of shares subject to share subscription rights	Common stock of the Company (Share unit: 100 shares) The number of shares of common stock of the Company to be granted by the exercise of the share subscription rights shall be the number obtained by dividing the total face value of corporate bonds in respect of exercise requests by the conversion value below. However, any fraction less than one share that occur due to exercise shall be truncated and no adjustment in cash shall be made.
Conversion value	3,441 yen
Period when share subscription rights can be exercised	December 20, 2013 to November 22, 2018 (in the local time of the location where exercise requests are received)
Conditions for exercising share subscription rights	Partial exercising of the share subscription rights may not be made. Until September 6, 2018, holders of bonds with share subscription rights can exercise their rights during the period from the first to the last day of the following fiscal quarter (however, September 5, 2018 for the quarter beginning on July 1, 2018) only if the closing price of the common stock of the Company for any 20 trading days in a period of 30 consecutive trading days ending on the last trading day of any particular fiscal quarter of the Company is more than 120 percent of the conversion value in effect on the last trading day of such fiscal quarter of the Company.
Balance of convertible bonds	10,036 million yen

(3) Status of Corporate Officers

1) Status of the Directors and Audit & Supervisory Board Members (As of March 31, 2015)

Position	Name	Areas of responsibility in the Company, and significant concurrent positions
Representative Director and President	Hiroshi Otsuka	
Director	Naohiro Matsumoto	Representative Director and President of Kyushu Musashi Seimitsu Co., Ltd.
Director	Haruhisa Otsuka	President and Director of Musashi Auto Parts Canada Inc.
Director	Koji Horibe	President and Director of Musashi Auto Parts India Pvt. Ltd.
Director	Tetsuro Hamada	Senior General Manager of R&D
Director	Takeshi Isaku	Senior General Manager of Sales Division
Director	Goro Kamino	Representative Director and President of Sala Corporation Representative Director and President of Chubu Gas Co., Ltd. Representative Director and President of Gastec Service Inc.
Audit & Supervisory Board Member (Full-time)	Nobuyoshi Sakakibara	
Audit & Supervisory Board Member	Hideki Sorimachi	Representative Director of Sorimachi Co., Ltd. Representative Partner of Sorimachi Kaikei Tax Accounting
Audit & Supervisory Board Member	Takeshi Fujii	
Audit & Supervisory Board Member	Keisuke Tomimatsu	Director of IR Japan Holdings, Ltd.

- Notes:
1. Director Goro Kamino is an Outside Director.
 2. Auditors Hideki Sorimachi, Takeshi Fujii and Keisuke Tomimatsu are Outside Audit & Supervisory Board Members.
 3. Audit & Supervisory Board Member Hideki Sorimachi is qualified as a certified public tax accountant with abundant knowledge on financial and accounting matters.
 4. The Company designated Messrs. Goro Kamino, Hideki Sorimachi, Takeshi Fujii and Keisuke Tomimatsu as Independent Officers pursuant to the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and registered them as such.

(Ref.) The Company adopted the executive officer system on April 1, 2015 to clarify lines of authority and responsibility of decision-making and execution of operations as follows.

Position	Name	Areas of responsibility in the Company, and significant concurrent positions
Representative Director, President and Executive Officer	Hiroshi Otsuka	
Director and Managing Executive Officer	Naohiro Matsumoto	Senior General Manager of Motorcycle Business Representative Director and President of Kyushu Musashi Seimitsu Co., Ltd.
Director and Managing Executive Officer	Haruhisa Otsuka	Senior General Manager of North America Regional Operations President and Director of Musashi Auto Parts Canada Inc.
Director and Managing Executive Officer	Tetsuro Hamada	Senior General Manager of R&D Division In charge of Quality Reforms
Managing Executive Officer	Takayuki Miyata	Senior General Manager of Production Engineering, Machinery & Tools, and Purchasing Divisions Senior General Manager of South America Regional Operations
Director and Senior Executive Officer	Koji Horibe	Senior General Manager for Asia Regional Operations President and Director of Musashi Asia Co., Ltd.
Director and Senior Executive Officer	Takeshi Isaku	Senior General Manager of Sales Division
Senior Executive Officer	Toru Uchida	Senior General Manager and General Manager of General Affairs Division
Executive Officer	Takehiko Tsuji	Senior General Manager of Quality Division
Executive Officer	Tetsunobu Kawai	Senior General Manager of Production Division
Executive Officer	Takashi Soda	Senior General Manager of Management Division Senior General Manager for China Regional Operations
Executive Officer	Graham Hill	In charge of Globalization Initiatives Senior General Manager for Europe Regional Operations President and Director of Musashi Auto Parts UK Ltd.
Executive Officer	Isao Kamiya	Senior General Manager of Finance and Accounting Division
Executive Officer	Tracey Sivill	In charge of Globalization Initiatives Director of Musashi Auto Parts Canada Inc.

2) Total amount of remuneration, etc. to Directors and Audit & Supervisory Board Members for the fiscal year under review

Classification	Number of payees	Amount paid (million yen)
Directors	7	177
(Outside Director of the above)	(1)	(5)
Audit & Supervisory Board Members	4	31
(Outside Audit & Supervisory Board Members of the above)	(3)	(16)
Total	11	209
(Outside Officers of the above)	(4)	(21)

- Notes:
1. The amount of Director remuneration, etc. paid to Directors does not include the portion of employee salaries for Directors who serve concurrently as employees.
 2. The maximum amount of Director remuneration was determined as 35 million yen per month (excluding employee salaries) by resolution at the 82nd Annual Meeting of Shareholders held on June 23, 2009.
 3. The maximum amount of Audit & Supervisory Board Member remuneration was determined as 7 million yen per month by resolution at the 82nd Annual Meeting of Shareholders held on June 23, 2009.
 4. The amounts of remuneration, etc. paid include the provision for directors' bonuses for the fiscal year under review.

3) Matters regarding Outside Officers

A. Status of significant concurrent positions at other companies, etc. and relationship between such companies with the Company

- *Mr. Goro Kamino, Outside Director, also serves as Representative Director and President of Sala Corporation, Chubu Gas Co., Ltd. and Gastec Service, Inc. The Company has fuel purchasing transactions etc. with Chubu Gas Co., Ltd and Gastec Service, Inc. However, the annual transaction amount relating thereto accounts for less than 1% of sales of the Company as well as the two companies. There is no special relationship between the Company and Sala Corporation.
- *Mr. Hideki Sorimachi, Outside Audit & Supervisory Board Member, is the Representative Director of Sorimachi Co., Ltd. and Representative Partner of Sorimachi Kaikei Tax Accounting. There is no special relationship between the Company and entities at which he holds positions.
- *Mr. Keisuke Tomimatsu, Outside Audit & Supervisory Board Member, assumed office as Director at IR Japan, Inc. in June 2014 and at IR Japan Holdings, Ltd., which was established as the wholly-owning parent company of IR Japan, Inc., in February 2015. The Company consigns shareholder registry administrator services to IR Japan, Inc., however, the annual transaction amount relating thereto accounts for less than 1% of sales of the Company as well as IR Japan, Inc. There is no special relationship between the Company and IR Japan Holdings, Ltd.

B. Main activities during the fiscal year under review

- *Mr. Goro Kamino, Outside Director, attended 12 of the 13 Board of Directors Meetings held during the fiscal year under review at which he actively provided comments necessary for the deliberation of agenda items of the Board of Director Meetings thereat based on his broad experience and extensive knowledge in corporate management.
- *Mr. Hideki Sorimachi, Outside Audit & Supervisory Board Member, attended all of the 13 Board of Director Meetings held during the fiscal year under review where he expressed opinions based on his perspective as an expert accountant and provided advice and suggestions to ensure the adequacy and appropriateness of the Board of

Directors' decision-making. Further, he attended 7 of the 8 Audit & Supervisory Board Meetings held during the fiscal year under review where he expressed opinions regarding matters that concern the audit methods and execution of Audit & Supervisory Board Member duties.

* Mr. Takeshi Fujii, Outside Audit & Supervisory Board Member, attended 12 of the 13 Board of Director Meetings held during the fiscal year under review where he provided advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decision-making. Further, he attended 7 of the 8 Audit & Supervisory Board Meetings held during the fiscal year under review where he expressed opinions regarding matters that concern the audit methods and execution of Audit & Supervisory Board Member duties.

* Mr. Keisuke Tomimatsu, Outside Audit & Supervisory Board Member, attended all of the 13 Board of Director Meetings held during the fiscal year under review where he provided advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decision-making. Further, he attended all of the 8 Audit & Supervisory Board Meetings held during the fiscal year under review where he expressed opinions regarding matters that concern the audit methods and execution of Audit & Supervisory Board Member duties.

C. Overview of limited liability agreements

* The Company and the Outside Director and Outside Audit & Supervisory Board Members entered into limited liability agreements that limit the amount of liability under Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of liability for damages under these agreements is the amount stipulated in Article 425, paragraph 1 of the same Act.

(4) Financial Auditor

1) Name: Ernst & Young ShinNihon LLC

2) Amount of remuneration, etc.

	Amount paid (million yen)
Remuneration, etc. of the Financial Auditor for the fiscal year under review	43.5
Total economic benefits, including money, that should be paid to the Financial Auditor by the Company and its subsidiaries	43.5

Notes: 1. Subsidiaries of the Company are audited by audit corporations other than the Financial Auditor of the Company.
2. In the audit agreement between the Company and the Financial Auditor, a distinction is not made between the remuneration for auditing based on the Companies Act and that for auditing based on the Financial Instruments and Exchange Act, nor is such distinction effectively possible. Therefore, the amounts above include the amount of remuneration, etc. for auditing based on the Financial Instruments and Exchange Act.

3) Description of non-auditing services

No items to report

4) Policy on decisions concerning dismissal or non-reappointment of the Financial Auditor

When the Financial Auditor has difficulty in execution of duties, the Audit & Supervisory Board shall determine the detail of a proposal with regards to dismissal or non-reappointment of the Financial Auditor submitted to an Annual Meeting of Shareholders.

The Financial Auditor may also be dismissed by a unanimous consent of the Audit & Supervisory Board Members, provided that any items of Article 340, paragraph 1 of the Companies Act are met. In such case, an Audit & Supervisory Board Member

designated by the Audit & Supervisory Board shall report the dismissal of the Financial Auditor and the reason therefor at the first Annual Meeting of Shareholders convened after the dismissal.

(5) Systems to ensure adequacy of operations

Below is an overview of decisions regarding systems for ensuring that the execution of duties by Directors comply with laws and regulations and the Articles of Incorporation, and other systems for ensuring proper operations.

- 1) Systems for ensuring that the execution of duties by Directors and employees comply with laws and regulations and the Articles of Incorporation, and any other systems for ensuring proper operations
 - * Appointment of an Officer in charge of promoting compliance and establishment of a systematic framework.
 - * Establish a committee to deliberate matters regarding business ethics and compliance.
 - * Articulate “Our Compliance” as a code of conduct which must be adhered to by all employees of the Group when dealing with customers and society and striving for the improvement of business ethics.
 - * Establish a counter to receive proposals regarding problems with business ethics.
- 2) Systems for the preservation and management of information relating to the execution of duties by Directors
 - * Establish an information management framework for the proper storage and management of documents relating to the execution of duties by Directors and other information based on the document management rules.
- 3) Rules concerning loss risk management and other systems
 - * Appoint an Officer in charge of promoting risk management and establishment of a systematic risk management framework.
 - * Promote formation of relevant regulations on organizations and actions to be taken by employees in the event of a crisis.
- 4) Systems to ensure efficiency of duty execution by Directors
 - * Establish a framework for monitoring the global execution of duties by the Board of Directors that includes governance and regional governance.
 - * Appoint Directors in charge of regional business and execution functions for rapid and optimal business decisions in each region and workplace as well as efficient and effective operations.
 - * Management meetings deliberate important managerial matters within the scope of authority delegated by the Board of Directors.
 - * Establish GTM (Global Top Meeting) for the extraction and handle issues for sharing group policies and realizing business plans, as well as enhancing the optimality and efficiency of business execution as a corporate group.
- 5) Systems to ensure the adequacy of the business of the Company and the corporate group constituted by the parent and subsidiaries
 - * Formulate “Regulations for Management of Subsidiaries and Associates” for the proper execution of tasks by all constituent companies of the Group and management thereof according to such regulations.
 - * All constituent companies of the Group conduct periodical self-verifications based on checklists.
 - * The Internal Audit Office, the internal audit section of the Company, conducts audits on the status of the business execution of all sections and works to enhance internal

auditing in each region and at subsidiaries and associates.

- 6) Matters concerning an employee requested by Audit & Supervisory Board Members to assist in the latter's duties, and matters regarding the independence of the employee from the Audit & Supervisory Board Member
 - * Where necessary, provide assistance in the duties of Audit & Supervisory Board Members in the internal audit section to contribute to the formation of an efficient and effective audit framework and deepen collaboration with such Audit & Supervisory Board Members while ensuring the independence of the internal audit section.
- 7) System of reporting from Directors and employees to Audit & Supervisory Board Members, and other systems for reporting to Audit & Supervisory Board Members
 - * Periodical reports are made to Audit & Supervisory Board Members on the status of the business of the Company and subsidiaries, etc. as well as the status of preparation and operation of internal control system covering areas such as compliance and risk management. Also, other factors that may potentially have significant influence on the Company have to be reported.
- 8) Other systems to ensure that auditing by Audit & Supervisory Board Members is conducted effectively
 - * Formation of an audit framework including Outside Audit & Supervisory Board Members and the establishment and operation of audit environment to increase the effectiveness of audits. Audit & Supervisory Board Members conduct audits on the Company and subsidiaries, etc. in close collaboration with the Internal Audit Office, the internal audit section, and attend management meetings and other important meetings.

Consolidated Balance Sheet
(As of March 31, 2015)

		(million yen)	
Account title	Amount	Account title	Amount
Assets	169,539	Liabilities	85,569
Current assets	59,093	Current liabilities	55,392
Cash and bank deposits	9,538	Notes and accounts payable – trade	13,217
Notes and accounts receivable – trade	18,141	Short-term loans payable	23,453
Merchandise and finished goods	4,415	Current portion of long-term loans payable	7,116
Work in process	3,913	Accounts payable – other	2,497
Raw materials and supplies	14,596	Accrued expenses	4,693
Deferred tax assets	936	Income taxes payable	557
Others	7,597	Provision for bonuses	1,650
Allowance for doubtful accounts	(45)	Provision for directors' bonuses	59
Non-current assets	110,446	Provision for product warranties	142
Property, plant and equipment	94,199	Others	2,004
Buildings and structures	19,055	Non-current liabilities	30,176
Machinery, equipment and vehicles	62,795	Bonds payable	10,036
Tools, furniture and fixtures	1,787	Long-term loans payable	14,819
Land	5,021	Deferred tax liabilities	2,206
Construction in progress	5,539	Liabilities on employees' retirement benefits	2,673
Intangible assets	1,322	Others	440
Software	642	Total net assets	83,969
Software in progress	650	Shareholders' equity	67,111
Others	29	Capital stock	2,973
Investments and other assets	14,924	Capital surplus	2,714
Investment securities	7,564	Retained earnings	61,429
Investments in capital	1,100	Treasury shares	(7)
Long-term loans receivable	36	Accumulated other comprehensive income	4,918
Deferred tax assets	3,437	Valuation difference on available-for-sale securities	2,919
Others	2,838	Foreign currency translation adjustment	2,671
Allowance for doubtful accounts	(52)	Remeasurements of defined benefit plan	(672)
		Minority interests	11,940
Total assets	169,539	Total liabilities and net assets	169,539

Note: Figures are presented with amounts less than one million yen truncated.

Consolidated Statement of Income
(April 1, 2014 - March 31, 2015)

		(million yen)
Account title	Amount	
Net sales		158,209
Cost of sales		134,340
Gross profit		23,868
Selling, general and administrative expenses		12,279
Operating income		11,588
Non-operating income		
Interest income	596	
Dividend income	154	
Foreign exchange gains	662	
Others	273	1,687
Non-operating expenses		
Interest expenses	1,138	
Loss on retirement of non-current assets	97	
Others	164	1,399
Ordinary income		11,875
Extraordinary income		
Gain on sales of non-current assets	36	36
Extraordinary losses		
Loss on sales of non-current assets	15	
Loss on retirement of non-current assets	160	
Impairment loss	720	896
Income before income taxes and minority interests		11,015
Income taxes – current	2,719	
Income taxes – deferred	895	3,615
Income before minority interests		7,400
Minority interests in income		1,021
Net income		6,379

Note: Figures are presented with amounts less than one million yen truncated.

Consolidated Statement of Changes in Net Assets
(April 1, 2014 - March 31, 2015)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2014	2,973	2,714	58,501	(6)	64,183
Cumulative impact of change in accounting policies			(251)		(251)
Balance at April 1, 2014 after changes in accounting policies	2,973	2,714	58,249	(6)	63,931
Changes of items during period					
Dividends of surplus			(1,434)		(1,434)
Net income			6,379		6,379
Purchase of treasury shares				(0)	(0)
Change in the scope of consolidation			(1,764)		(1,764)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,180	(0)	3,179
Balance at March 31, 2015	2,973	2,714	61,429	(7)	67,111

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plan	Total accumulated other comprehensive income		
Balance at April 1, 2014	2,533	(4,476)	(911)	(2,853)	9,677	71,006
Cumulative impact of change in accounting policies						(251)
Balance at April 1, 2014 after changes in accounting policies	2,533	(4,476)	(911)	(2,853)	9,677	70,755
Changes of items during period						
Dividends of surplus						(1,434)
Net income						6,379
Purchase of treasury shares						(0)
Change in the scope of consolidation						(1,764)
Net changes of items other than shareholders' equity	386	7,148	238	7,772	2,262	10,034
Total changes of items during period	386	7,148	238	7,772	2,262	13,214
Balance at March 31, 2015	2,919	2,671	(672)	4,918	11,940	83,969

Note: Figures are presented with amounts less than one million yen truncated.

Notes to Consolidated Financial Statements

1. Notes relating to the assumptions of the going concern
No items to report
2. Significant matters that serve as the basis for the preparation of consolidated financial statements
 - (1) Matters relating to the scope of consolidation
 - 1) Status of consolidated subsidiaries
 - i) Number of consolidated subsidiaries:
11
 - ii) Names of consolidated subsidiaries:
Kyushu Musashi Seimitsu Co., Ltd.
Musashi Auto Parts Michigan Inc.
Musashi Auto Parts Co., Ltd.
P.T. Musashi Auto Parts Indonesia
Musashi Auto Parts Canada Inc.
Musashi do Brasil Ltda.
Musashi Hungary Manufacturing, Ltd.
Musashi da Amazonia Ltda.
Musashi Auto Parts India Pvt. Ltd.
Musashi Auto Parts (Zhongshan) Co., Ltd.
Musashi Auto Parts Vietnam Co., Ltd.
 - iii) Change in the scope of consolidation
Musashi Auto Parts Vietnam Co., Ltd. was included in the scope of consolidation during the fiscal year under review because of increased materiality of Musashi Auto Parts Vietnam Co., Ltd.
 - 2) Status of non-consolidated subsidiaries:
 - i) Names of principal non-consolidated subsidiaries:
Musashi Europe GmbH
Musashi North America Inc.
Musashi Asia Co., Ltd.
Musashi Konpounyu K.K.
Musashi Auto Parts UK Ltd.
Musashi India Pvt. Ltd.
Musashi Auto Parts Mexico, S.A. de C.V.
Musashi Seimitsu Investment (Zhongshan) Co., Ltd.
Musashi Auto Parts (Nantong) Co., Ltd.
 - ii) Reason for exclusion from the scope of consolidation
Non-consolidated subsidiaries are excluded from the scope of consolidation because their respective total assets, net sales, net income and retained earnings do not have a material effect on the consolidated financial statements.
 - (2) Matters concerning application of equity method
Status of non-consolidated subsidiaries for which the equity method is not applied
 - i) Names of principal companies, etc.
Musashi Europe GmbH
Musashi North America Inc.
Musashi Asia Co., Ltd.
Musashi Konpounyu K.K.
Musashi Auto Parts UK Ltd.
Musashi India Pvt. Ltd.
Musashi Auto Parts Mexico, S.A. de C.V.

- Musashi Seimitsu Investment (Zhongshan) Co., Ltd.
Musashi Auto Parts (Nantong) Co., Ltd.
- ii) Reason for not applying equity method
Non-consolidated subsidiaries have an immaterial effect on net income and retained earnings, they do not have a material effect on overall operations and are therefore not accounted for by the equity method.
- (3) Items relating to the fiscal years, etc. of consolidated subsidiaries
The account closing date of the Company's consolidated subsidiaries Musashi Auto Parts Co., Ltd., P.T. Musashi Auto Parts Indonesia, Musashi Auto Parts Canada Inc., Musashi do Brasil Ltda., Musashi Hungary Manufacturing, Ltd., Musashi da Amazonia Ltda., and Musashi Auto Parts (Zhongshan) Co., Ltd. is December 31, and that of Musashi Auto Parts Michigan Inc. is January 31.
Financial statements as of the foregoing accounts settlement date are used to prepare consolidated financial statements. However, material transactions occurring during the period from the accounts settlement date of a subsidiary and the consolidated accounts settlement date are adjusted as necessary for consolidation.
- (4) Matters relating to accounting practices and standards
- 1) Valuation basis and method for significant assets
- i) Securities
- A. Shares in subsidiaries
Stated at cost using the moving average method
- B. Available-for-sale securities
- * Securities with market value
Market value method based on the market price as of the accounts settlement date (the full amount of the valuation difference is charged to net assets using the direct transfer to capital method, with the disposal cost determined by the moving average method)
- * Securities without market value
Stated at cost using the moving average method
- ii) Derivatives
Market value method
- iii) Inventories
The Company and consolidated subsidiaries mainly state inventories at cost using the moving average method (figures on the balance sheet are adjusted by writing down the book value where the profitability declines), however, some overseas consolidated subsidiaries use the lower of cost or market method by the first-in first-out method or weighted average method.
- 2) Depreciation methods for material depreciable assets
- i) Property, plant and equipment (excluding lease assets)
Amortized using the straight-line method. Please note that the main useful lives are as follows.
- | | |
|-----------------------------------|----------------|
| Buildings and structures | 20 to 47 years |
| Machinery, equipment and vehicles | 5 to 10 years |
- (Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)
(Change of depreciation method)
The Company and its consolidated subsidiaries (except for certain consolidated subsidiaries that changed the depreciation method for property, plant and equipment in previous fiscal year) previously adopted the declining-balance method for depreciation of property, plant and equipment (excluding lease assets), but the method has been changed to the straight-line method prospectively as from the fiscal

year under review.

The change has been made based on our judgment that the straight-line method is appropriate for the Group by reviewing the depreciation method of property, plant and equipment when it made the decision to make a substantial amount of group-wide capital investment at the Board of Directors Meeting held on July 31, 2013 in order to establish the use of parts in common for major customers and also establish production system realizing further operational efficiency.

Although previously the use of the production equipment shows high operation rate when new model were introduced and it tends to decline as the years of using, by making the aforementioned group-wide capital investment in order to establish the use of parts in common, we expect long-term stable utilization of the use of the production equipment.

Since the relevant production equipment was in place during the fiscal year under review, and the stability of the production line has been realized, the Company and its consolidated subsidiaries (except for certain consolidated subsidiaries that changed the depreciation method for property, plant and equipment in previous fiscal year) changed the depreciation for the property, plant and equipment to the straight-line method as from the fiscal year under review.

The effects of adopting this new method on operating income, ordinary income and income before income taxes and minority interests for the fiscal year under review resulted in an increase of 1,263 million yen for each.

(Change of accounting estimates)

(Change of useful life)

Although previously some consolidated subsidiaries adopted 5 years for depreciation as the useful life of machinery and equipment, these subsidiaries changed the useful life of machinery and equipment to 8 years or 10 years prospectively as from the fiscal year under review.

The change has been made based on our judgment by reviewing the use of machinery and equipment in a view of global basis when it made the decision to make a substantial amount of group-wide capital investment at the Board of Directors Meeting held on July 31, 2013 in order to establish the use of parts in common for major customers and also establish production system realizing operational efficiency. Although previously the useful life of the machinery and equipment was affected by the life cycle of products, by establishing the use of parts in common, we expect long-term stable utilization of the use of the production equipment. Since the relevant production equipment was in place during the fiscal year under review, some consolidated subsidiaries changed the useful life of depreciation for machinery and equipment.

The effects of adopting this new method on operating income, ordinary income and net income before taxes and other adjustments for the fiscal year under review resulted in an increase of 1,010 million yen for each.

ii) Intangible assets (excluding lease assets)

The straight-line method is applied. However, for software for internal use, the straight-line method is applied based on the expected usable period within the Group (mainly 5 years).

iii) Lease assets

Lease assets in non-ownership-transfer finance lease transactions

Depreciation is calculated on the straight-line method over the lease term as the useful life with no residual value.

3) Accounting policy for significant provisions

i) Allowance for doubtful accounts

To provide for losses due to bad debt, the Group reserves an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios and on highly doubtful receivables and other specified debt based on the recoverability from individual customers.

ii) Provision for bonuses

To provide for the future payment of employee bonuses, the Company and some consolidated subsidiaries report the anticipated amount of bonus payments.

iii) Provision for directors' bonuses

To provide for the future payment of Director bonuses, the Company and some consolidated subsidiaries report the anticipated amount of bonus payments.

iv) Provision for product warranties

To provide for product warranty expenses, the Group reports the anticipated amount of warranty expenses.

4) Standards for translating significant assets or liabilities denominated in a foreign currency into Japanese currency

Foreign currency-denominated receivables and payables are converted to yen at the spot exchange rate on the consolidated closing date and the translation adjustment is treated as a profit or loss. Please note that assets and liabilities of overseas subsidiaries and others are converted into yen based on the spot exchange rate on the day of consolidated accounts settlement, and revenue and expenses are converted into yen by using the average exchange rate during the fiscal year, while the difference arising from the conversion is shown as foreign currency translation adjustment and minority interests.

5) Hedge accounting method

i) Hedge accounting method

Deferred hedge accounting is used for derivative transactions satisfying hedge accounting requirements. However, appropriation accounting is applied to forward foreign exchange contracts and currency swap transactions that satisfy requirements for appropriation accounting, and special treatment is applied to the interest-rate swap transactions that meet the requirements for special treatment.

ii) Hedging instruments and hedged items

Hedging instruments	Currency swap transactions and interest-rate swap transactions
Hedged items	Foreign currency denominated borrowings and foreign currency denominated trade payables

iii) Hedging policy

To avoid foreign exchange fluctuation risk for receivables and payables denominated in foreign currencies, the Group uses forward foreign exchange contracts and currency swap transactions. To avoid interest-rate fluctuation risk for borrowings, the Group uses interest-rate swap transactions.

It is our policy that these derivative transactions are carried out in accordance with its internal rules which stipulate authorization and limitation amount of transactions, and used to avoid foreign currency exchange and interest-rate fluctuation risks, and no speculative transactions are allowed.

iv) Hedge effectiveness evaluation method

The effectiveness of hedges is evaluated by comparing the cumulative cash flow fluctuations of hedged items or market fluctuations with cumulative cash flow fluctuations of the hedging method or market fluctuations based on the changes of both.

Please note that this assessment is omitted for interest-rate swaps subject to special

treatment.

6) Other significant matters that serve as the basis for the preparation of consolidated financial statements

i) Accounting treatment for retirement benefits

A. The attribution of benefits to periods of service

For the calculation of projected benefit obligation, the Group adopts the plan's benefit formula for the attribution of benefits to the end the fiscal year under review.

B. Accounting method of unrecognized actuarial gains and losses and unrecognized past service costs

Past service costs are amortized using the straight-line method over a certain period (mainly, 15 years), which is within the average remaining service period of the employees, when they are recognized.

Actuarial differences will be amortized over a certain period (mainly, 15 years), which is within the average remaining service period of the employees, using the straight-line method, from the following fiscal year when the actuarial difference is recognized.

ii) Accounting treatment of consumption taxes

Accounting treatment for consumption tax and local consumption tax is based on the tax-excluded method.

3. Change of accounting policies

(Application of accounting standards for retirement benefits, etc.)

“Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; hereinafter, the “Accounting Standard”) and “Guidelines for Application of Accounting Standard for Retirement Benefits” (ASBJ Guideline No. 25, March 26, 2015; hereinafter, the “Guidelines”) are applied from the fiscal year under review (based on the provisions of the main clauses of paragraph 35 of the Accounting Standard and paragraph 67 of the Guidelines), the Group changed the attribution of benefits to periods of service from the attribution method to the projected benefit method using the plan's benefit formula by reviewing the calculation method of retirement benefit obligations and service costs. Simultaneously the Group also changed the method to determine the period for calculating the discounted rate, from the method based on the number of years that was similar for the average working lives of the employees to the method to reflect the expected payment period by each payment. The application of the foregoing Standard and Guidelines is in accordance with the transitional treatment provided for in paragraph 37 of the Accounting Standard, therefore, as of the beginning of the fiscal year, the effect of this change is reflected on the retained earnings.

As a result, as of the beginning of the fiscal year under review, liabilities on employees' retirement benefits increased by 386 million yen. Further, retained earnings decreased by 251 million yen. There was only minor impact on operating income, ordinary income and income before income taxes and minority interests.

4. Notes to the consolidated balance sheet

(1) Assets pledged as collateral and debt relating to collateral

i) Assets pledged as collateral

Machinery, equipment and vehicles 131 million yen

ii) Obligations secured by such collateral

Current portion of long-term loans payable 30 million yen

(2) Amount of accumulated depreciation for property, plant and equipment

151,779 million yen

5. Notes to the consolidated statement of income

(1) Gain on sales of non-current assets

Principal items disposed of were machinery, equipment and vehicles.

(2) Loss on sales of non-current assets

Principal items disposed of were machinery, equipment and vehicles.

(3) Loss on retirement of non-current assets

Principal items disposed of were machinery, equipment and vehicles.

(4) Impairment loss

The Group posted impairment losses with respect to the following assets.

Location	Purpose of use	Category	Impairment loss (million yen)
Musashi da Amazonia Ltda.	Manufacturing equipment for vehicle machinery	Machinery and equipment	720

The Group groups property, plant and equipment for the smallest cash-generating unit that independently generates cash inflow.

The Group reduced the book value of the asset groups that became less profitable down to their recoverable value, and posted the reduced amount as impairment loss as part of extraordinary loss.

While the recoverable amount of the asset group was measured in terms of its value in use while its future cash flows were computed by discounting them by 11.03%.

6. Notes to the consolidated statement of changes in net assets

(1) Matters concerning total number of issued shares

(thousand shares)

Types of shares	April 1, 2014	Increase	Decrease	March 31, 2015
Shares of common stock	31,200	—	—	31,200

(2) Matters concerning number of treasury shares

(shares)

Types of shares	April 1, 2014	Increase	Decrease	March 31, 2015
Shares of common stock	5,237	229	—	5,466

Note: Increase in common stock of 229 shares is due to purchase of shares of less than one unit.

(3) Matters concerning dividends of surplus

1) Paid amount of dividends

i) Matters concerning dividends resolved at the 87th Annual Meeting of Shareholders held on June 20, 2014

- * Total dividends 686 million yen
- * Dividends per share 22 yen
- * Record date March 31, 2014
- * Effective date June 23, 2014

ii) Matters concerning dividends resolved at the Board of Directors Meeting held on October 30, 2014

- * Total dividends 748 million yen
- * Dividends per share 24 yen
- * Record date September 30, 2014
- * Effective date December 2, 2014

2) Of the dividends whose record date belongs to the fiscal year under review, dividends whose effective date falls in the next fiscal year

The following shall be presented at the 88th Annual Meeting of Shareholders to be held on June 23, 2015

- * Total dividends 748 million yen
- * Dividends per share 24 yen
- * Record date March 31, 2015
- * Effective date June 24, 2015
- * Dividend resource Retained earnings

7. Notes concerning financial instruments

(1) Matters concerning the conditions of financial instruments

The Group procures necessary capital through loans from banks and other financial institutions and through bond issuances. Temporary surplus funds are managed only as short-term deposits.

Credit risk of customers in terms of notes and accounts receivable – trade are mitigated according to the Sales Management Rules. Investment securities are mainly shares, and we quarterly monitor the market prices of listed stock.

Borrowings are used as working capital and capital investment funds. Currency swap contracts are used against the exchange fluctuation risk for foreign-denominated borrowings, and interest rate swap contracts are used against interest rate fluctuation risk. Please note that derivative transactions are conducted only in the scope of actual demand according to internal rules.

(2) Matters concerning fair values, etc. of financial instruments

Amounts on the consolidated balance sheet, fair values and their differences at March 31, 2015 are as follows.

	(million yen)		
	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and bank deposits	9,538	9,538	–
(2) Notes and accounts receivable – trade	18,141	18,141	–
(3) Investment securities	5,620	5,620	–
Total assets	33,300	33,300	–
(4) Notes and accounts payable – trade	13,217	13,217	–
(5) Short-term loans payable	23,453	23,453	–
(6) Accounts payable – other	2,497	2,497	–
(7) Accrued expenses	4,693	4,693	–
(8) Income taxes payable	557	557	–
(9) Bonds payable	10,036	9,844	(192)
(10) Long-term loans payable (*)	21,935	22,025	90
Total liabilities	76,391	76,289	(101)
(11) Derivative transactions	(806)	(806)	–

(*) Includes current portion of long-term loans.

Notes: 1. Calculation method of the fair value of financial instruments and matters concerning marketable securities and derivative transactions

(1) Cash and bank deposits and (2) Notes and accounts receivable – trade
Because their fair value is almost equal to book value due to their short-term settlement, they are posted at their book value.

(3) Investment securities
Fair value of investment securities is based on market prices on exchanges.

(4) Notes and accounts payable – trade and (5) Short-term loans payable
Because their fair value is almost equal to book value due to their short-term settlement, they are posted at their book value.

(6) Accounts payable – other, (7) Accrued expenses and (8) Income taxes payable
Because their fair value is almost equal to book value due to their short-term settlement, they are posted at their book value.

(9) Bonds payable

The fair value of bonds issued by the Group is calculated at the present value thereof equal to the total of capital and interests discounted by an interest rate reflecting the remaining terms adjusted for credit risk.

(10) Long-term loans payable

The fair value of long-term loans is calculated at the present value thereof equal to the total of capital and interests discounted by an interest rate reflecting the remaining terms adjusted for credit risk.

Please note that, for loans requiring interest rate renewals at certain periods, their fair value is roughly equal to book value, and therefore they are determined by the relevant book value.

(11) Derivative transactions

The fair value of derivative transactions is determined by the quoted price obtained from financial institutions.

However, interest rate swap contracts meeting special treatment criteria are treated together with hedged borrowings, therefore, their fair value is included in the fair value of the relevant borrowings. However, forward foreign exchange contracts meeting appropriation accounting criteria are treated together with hedged borrowings, therefore, their fair value is included in the fair value of the relevant borrowings.

2. Unlisted equity securities (1,944 million yen posted) among investment securities are not included in “(3) Investment securities” as no quoted market price is available and it is extremely difficult to ascertain fair value by such means as estimating future cash flows.

8. Notes concerning information per share

(1) Net assets per share: 2,309.05 yen

(2) Net income per share: 204.51 yen

9. Notes concerning significant subsequent events

No items to report

Non-consolidated Balance Sheet
(As of March 31, 2015)

(million yen)

Account title	Amount	Account title	Amount
Assets	79,696	Liabilities	44,433
Current assets:	18,645	Current liabilities	21,953
Cash and bank deposits	1,406	Notes payable – trade	101
Accounts receivable – trade	11,309	Accounts payable – trade	3,139
Finished goods	998	Short-term loans payable	6,800
Work in process	1,202	Current portion of long-term loans payable	5,290
Raw materials and supplies	898	Lease obligations	14
Prepaid expenses	6	Accounts payable – other	151
Deferred tax assets	504	Accrued expenses	2,147
Accounts receivable – other	1,639	Electronically recorded obligations – operating	2,981
Others	679	Income taxes payable	23
Non-current assets	61,050	Advances received	7
Property, plant and equipment	9,174	Deposits received	107
Buildings	1,876	Provision for bonuses	946
Structures	130	Provision for directors' bonuses	34
Machinery and equipment	4,683	Provision for product warranties	141
Vehicles	6	Notes payable – facilities	3
Tools, furniture and fixtures	284	Others	62
Land	2,136	Non-current liabilities	22,480
Construction in progress	57	Bonds payable	10,036
Intangible assets	879	Long-term loans payable	11,033
Software	221	Lease obligations	47
Software in progress	650	Deferred tax liabilities	414
Others	8	Provision for retirement benefits	778
Investments and other assets	50,996	Long-term accounts payable – other	110
Investment securities	193	Asset retirement obligations	59
Shares of subsidiaries and associates	30,911	Total net assets	35,262
Investments in capital	3	Shareholders' equity	32,497
Long-term loans receivable from subsidiaries and associates	1,845	Capital stock	2,973
Investments in capital of subsidiaries and associates	18,034	Capital surplus	2,714
Others	44	Legal capital surplus	2,714
Allowance for doubtful accounts	(36)	Retained earnings	26,816
		Legal retained earnings	306
		Other retained earnings	26,510
		General reserve	23,500
		Reserve for special depreciation	19
		Reserve for advanced depreciation of machinery	2
		Retained earnings brought forward	2,988
		Treasury shares	(7)
		Valuation and translation adjustments	2,765
		Valuation difference on available-for-sale securities	2,765
Total assets	79,696	Total liabilities and net assets	79,696

Note: Figures are presented with amounts less than one million yen truncated.

Non-consolidated Statement of Income
(April 1, 2014 - March 31, 2015)

		(million yen)
Account title	Amount	
Net sales		45,429
Cost of sales		39,559
Gross profit		5,870
Selling, general and administrative expenses		5,004
Operating income		865
Non-operating income		
Interest income	51	
Dividend income	947	
Rent income	14	
Technical support fee	276	
Foreign exchange gains	353	
Others	34	1,676
Non-operating expenses		
Interest expenses	96	
Interest on bonds	1	
Loss on retirement of non-current assets	93	
Others	52	244
Ordinary income		2,298
Extraordinary income		
Gain on sales of non-current assets	0	0
Income before income taxes		2,298
Income taxes – current	633	
Income taxes – deferred	301	934
Net income		1,363

Note: Figures are presented with amounts less than one million yen truncated.

Non-consolidated Statement of Changes in Net Assets
(April 1, 2014 - March 31, 2015)

(million yen)

	Shareholders' equity						Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings			Treasury shares	
		Legal capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance at April 1, 2014	2,973	2,714	306	26,570	26,876	(6)	32,558
Cumulative impact of change in accounting policies				11	11		11
Balance at April 1, 2014 after changes in accounting policies	2,973	2,714	306	26,581	26,887	(6)	32,569
Changes of items during period							
Dividends of surplus				(1,434)	(1,434)		(1,434)
Net income				1,363	1,363		1,363
Purchase of treasury shares						(0)	(0)
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	—	(71)	(71)	(0)	(71)
Balance at March 31, 2015	2,973	2,714	306	26,510	26,816	(7)	32,497

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2014	2,400	2,400	34,958
Cumulative impact of changes in accounting policies			11
Balance at April 1, 2014 after changes in accounting policies	2,400	2,400	34,970
Changes of items during period			
Dividends of surplus			(1,434)
Net income			1,363
Purchase of treasury shares			(0)
Net changes of items other than shareholders' equity	364	364	364
Total changes of items during period	364	364	292
Balance at March 31, 2015	2,765	2,765	35,262

Note: Figures are presented with amounts less than one million yen truncated.

*Other retained earnings

(million yen)

	General reserve	Reserve for special depreciation	Reserve for advanced depreciation of machinery	Retained earnings brought forward	Total
Balance at April 1, 2014	22,500	79	4	3,986	26,570
Cumulative impact of change in accounting policies				11	11
Balance at April 1, 2014 after changes in accounting policies	22,500	79	4	3,997	26,581
Change in the fiscal year					
Dividends	—	—	—	(1,434)	(1,434)
Establishment of general reserve	1,000	—	—	(1,000)	—
Reduction of reserve for special depreciation	—	(59)	—	59	—
Reduction of reserve for advanced depreciation of machinery	—	—	(2)	2	—
Net income	—	—	—	1,363	1,363
Total changes of items during period	1,000	(59)	(2)	(1,008)	(71)
Balance at March 31, 2015	23,500	19	2	2,988	26,510

Note: Figures are presented with amounts less than one million yen truncated.

Notes to Non-consolidated Financial Statements

1. Notes relating to the assumptions of the going concern
No items to report
2. Notes concerning matters pertaining to significant accounting policies
 - (1) Valuation basis and method for securities
 - 1) Shares in subsidiaries
Stated at cost using the moving average method
 - 2) Available-for-sale securities
 - * Securities with market value
Market value method based on the market price as of the accounts settlement date (the full amount of the valuation difference is charged to net assets using the direct transfer to capital method, with the disposal cost determined by the moving average method)
 - * Securities without market value
Stated at cost using the moving average method
 - (2) Valuation basis and method for derivative transactions
Market value method
 - (3) Valuation basis and method for inventories
 - 1) Finished goods, work in process and raw materials
Cost using the moving average method (figures on the balance sheet are adjusted by writing down the book value where the profitability declines)
However, machinery purchased for sale and in-house manufactured machinery are recorded at cost using the individual method
 - 2) Supplies of metal molds
Stated at cost using the individual method
 - 3) Other supplies
Stated at cost using the final purchase cost method
 - (4) Depreciation method for non-current assets
 - 1) Property, plant and equipment (excluding lease assets)
Straight-line method
Please note that the main useful lives are as follows.

Buildings	31 to 47 years
Machinery and equipment	9 years
- (Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)
(Change of depreciation method)
The Company previously adopted the declining-balance method for depreciation of property, plant and equipment (excluding lease assets), but the method has been changed to the straight-line method prospectively as from the fiscal year under review. The change has been made based on our judgment that the straight-line method is appropriate for the Company by reviewing the depreciation method of property, plant and equipment when it made the decision to make a substantial amount of group-wide capital investment at the Board of Directors Meeting held on July 31, 2013 in order to establish the use of parts in common for major customers and also establish production system realizing further operational efficiency.
Although previously the use of the production equipment shows high operation rate when new model were introduced and it tends to decline as the years of using, by making the aforementioned group-wide capital investment in order to establish the use of parts in common, we expect long-term stable utilization of the use of the production equipment.
Since the relevant production equipment was in place during the fiscal year under

review, and the stability of the production line has been realized the Company changed the depreciation for the property, plant and equipment to the straight-line method as from the fiscal year under review.

The effects of adopting this new method on operating income, ordinary income and income before income taxes for the fiscal year under review resulted in an increase of 502 million yen for each.

- 2) Intangible assets (excluding lease assets)
 - i) Software for internal use
The straight-line method is applied based on the expected usable period within the Company (5 years).
 - ii) Other intangible assets
Straight-line method
- 3) Lease assets
Lease assets in non-ownership-transfer finance lease transactions
Depreciation is calculated on the straight-line method over the lease term as the useful life with no residual value.
- (5) Accounting policy for reserves
 - 1) Allowance for doubtful accounts
To provide for losses due to bad debt, the Company reserves an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios and on highly doubtful receivables and other specified debt based on the recoverability from individual customers.
 - 2) Provision for bonuses
To provide for the future payment of employee bonuses, the Company reports the anticipated amount of bonus payments.
 - 3) Provision for directors' bonuses
To provide for the future payment of Director bonuses, the Company reports the anticipated amount of bonus payments.
 - 4) Provision for product warranties
To provide for product warranty expenses, the Company reports the anticipated amount of warranty expenses.
 - 5) Provision for retirement benefits
To provide for employee retirement benefits, this allowance is posted based on an estimate of the pension and retirement benefit obligations at fiscal year-end.
 - i) The attribution of benefits to periods of service
For the calculation of projected benefit obligation, the Company adopts the plan's benefit formula for the attribution of benefits to the end of the fiscal year under review.
 - ii) Accounting method of unrecognized actuarial gains and losses and unrecognized past service costs
Past service costs are amortized using the straight-line method over a certain period (15 years), which is within the average remaining service period of the employees, when they are recognized.
Actuarial differences will be amortized over a certain period (15 years), which is within the average remaining service period of the employees, using the straight-line method, from the following fiscal year when the actuarial difference is recognized.
- (6) Standards for translating assets and liabilities denominated in a foreign currency into Japanese currency
Foreign currency-denominated receivables and payables are converted to yen at the spot exchange rate on the consolidated closing date and the translation adjustment is treated as a profit or loss.
- (7) Hedge accounting method

1) Hedge accounting method

Deferred hedge accounting is used for derivative transactions satisfying hedge accounting requirements. However, appropriation accounting is applied to forward foreign exchange contracts and currency swap transactions that satisfy requirements for appropriation accounting, and special treatment is applied to the interest-rate swap transactions that meet the requirements for special treatment.

2) Hedging instruments and hedge items

Hedging instruments	Currency swap transactions and interest-rate swap transactions
Hedged items	Foreign currency denominated borrowings

3) Hedging policy

To avoid foreign exchange fluctuation risk for receivables and payables denominated in foreign currencies, the Company uses forward foreign exchange contracts and currency swap transactions. To avoid interest-rate fluctuation risk for borrowings, the Company uses interest-rate swap transactions. It is our policy that these derivative transactions are carried out in accordance with its internal rules which stipulate authorization and limitation amount of transactions, and used to avoid foreign currency exchange and interest-rate fluctuation risks, and no speculative transactions are allowed.

4) Hedge effectiveness evaluation method

The effectiveness of hedges is evaluated by comparing the cumulative cash flow fluctuations of hedge items or market fluctuations with cumulative cash flow fluctuations of the hedging method or market fluctuations based on the changes of both.

Please note that this assessment is omitted for interest-rate swaps subject to special treatment.

(8) Other significant matters that serve as the basis for the preparation of financial statements

Accounting treatment of consumption taxes	Accounting treatment for consumption tax and local consumption tax is based on the tax-excluded method.
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3. Change of accounting policies

(Application of accounting standards, etc. for retirement benefits)

“Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter, “the Accounting Standard”) and “Guidelines for Application of Accounting Standard for Retirement Benefits” (ASBJ Guideline No. 25, March 26, 2015.) are applied from the fiscal year under review, the Company changed the attribution of benefits to periods of service from the attribution method to the projected benefit method using the plan’s benefit formula by reviewing the calculation method of retirement benefit obligations and service costs. Simultaneously the Company also changed the method to determine the period for calculating the discounted rate, from the method based on the number of years that was similar for the average working lives of the employees to the method to reflect the expected payment period by each payment. The application of the foregoing Standard and Guidelines is in accordance with the transitional treatment provided for in paragraph 37 of the Accounting Standard, therefore, as of the beginning of fiscal year, the effect of this change is reflected on the remeasurements of retained earnings.

As a result, as of the beginning of the fiscal year, provision for retirement benefits decreased by 17 million yen. Further, retained earnings increased by 11 million yen. There was only minor impact on operating income, ordinary income and income before income taxes.

4. Notes to the non-consolidated balance sheet

(1) Claims and obligations with respect to subsidiaries and associates

Short-term cash credit	11,795 million yen
Short-term cash debt	1,797 million yen

(2) Amount of accumulated depreciation for property, plant and equipment

36,546 million yen

(3) Contingent liabilities

Guarantee obligations

The following guarantees are made with respect to loans from financial institutions of subsidiaries and associates

(million yen)

Company name	Guarantee balance
Musashi Auto Parts Michigan Inc.	6,550
Musashi Auto Parts India Pvt. Ltd.	4,952
Musashi Auto Parts Canada Inc.	1,838
Musashi Auto Parts (Zhongshan) Co., Ltd.	1,160
Musashi Auto Parts Mexico, S.A. de C.V.	1,201
Total	15,703

5. Notes to the non-consolidated statement of income

(1) Transactions with subsidiaries and associates

Net sales	41,298 million yen
Purchases	18,073 million yen
Transactions other than business transactions	1,277 million yen

(2) Gain on sales of non-current assets

Items disposed of were machinery and equipment and tools, furniture and fixtures.

6. Notes to the non-consolidated statement of changes in net assets

Matters concerning number of treasury shares

(shares)

Types of shares	April 1, 2014	Increase	Decrease	March 31, 2015
Shares of common stock	5,237	229	—	5,466

Note: Increase in common stock of 229 shares is due to purchase of shares of less than one unit.

7. Notes concerning tax effect accounting

Breakdown of major causes for the occurrence of deferred tax assets and deferred tax liabilities

	(million yen)
Deferred tax assets	
Provision for bonuses	306
Provision for directors' bonuses	11
Accrued social security premiums	48
Loss on evaluation of inventories	88
Credit for foreign tax	917
Over depreciation	220
Provision for retirement benefits	246
Directors' retirement benefits payable	35
Impairment loss	30
Loss on valuation of investment securities	64
Loss on valuation of stocks of subsidiaries	1,231
Asset retirement obligations	18
Allowance for doubtful accounts	11
Others	87
Subtotal deferred tax assets	3,320
Valuation allowance	(1,950)
Total deferred tax assets	1,369
Deferred tax liabilities	
Receivable for enterprise tax refund	(13)
Reserve for special depreciation	(8)
Reserve for advanced depreciation of machinery	(0)
Property, plant and equipment	(1)
Valuation difference on available-for-sale securities	(1,254)
Total deferred tax liabilities	(1,279)
Net deferred tax assets (liabilities)	89

8. Notes concerning transactions with related parties

(1) Parent company and principal corporate shareholder

Category	Company name	Ownership of voting rights, etc. (Ownership percentage) (%)	Relationship with the related parties	Transaction details	Transaction amounts (million yen) (Note 3)	Account item	Fiscal year-end balance (million yen) (Note 3)
Other affiliate	Honda Motor Co., Ltd.	26.2	Sale of the Company's products, purchase of raw materials	Sales of products (Note 1)	23,105	Accounts receivable – trade	988
						Advances received	7
				Purchase of raw materials (Note 2)	7,084	Accounts payable – trade	140

Conditions of transactions and policy for determining the conditions of transactions

- Notes: 1. Sale prices are determined by drafting estimates taking into consideration market values based on economic rationality and the Company's production technologies, etc. which are submitted for negotiation.
2. The purchase of raw materials is determined under the same requirements as general transactions upon price negotiations based on market values.
3. Consumption tax is excluded from transaction amounts, but included in balances at fiscal year-end.

(2) Subsidiaries

Category	Company name	Ownership of voting rights, etc. (Ownership percentage) (%)	Relationship with the related parties	Transaction details	Transaction amounts (million yen) (Note 5)	Account item	Fiscal year-end balance (million yen) (Note 5)
Subsidiary	Kyushu Musashi Seimitsu Co., Ltd.	100.0	Product purchasing, and secondment of officers	Product purchasing (Note 1)	8,556	Accounts payable – trade	947
Subsidiary	Musashi Auto Parts Michigan Inc.	89.5	Sales of products, debt guarantees and secondment of officers	Sales of products (Note 1)	2,785	Accounts receivable – trade	917
				Underwriting of debt guarantees (Note 2)	6,550	–	–
Subsidiary	P.T. Musashi Auto Parts Indonesia	80.0	Sales of products, capital lending and secondment of officers	Sales of products (Note 1)	3,428	Accounts receivable – trade	799
				Interest income (Note 3)	16	Long-term loans receivable from subsidiaries and associates	1,505
				–	–	Other current assets	1

Category	Company name	Ownership of voting rights, etc. (Ownership percentage) (%)	Relationship with the related parties	Transaction details	Transaction amounts (million yen) (Note 5)	Account item	Fiscal year-end balance (million yen) (Note 5)
Subsidiary	Musashi Auto Parts Canada Inc.	100.0	Product purchasing, debt guarantees and secondment of officers	Underwriting of debt guarantees (Note 2)	1,838	—	—
Subsidiary	Musashi Auto Parts India Pvt. Ltd.	100.0	Sales of products, debt guarantees and secondment of officers	Sales of products (Note 1)	1,840	Accounts receivable – trade	3,877
				Underwriting of debt guarantees (Note 2)	4,952	—	—
				Underwriting of capital increases (Note 4)	1,773	—	—
Subsidiary	Musashi Auto Parts (Zhongshan) Co., Ltd.	100.0	Sales of products, capital lending, debt guarantees and secondment of officers	Sales of products (Note 1)	2,477	Accounts receivable – trade	881
				Underwriting of debt guarantees (Note 2)	1,160	—	—
Subsidiary	Musashi Seimitsu Investment (Zhongshan) Co., Ltd.	100.0	secondment of officers	Underwriting of capital increases (Note 4)	1,020	—	—
Subsidiary	Musashi Europe GmbH	100.0	Sales of products and secondment of officers	Sales of products (Note 1)	1,677	Accounts receivable – trade	844
Subsidiary	Musashi Auto Parts Mexico, S.A. de C.V.	100.0	Debt guarantees and secondment of officers	Underwriting of debt guarantees (Note 2)	1,201	—	—

Conditions of transactions and policy for determining the conditions of transactions

- Notes:
1. Prices and other transaction requirements are determined based on basic agreements with subsidiaries and taking into account market conditions.
 2. Debt guarantees are underwritten by each company for loans from financial institution, no guarantee commissions are received.
 3. Interest rate in capital borrowings is reasonably determined in consideration with market interest rate.
 4. Capital increases are underwritten by shareholder allocation.
 5. Consumption tax is excluded from transaction amounts, but included in balances at fiscal year-end.

9. Notes concerning information per share

- (1) Net assets per share: 1,130.41 yen
- (2) Net income per share: 43.71 yen

10. Notes concerning significant subsequent events

No items to report

[English Translation of the Audit Report Originally Issued in the Japanese Language]
Audit Report of Financial Auditor on Consolidated Financial Statements (Certified Copy)

Independent Auditor's Report

May 18, 2015

To the Board of Directors of Musashi Seimitsu Industry Co., Ltd.

Ernst & Young ShinNihon LLC

Shinji Tamiya (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Shigeki Hiki (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Atsusada Kato (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

We have audited the consolidated financial statements of Musashi Seimitsu Industry Co., Ltd. for the fiscal year from April 1, 2014 to March 31, 2015, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and notes to consolidated financial statements for the purpose of reporting under the provisions of Article 444, paragraph 4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditor's judgment, based on the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

basis for our audit opinion.

Opinion

Our opinion is that the above-mentioned consolidated financial statements present fairly the status of assets and earnings during the period relating to the relevant consolidated financial statements of the corporate group consisting of Musashi Seimitsu Industry Co., Ltd. and its consolidated subsidiaries in every important point in accordance with the corporate accounting standards generally accepted in Japan.

Emphasis of Matter

As described in the notes “Changes in Significant Accounting Policies - Basis of Presenting Consolidated Financial Statements,” the Company and its consolidated subsidiaries except for certain consolidated subsidiaries changes the depreciation method for property, plant and equipment (excluding lease assets) and also changes the useful life for machinery and equipment, for certain consolidated subsidiaries as from the fiscal year under review. This matter does not affect our conclusion.

Conflicts of Interest

Our audit corporation or operating partner has no financial or other interest in the Company required to be stated by the provisions of the Certified Public Accountant Act of Japan.

[English Translation of the Audit Report Originally Issued in the Japanese Language]
Audit Report of Financial Auditor on Non-consolidated Financial Statements (Certified Copy)

Independent Auditor's Report

May 18, 2015

To the Board of Directors of Musashi Seimitsu Industry Co., Ltd.

Ernst & Young ShinNihon LLC

Shinji Tamiya (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Shigeki Hiki (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Atsutada Kato (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

We have audited the non-consolidated financial statements of Musashi Seimitsu Industry Co., Ltd. for the 88th fiscal year from April 1, 2014 to March 31, 2015, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and notes to non-consolidated financial statements and the accompanying financial schedule for the purpose of reporting under the provisions of Article 436, paragraph 2, item 1 of the Companies Act.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the accompanying financial schedule in accordance with corporate accounting standards generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and the accompanying financial schedule that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the accompanying financial schedule based on our audit from an independent position. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying financial schedule are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying financial schedule. The procedures selected and applied depend on the auditor's judgment, based on the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying financial schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the accompanying financial schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An

audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying financial schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our opinion is that the above-mentioned non-consolidated financial statements and the accompanying financial schedule present fairly the status of assets and earnings during the period relating to the relevant non-consolidated financial statements and the accompanying financial schedule in every important point in accordance with the corporate accounting standards generally accepted in Japan.

Emphasis of Matter

As described in the notes “Changes in Significant Accounting Policies - Basis of Presenting Consolidated Financial Statements,” the depreciation method for property, plant and equipment (excluding lease assets) has been changed as from the fiscal year under review.

This matter does not affect our conclusion.

Conflicts of Interest

Our audit corporation or operating partner has no financial or other interest in the Company required to be stated by the provisions of the Certified Public Accountant Act of Japan.

[English Translation of the Audit Report Originally Issued in the Japanese Language]
Audit Report of Audit & Supervisory Board (Certified Copy)

Audit Report

The Audit & Supervisory Board has prepared this Audit Report upon deliberation based on the Audit Report created by each Audit & Supervisory Board Member regarding the performance by the Directors of their duties during the 88th fiscal year from April 1, 2014 to March 31, 2015, and hereby reports as follows:

1. Audit & Supervisory Board Members' and Audit & Supervisory Board's Auditing Methods and Contents

The Audit & Supervisory Board stipulated the auditing policies, share of assignment, etc., received reports from each Audit & Supervisory Board Member on the auditing status and the auditing results; received reports of execution of duty from Directors, etc. and the financial auditor and demanded explanations, as the occasion demanded.

In accordance with the Audit & Supervisory Board Members' auditing standards, auditing policies, share of assignment, and other matters stipulated by the Audit & Supervisory Board, each Audit & Supervisory Board Member communicated with the Directors, the Internal Auditing Department and other employees, and strived to maintain an environment for information gathering and auditing; attended meetings of the Board of Directors and other important meetings; received reports of execution of duty from Directors and employees; demanded explanations, as the occasion demanded; inspected important documents; and investigated the activities and assets of the head office and of other principal places of business.

We verified the resolutions adopted by the Board of Directors regarding the maintenance of a system to assure that execution of duty by the Directors, as stated in the business report, complies with the laws and regulations and the Articles of Incorporation, and the maintenance of a system necessary to assure the appropriateness of other business activities of the corporation stipulated in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act. We also regularly received reports from Directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, demanded explanations, as the occasion demanded, and expressed our opinions.

As for the subsidiaries, we communicated and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of the subsidiaries and received reports on their business operations as the occasion demanded. Based on the above-mentioned methods, we examined the business reports and accompanying financial schedule for the relevant fiscal year.

In addition, we monitored and verified whether or not the financial auditor had maintained their independent positions and had conducted appropriate audits and received reports on activities of execution of duty from the financial auditor and received explanation as the occasion demanded. Also, we received notice that the "system to assure that duty is executed appropriately" (the matters listed in the items of Article 131 of the Corporate Accounting Rules) has been maintained in accordance with the "Quality Control Standards for Audits" (October 28, 2005, the Business Accounting Council) from the Financial Auditor and demanded explanation as the occasion demanded. Based on the above methods, we examined the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements) and accompanying financial schedule as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and the notes to

consolidated financial statements).

2. Results of Audit

- (1) Results of audit on the business report
 - 1) The business report and accompanying schedule are found to accurately present the status of the Company in conformity with the laws and regulations and Articles of Incorporation.
 - 2) In connection with the performance by the Directors of their duties, no dishonest act or significant fact of a violation of laws, regulations, or the Articles of Incorporation is found to exist.
 - 3) The contents of the resolutions of the Board of Directors regarding the internal control systems are found to be proper. Also, the descriptions in the business report and execution of duty by the Directors regarding the relevant internal control system are found to accurately present the matters to be stated therein and have nothing to be pointed out including the internal control system regarding financial reporting.
- (2) Results of audit on the non-consolidated financial statements and accompanying financial schedule
The methods and results of the audit made by the Financial Auditor, Ernst & Young ShinNihon LLC, an incorporated auditing firm, are found to be proper.
- (3) Results of audit on the consolidated financial statements
The methods and results of the audit made by the Financial Auditor, Ernst & Young ShinNihon LLC, an incorporated auditing firm, are found to be proper.

May 19, 2015

Audit & Supervisory Board of	
Musashi Seimitsu Industry Co., Ltd.	
Nobuyoshi Sakakibara	(Seal)
Audit & Supervisory Board Member (Full-time)	
Hideki Sorimachi	(Seal)
Outside Audit & Supervisory Board Member	
Takeshi Fujii	(Seal)
Outside Audit & Supervisory Board Member	
Keisuke Tomimatsu	(Seal)
Outside Audit & Supervisory Board Member	

Reference Documents for the Annual Meeting of Shareholders

Proposal 1: Appropriation of Surplus

Returning profit to shareholders is recognized as one of the Company's highest priorities, and the payment of stable, continuous dividends commensurate to business results is our basic policy.

Regarding the appropriation of surplus for the 88th fiscal term, taking into account such factors as our business results for the fiscal year under review, the strengthening of our management structure and future business development, and considering to secure internal reserves on one hand, we propose the following.

Matters relating to year-end dividends

- i) Type of dividend property
 Cash
- ii) Dividend amount to be allocated
 Per share of common stock: ¥24
 Total dividends: ¥748,668,816
- iii) Effective date of dividends of surplus
 June 24, 2015

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for Amendments

- (1) In our efforts to fortify auditing and supervisory functions and governance, as well as enhance the soundness and efficiency of our enterprise through rapid decision-making and execution of operations by transferring power, the Company decided to transition to a company with an Audit and Supervisory Committee, which became possible pursuant to the Act for Partial Revision of the Companies Act (Act No. 90 of June 27, 2014).
As a result, our Articles of Incorporation will be partially amended whereby provisions relating to the Audit and Supervisory Committee and Directors serving as Audit and Supervisory Committee Members are added, provisions relating to Audit & Supervisory Board Members and the Audit & Supervisory Board are deleted and provisions relating to Directors and the Board of Directors are amended.
- (2) Further, to facilitate the recruitment of outstanding individuals as Directors and making it possible for them to fulfill the roles expected of them, the Company will add provisions to allow the exemption of Director liability by resolution of the Board of Directors within the scope prescribed by the Companies Act and amend certain provisions so that the execution of agreements limiting the liability of Directors that do not execute operations will be allowed.
These amendments to the Articles of Incorporation have been consented by all Audit & Supervisory Board Member unanimously.
- (3) To ensure the dynamic and expeditious implementation of capital and dividend policies, pursuant to Article 459, paragraph 1 of the Companies Act, the provisions for dividend payments of surplus, etc. will be amended to be executed by resolution of the Board of Directors.
- (4) In addition to the above, the Company will change the Article numbers in line with the new establishments and deletion of Articles.

2. Details of amendments

The details of amendments are as follows.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
<p>Chapter 1 General Provisions Article 1 to Article 3 (Omitted)</p> <p>Article 4 (Organs) The Company shall have the following organs in addition to the Annual Meeting of Shareholders and Directors. 1) Board of Directors 2) <u>Audit & Supervisory Board Members</u> 3) <u>Audit & Supervisory Board</u> 4) Financial Auditor</p> <p>Article 5 to Article 18 (Omitted)</p> <p>Chapter 4 Directors and Board of Directors Article 19 (Number of Directors) (1) The number of Directors of the Company shall be limited up to 20. (New)</p>	<p>Chapter 1 General Provisions Article 1 to Article 3 (Unchanged)</p> <p>Article 4 (Organs) The Company shall have the following organs in addition to the Annual Meeting of Shareholders and Directors. 1) Board of Directors 2) <u>Audit and Supervisory Committee</u> (Deleted) 3) Financial Auditor</p> <p>Article 5 to Article 18 (Unchanged)</p> <p>Chapter 4 Directors and Board of Directors Article 19 (Number of Directors) (1) (Unchanged) (2) <u>Among the Directors in the previous paragraph, the number of Directors who serve as Audit and Supervisory Committee Members shall be limited up to 5.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>Article 20 (Election of Directors)</p> <p>(1) Directors shall be elected at the Annual Meeting of Shareholders.</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p> <p>Article 21 (Term of Directors)</p> <p>(1) The term of Directors shall continue until the conclusion of the Annual Meeting of Shareholders for the last fiscal year ending within one year from the time of their election.</p> <p style="text-align: center;">(New)</p> <p style="text-align: center;">(New)</p> <p>Article 22 (Representative Directors and Directors with Special Titles)</p> <p>(1) The Board of Directors may, by its resolution, appoint one President and Director, as well as one Chairman and Director and a small number of Vice-President and Directors, Executive Managing Directors and Managing Directors.</p> <p>(2) (Omitted)</p> <p>(3) The Board of Directors may, by its resolution, in addition to the previous paragraph, may appoint Director(s) to represent the Company.</p> <p>Article 23 (<u>Board of Directors</u>)</p> <p><u>The Board of Directors, in addition to matters provided for in laws and regulations and these Articles of Incorporation, shall determine the execution of important operations of the Company.</u></p>	<p>Article 20 (Election of Directors)</p> <p>(1) Directors shall be elected at the Annual Meeting of Shareholders <u>while making a distinction between Directors serving as Audit and Supervisory Committee Members and other Directors.</u></p> <p>(2) (Unchanged)</p> <p>(3) (Unchanged)</p> <p>Article 21 (Term of Directors)</p> <p>(1) The term of Directors (<u>excluding Directors serving as Audit and Supervisory Committee Members</u>) shall continue until the conclusion of the Annual Meeting of Shareholders for the last fiscal year ending within one year from the time of their election.</p> <p>(2) <u>The term of Audit and Supervisory Committee Member shall continue until the conclusion of the Annual Meeting of Shareholders for the last fiscal year ending within two years from the time of their election.</u></p> <p>(3) <u>The term of office of a Director serving as Audit and Supervisory Committee Member, who is elected as the substitute for a Director serving as Audit and Supervisory Committee Member who resigned from office before the expiration of the term of office, shall continue until the expiration of the term of office of the Director serving as Audit and Supervisory Committee Member who resigned from office.</u></p> <p>Article 22 (Representative Directors and Directors with Special Titles)</p> <p>(1) The Board of Directors may, by its resolution, appoint, <u>from among the Directors (excluding Directors serving as Audit and Supervisory Committee Members)</u>, one President and Director, as well as one Chairman and Director and a small number of Vice-President and Directors, Executive Managing Directors and Managing Directors.</p> <p>(2) (Unchanged)</p> <p>(3) The Board of Directors may, by its resolution, in addition to the previous paragraph, appoint Director(s) to represent the Company <u>from among the Directors (excluding Directors serving as Audit and Supervisory Committee Members).</u></p> <p>Article 23 (<u>Delegation of Execution of Important Operations</u>)</p> <p><u>The Board of Directors may, pursuant to the provisions of Article 399-13, paragraph 6 of the Companies Act, by its resolution, delegate some or all of decisions on the execution of important operations to be determined at a meeting of the Board of Directors (excluding matters set forth in items of paragraph 5 of the same Article).</u></p>

Current Articles of Incorporation	Proposed amendments
<p>Article 24 (Convocation of the Board of Directors Meeting <u>and its Chairperson</u>)</p> <p>(1) <u>Board of Directors Meeting, except where otherwise provided for separately in laws and regulations, shall be convened by the President, who shall serve as its Chairperson. In case the President is unable to act, another Director shall, in the order previously established by the Board of Directors, convene and act as Chairperson of such meeting.</u></p> <p>(2) Convocation notices of Board of Directors Meeting shall be dispatched to all Directors <u>and Audit & Supervisory Board Members</u> at least three days prior to the meeting; provided, however, that this period may be shortened in the event of an emergency.</p> <p>(3) When all Directors <u>and Audit & Supervisory Board Members</u> have given their consent, a Board of Directors Meeting may be held without going through convocation procedures.</p> <p>Article 25 to Article 26 (Omitted)</p> <p>Article 27 (Remuneration, etc. of Directors) The remuneration, bonuses or any other type of economic benefits payable from the Company as a consideration for the execution of duties (hereinafter, "Remuneration, etc.") of Directors shall be determined by resolution of the Annual Meeting of Shareholders.</p> <p>Article 28 (<u>Limited Liability Agreements with Outside Directors</u>) (New)</p> <p>The Company may, pursuant to Article 427, paragraph 1 of the Companies Act, enter into agreements with <u>Outside</u> Directors that limit their liability under Article 423, paragraph 1 of the Act. However, the liability limit amount under such agreements shall be the minimum liability limit amount prescribed in laws and regulations.</p> <p style="text-align: center;">Chapter 5 <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u> (New)</p>	<p>Article 24 (Convocation of the Board of Directors Meeting)</p> <p>(1) (Deleted)</p> <p>Convocation notices of Board of Directors Meeting shall be dispatched to all Directors at least three days prior to the meeting; provided, however, that this period may be shortened in the event of an emergency.</p> <p>(2) When all Directors have given their consent, a Board of Directors Meeting may be held without going through convocation procedures.</p> <p>Article 25 to Article 26 (Unchanged)</p> <p>Article 27 (Remuneration, etc. of Directors) The remuneration, bonuses or any other type of economic benefits payable from the Company as a consideration for the execution of duties (hereinafter, "Remuneration, etc.") of Directors shall be determined by resolution of the Annual Meeting of Shareholders <u>separately for Directors serving as Audit and Supervisory Committee Members and for other Directors.</u></p> <p>Article 28 (<u>Exemption of Director Liability</u>)</p> <p>(1) <u>The Company, pursuant to Article 426, paragraph 1 of the Companies Act, by resolution, may exempt the liability of Directors as stipulated in Article 426, paragraph 1 of the Act (including former Directors) to the extent provided by laws and regulations.</u></p> <p>(2) The Company may, pursuant to Article 427, paragraph 1 of the Companies Act, enter into agreements with Directors (<u>excluding Executive Directors</u>) that limit their liability under Article 423, paragraph 1 of the Act. However, the liability limit amount under such agreements shall be the minimum liability limit amount prescribed in laws and regulations.</p> <p style="text-align: center;">Chapter 5 <u>Audit and Supervisory Committee</u></p> <p>Article 29 (<u>Audit and Supervisory Committee</u>) <u>The Audit and Supervisory Committee shall, in addition to the matters provided for in laws and regulations and these Articles of Incorporation, determine the matters recognized as important regarding the execution of duties and exercise authority necessary to execute such duties.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>(New)</p> <p>(New)</p>	<p><u>Article 30 (Convocation for Audit and Supervisory Committee)</u> <u>(1) Convocation notices of the Audit and Supervisory Committee Meeting shall be dispatched to all members at least three days prior to the meeting; provided, however, that this period may be shortened in the event of an emergency.</u> <u>(2) When all Audit and Supervisory Committee Members have given their consent, a meeting may be held without going through convocation procedures.</u></p> <p><u>Article 31 (Audit and Supervisory Committee's rules)</u> <u>Matters regarding the Audit and Supervisory Committee shall be governed by the Audit and Supervisory Committee Rules established by the Audit and Supervisory Committee in addition to laws and regulations and these Articles of Incorporation.</u></p>
<p><u>Article 29 (Number of Audit & Supervisory Board Members)</u> <u>The number of Audit & Supervisory Board Members of the Company shall be limited up to 5.</u></p>	<p>(Deleted)</p>
<p><u>Article 30 (Election of Audit & Supervisory Board Members)</u> <u>(1) Audit & Supervisory Board Members shall be elected at the Annual Meeting of Shareholders.</u> <u>(2) A resolution for election as per the previous paragraph shall be adopted by a majority of the voting rights of the shareholders present who hold at least one-third of the voting rights of all the shareholders entitled to exercise their voting rights.</u></p>	<p>(Deleted)</p>
<p><u>Article 31 (Term of Audit & Supervisory Board Members)</u> <u>(1) The term of Audit & Supervisory Board Members shall continue until the conclusion of the Annual Meeting of Shareholders for the last fiscal year ending within four years from the time of their election.</u> <u>(2) The term of an Audit & Supervisory Board Member who is elected as the substitute for an Audit & Supervisory Board Member who resigned from office before the expiration of the term, shall continue until the expiration of the term of the Audit & Supervisory Board Member who resigned from office.</u></p>	<p>(Deleted)</p>
<p><u>Article 32 (Full-time Audit & Supervisory Board Members)</u> <u>The Board of Audit & Supervisory Board Members shall, by its resolution, appoint Full-time Audit & Supervisory Board Member(s).</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed amendments
<p><u>Article 33 (Audit & Supervisory Board)</u> <u>Audit & Supervisory Board shall, in addition to the matters provided for in laws and regulations and these Articles of Incorporation, determine the matters deemed to be necessary regarding the execution of duties by Audit & Supervisory Board Members; provided, however, that this does not preclude Audit & Supervisory Board Members from exercising their authority.</u></p>	(Deleted)
<p><u>Article 34 (Convocation of the Audit & Supervisory Board Meeting)</u> <u>(1) Convocation notices of Audit & Supervisory Board Meeting shall be sent to all Audit & Supervisory Board Members at least three days prior to the meeting; provided, however, that this period may be shortened in the event of an emergency.</u> <u>(2) When all Audit & Supervisory Board Members have given their consent, a meeting may be held without going through convocation procedures.</u></p>	(Deleted)
<p><u>Article 35 (Audit & Supervisory Board Meeting Resolutions)</u> <u>The resolutions of the Audit & Supervisory Board Meeting shall be made by a majority of the Audit & Supervisory Board Members, unless where otherwise provided for separately by laws and regulations.</u></p>	(Deleted)
<p><u>Article 36 (Audit & Supervisory Boards Rules)</u> <u>Matters regarding the Audit & Supervisory Board shall be governed by the Audit & Supervisory Boards Rules established by the Audit & Supervisory Board in addition to laws and regulations and these Articles of Incorporation.</u></p>	(Deleted)
<p><u>Article 37 (Remuneration, etc. of Audit & Supervisory Board Members)</u> <u>Remuneration, etc. of Audit & Supervisory Board Members shall be determined by the Annual Meeting of Shareholders.</u></p>	(Deleted)
<p><u>Article 38 (Limited Liability Agreements with Outside Audit & Supervisory Board Members)</u> <u>The Company may, pursuant to Article 427, paragraph 1 of the Companies Act, enter into agreements with Outside Audit & Supervisory Board Members that limit their liability under Article 423, paragraph 1 of the Act; provided, however, that the maximum amount of liability under such agreements shall be the minimum liability amount prescribed in laws and regulations.</u></p>	(Deleted)
<p>Chapter 6 Calculation</p> <p>Article <u>39</u> (Fiscal Year) The fiscal year of the Company shall be from April 1 each year to March 31 the following year.</p>	<p>Chapter 6 Calculation</p> <p>Article <u>32</u> (Fiscal Year) (Unchanged)</p>

Current Articles of Incorporation	Proposed amendments
<p>Article <u>40</u> (Dividends of Surplus) <u>Dividends of surplus shall be paid to the shareholders or pledgees registered or otherwise recorded in the final register of shareholders as of March 31 each year.</u> (New)</p> <p>(New)</p> <p>(New)</p> <p>Article <u>41</u> (Interim Dividends) <u>The Company, by resolution of the Board of Directors, may pay interim dividends of surplus to the shareholders or pledgees registered or otherwise recorded in the final register of shareholders as of September 30 each year.</u></p> <p>Article <u>42</u> (Dividend Payment Exclusion Period) The obligation of the Company to pay dividends shall be waived if not received after three years have elapsed from the payment start date. (New)</p>	<p>Article <u>33</u> (Dividends of Surplus, etc.) (1) <u>The Company shall pay dividends of surplus to the shareholders or pledgees registered or otherwise recorded in the final register of shareholders as of March 31 each year.</u> (2) <u>The Company may, by resolution of the Board of Directors, pay dividends of surplus provided for in Article 454, paragraph 5 of the Companies Act to the shareholders or registered share pledgees entered or recorded in the final register of shareholders as of September 30 of each year.</u> (3) <u>Other than those prescribed by the preceding two paragraphs, the Company may, by resolution of the Board of Directors, provide in the items of Article 459, paragraph 1 of the Companies Act.</u> (4) <u>No interests shall be accrued on unpaid dividends of surplus.</u> (Deleted)</p> <p>Article <u>34</u> (Dividend Payment Exclusion Period) (Unchanged)</p>
	<p><u>Supplementary Provisions</u> <u>(Effective date)</u> <u>The changed provisions of Article 4 and Chapters 4 and 5 (including the deletion of Chapter 5 prior to change) shall be effective upon the conclusion of the 88th Annual Meeting of Shareholders to be held on June 23, 2015. These Supplementary Provisions shall be deleted upon entry into force.</u></p>

Proposal 3: Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The term of all seven (7) Directors shall expire upon the conclusion of this Annual Meeting of Shareholders. Please note that the Company shall transition to a company with an Audit and Supervisory Committee subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as drafted.

Therefore, we request the election of six (6) Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same is applied throughout this proposal).

The candidates for Director are as follows.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions	Number of the Company's shares held
1	Hiroshi Otsuka (Jul. 6, 1965)	<p>Jul. 1993 Entered the Company</p> <p>Apr. 1997 President and Director of TAP Manufacturing Ltd. (currently Musashi Auto Parts UK Ltd.)</p> <p>Feb. 2000 President and Director of Musashi Hungary Manufacturing, Ltd.</p> <p>Jun. 2001 Director of the Company</p> <p>May 2002 Senior General Manager of Sales Division of the Company</p> <p>Jun. 2004 Managing Director of the Company</p> <p>Jun. 2005 Senior General Manager of Sales and Management Divisions of the Company</p> <p>Jun. 2005 Senior Managing Director of the Company</p> <p>May 2006 Representative Director and President of the Company (current position)</p> <p>Apr. 2015 President and Executive Officer of the Company (current position)</p>	701,550
2	Naohiro Matsumoto (Feb. 20, 1957)	<p>Apr. 1975 Entered Honda Motor Co., Ltd.</p> <p>Apr. 2004 Factory Manager of Kumamoto Factory for Four-wheel Vehicle Operations of Honda Motor Co., Ltd.</p> <p>Apr. 2008 Factory Manager of Suzuka Factory for Engine Operations of Honda Motor Co., Ltd.</p> <p>Apr. 2010 Advisor to President and CEO of the Company</p> <p>Jun. 2010 Director of the Company (current position)</p> <p>Jun. 2010 Senior General Manager of Production Engineering Division of the Company</p> <p>Apr. 2011 Senior General Manager of Production Engineering and Production Management Divisions of the Company</p> <p>Mar. 2012 President and Director of Musashi Auto Parts Co., Ltd.</p> <p>Apr. 2012 Senior General Manager for Asia Regional Operations of the Company</p> <p>Jun. 2013 Representative Director and President of Kyushu Musashi Seimitsu Co., Ltd. (current position)</p> <p>Apr. 2015 Managing Executive Officer of the Company (current position)</p> <p>Apr. 2015 Senior General Manager of Motorcycle Business of the Company (current position)</p> <p>(Significant concurrent position) Representative Director and President of Kyushu Musashi Seimitsu Co., Ltd.</p>	7,700

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions	Number of the Company's shares held
3	Haruhisa Otsuka (Nov. 4, 1960)	<p>Jan. 1984 Entered the Company</p> <p>Jan. 1992 Executive Vice President and Director of Technical Auto Parts Inc. (currently Musashi Auto Parts Michigan Inc.)</p> <p>Jan. 1998 President and Director of Musashi Auto Parts Canada Inc.</p> <p>May 2004 President and Director of Musashi Auto Parts Michigan Inc.</p> <p>Jun. 2004 Director of the Company (current position)</p> <p>May 2006 Senior General Manager of North America Regional Operations of the Company (current position)</p> <p>May 2006 President and Director of Musashi Auto Parts Canada Inc. (current position)</p> <p>Oct. 2010 Senior General Manager of North America Regional Sales of the Company (current position)</p> <p>Apr. 2015 Managing Executive Officer of the Company (current position)</p> <p>(Significant concurrent position) President and Director of Musashi Auto Parts Canada Inc.</p>	28,750
4	Tetsuro Hamada (Mar. 20, 1957)	<p>Apr. 1978 Entered Honda R&D Co., Ltd.</p> <p>Sep. 1997 Manager of Research Block #11 of Tochigi R&D Facility of Honda R&D Co., Ltd.</p> <p>Apr. 2013 Advisor to President & CEO of the Company</p> <p>Jun. 2013 Director of the Company (current position)</p> <p>Jun. 2013 Senior General Manager of Development Division (currently R&D Division) of the Company (current position)</p> <p>Apr. 2015 Managing Executive Officer of the Company (current position)</p>	4,400
5	Takayuki Miyata (Nov. 8, 1965)	<p>Dec. 1989 Entered the Company</p> <p>Jul. 1999 Director of Motogear Norte Indústria de Engrenagens Ltda. (currently Musashi do Brasil Ltda.)</p> <p>Apr. 2010 President and Director of Musashi Auto Parts Michigan Inc.</p> <p>Apr. 2013 Executive Officer of the Company</p> <p>Apr. 2013 Senior General Manager of Production Engineering Division of the Company (current position)</p> <p>Apr. 2014 Senior General Manager of South America Regional Operations of the Company (current position)</p> <p>Apr. 2015 Managing Executive Officer of the Company (current position)</p> <p>Apr. 2015 Senior General Manager of Machinery & Tools Division and Purchasing Division of the Company (current position)</p>	0

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions	Number of the Company's shares held
6	Goro Kamino (Aug. 29, 1960)	<div>Aug. 2000 Representative Director and President of Gastec Service Inc. (current position)</div> <div>May 2002 Representative Director and President of Sala Corporation (current position)</div> <div>Mar. 2012 Representative Director and President of Chubu Gas Co., Ltd. (current position)</div> <div>Jun. 2012 Director of the Company (current position)</div> <div>(Significant concurrent positions)</div> <div>Representative Director and President of Sala Corporation</div> <div>Representative Director and President of Chubu Gas Co., Ltd.</div> <div>Representative Director and President of Gastec Service Inc.</div>	2,800

- Notes:
1. There are no special interests between the Company and the candidates.
 2. Mr. Takayuki Miyata is a new appointee candidate for Director.
 3. Mr. Goro Kamino is a candidate for Outside Director.
 4. Mr. Goro Kamino has extensive experience and a high level of knowledge as a corporate manager, and has provided various advices on the Company's management as Outside Director of the Company. We request for his election as Outside Director, believing that he will continue to supervise the Company's management based on his experience and knowledge.
 5. Mr. Goro Kamino is currently serving as Outside Director of the Company and his term of office will be 3 years at the conclusion of this Annual Meeting.
 6. The Company, with respect to liability under Article 423, paragraph 1 of the Companies Act, entered into an agreement with Mr. Goro Kamino limiting the total amount of the liability to the amount stipulated in Article 425, paragraph 1 of the same Act. Should his reelection be approved, the Company plans to continue the aforementioned agreements limiting liability.
 7. The Company registered Mr. Goro Kamino as Independent Officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange, pursuant to the guidelines thereof. Should his reelection be approved, the Company would continue his service as Independent Officer. Although the Company has fuel purchasing transactions etc. with Chubu Gas Co., Ltd. and Gastec Service, Inc., in which he serves concurrently. However, since the annual transaction amount relating thereto accounts for less than 1% of sales of the Company, Chubu Gas Co., Ltd. and Gastec Service, Inc., we believe that there would be no conflicts of interest with general shareholders.

Proposal 4: Election of Four (4) Directors Serving as Audit and Supervisory Committee Members

The Company shall transition to a company with an Audit and Supervisory Committee subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as drafted. Therefore, we request the election of four (4) Directors serving as Audit and Supervisory Committee Members.

The candidates for Director serving as Audit and Supervisory Committee Member are as follows.

No.	Name (Date of birth)	Career summary, positions in the Company, and significant concurrent positions	Number of the Company's shares held
1	Nobuyoshi Sakakibara (Jul. 3, 1953)	<p>Mar. 1977 Entered the Company</p> <p>Jan. 2003 General Manager of Development Division 2 of the Company</p> <p>Jun. 2006 Executive Vice President and Director of Musashi Hungary Manufacturing, Ltd.</p> <p>Apr. 2007 President and Director of Musashi Hungary Manufacturing, Ltd.</p> <p>Apr. 2009 In charge of Total Cost Reduction Project of the Company</p> <p>Apr. 2010 General Manager of Quality Assurance Division of the Company</p> <p>Apr. 2011 In charge of Internal Audit Office of the Company</p> <p>Jun. 2011 Audit & Supervisory Board Member (Full-time) of the Company (current position)</p>	13,600
2	Takeshi Fujii (Jan. 7, 1940)	<p>Apr. 1962 Entered the Ministry of Finance</p> <p>Jun. 1987 Director-General of the Nagoya Regional Taxation Bureau</p> <p>Jun. 1992 Director-General of the Financial Bureau</p> <p>Jun. 1993 Director of the Cabinet Councilors' Office on Internal Affairs</p> <p>Aug. 1997 Ambassador Extraordinary and Plenipotentiary of Japan to Kingdom of Sweden</p> <p>Mar. 2001 President of Japan Regional Development Corp.</p> <p>Jul. 2004 Corporate advisor of Mizuho Corporate Bank, Ltd.</p> <p>Jun. 2005 Director of The Sumitomo Warehouse Co., Ltd.</p> <p>Jun. 2008 Executive Advisor of Mizuho Corporate Bank, Ltd.</p> <p>Jun. 2010 Retired from Executive Advisor of Mizuho Corporate Bank, Ltd.</p> <p>Jun. 2012 Retired from Director of The Sumitomo Warehouse Co., Ltd.</p> <p>Jun. 2013 Audit & Supervisory Board Member of the Company. (current position)</p>	0

No.	Name (Date of birth)	Career summary, positions in the Company, and significant concurrent positions	Number of the Company's shares held
3	Keisuke Tomimatsu (May 2, 1974)	<p>Apr. 1997 Entered SBC Warburg Japan Ltd. (currently UBS Securities Japan Co., Ltd.)</p> <p>Dec. 2001 Entered UBS Securities Japan Co., Ltd.</p> <p>Mar. 2003 Director of UBS Securities Japan Co., Ltd.</p> <p>Mar. 2006 General Manager/Executive Director, Financial Products Equities Dept. of UBS Securities Japan Co., Ltd (currently UBS Securities Japan Co., Ltd.)</p> <p>Aug. 2008 Managing Director, Equities Dept. of Credit Suisse Securities (Japan) limited.</p> <p>Nov. 2009 Executive Director, Equities Dept. of Morgan Stanley Japan Securities (currently Morgan Stanley MUFG Securities Co., Ltd.)</p> <p>Sep. 2011 Resigned Morgan Stanley Japan Securities (currently Morgan Stanley MUFG Securities Co., Ltd.)</p> <p>Jun. 2013 Audit & Supervisory Board Member of the Company (current position)</p> <p>Jun. 2014 Director of IR Japan Inc.</p> <p>Feb. 2015 Director of IR Japan Holdings, Ltd. (current position)</p> <p>(Significant concurrent position) Director of IR Japan Holdings, Ltd.</p>	0
4	Asako Yamagami (Jan. 1, 1970)	<p>Apr. 1999 Registered as an attorney at law</p> <p>Apr. 1999 Entered Taiyo Law Office (currently Paul Hastings Foreign Law Joint Enterprise (Tokyo))</p> <p>Jun. 2002 Transferred to Paul Hastings LLP., Los Angeles Office</p> <p>Aug. 2004 Transferred to Paul Hastings LLP., Beijing Office</p> <p>Mar. 2005 Transferred to Paul Hastings Foreign Law Joint Enterprise (Tokyo)</p> <p>Oct. 2005 Seconded to The Walt Disney Company (Japan) Ltd.</p> <p>Apr. 2006 End of secondment</p> <p>Apr. 2006 Resigned Paul Hastings LLP.</p> <p>May. 2006 Entered IBM Japan Ltd.</p> <p>Oct. 2010 Resigned IBM Japan Ltd.</p> <p>Jan. 2012 Assumed the position of contracted attorney of Office of International Affairs of Japan Federation of Bar Associations (JFBA)</p> <p>Jul. 2012 Entered Natori Law Office (current position)</p> <p>Dec. 2014 Resigned the contracted attorney of Office of International Affairs of JFBA</p> <p>(Significant concurrent position) Attorney at law</p>	0

- Notes:
- There are no special interests between the Company and the candidates.
 - Messrs. Nobuyoshi Sakakibara, Takeshi Fujii, Keisuke Tomimatsu and Ms. Asako Yamagami are new appointee candidates for Directors serving as Audit and Supervisory Committee Members.
 - Messrs. Takeshi Fujii, Keisuke Tomimatsu and Ms. Asako Yamagami are candidates for Outside Director and matters regarding these three individuals are provided below.
 - We believe that Mr. Takeshi Fujii will supervise and audit the Company based on his wealth of experience over many years and high level of knowledge acquired holding important government posts and serving as Outside Director, therefore, we request his election as Outside Director. He has never been involved in corporate management except as Outside Director and Outside Audit & Supervisory Board Member. Nevertheless, as explained above, we believe that he has the

- capabilities to implement his duties as an Outside Director appropriately
- (2) We believe that Mr. Keisuke Tomimatsu can supervise and audit the Company based on his wealth of experience and broad knowledge acquired at multiple companies in the securities field, therefore, we request his election as Outside Director.
 - (3) Regarding Ms. Asako Yamagami, although she does not have direct experience in corporate management, she has provided recommendations regarding general corporate legal affairs, compliance and M&As at both international and domestic law firms and participated in drafting sales and purchasing agreements, claims management, supervision of associated companies and Board of Directors and Audit & Supervisory Board Members support at multinational corporations. Therefore, we believe she can supervise and audit the Company based on her wealth of experience and high level of specialized knowledge and request her election as Outside Director.
4. The Company, regarding liability under Article 423, paragraph 1 of the Companies Act, plans to enter into agreements with Messrs. Takeshi Fujii, Keisuke Tomimatsu and Ms. Asako Yamagami limiting the total amount of liability to the amount stipulated in Article 425, paragraph 1 of the Act.
 5. The Company registered Messrs. Takeshi Fujii and Keisuke Tomimatsu as independent officers at the Tokyo Stock Exchange and the Nagoya Stock Exchange, pursuant to the guidelines thereof. If this proposal is approved and the two candidates take the posts of independent officers, they will continue to be independent officers. Ms. Asako Yamagami is also candidate for independent officer at the Tokyo Stock Exchange and the Nagoya Stock Exchange, pursuant to the guidelines thereof. Although Mr. Takeshi Fujii was an advisor at the financial institution of the Company for 6 years until 2010, the Company deals with multiple financial institutions with a low dependence on borrowing therefrom thus negating any serious control over the decision-making of the Company by such financial institutions. Based on the foregoing, Mr. Takeshi Fujii is a candidate for independent officer as we believe that no conflicts of interest will substantially arise with respect to general shareholders. Although the Company consigns shareholder registry administrator services to IR Japan, Inc., a wholly-owned subsidiary of IR Japan Holdings, Ltd., in which Mr. Keisuke Tomimatsu serves concurrently, however, the annual transaction amount relating thereto accounts for less than 1% of sales of the Company. Based on the foregoing, Mr. Keisuke Tomimatsu is a candidate for independent officer as we believe that no conflicts of interest will substantially arise with respect to general shareholder.

Proposal 5: Remuneration of Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The maximum amount of remuneration of Directors of the Company has been, up to the present day, 35 million yen per month as approved at the 82nd Annual Meeting of Shareholders held on June 23, 2009, however, the Company shall transition to a company with an Audit and Supervisory Committee subject to approval of Proposal 2 “Partial Amendments to the Articles of Incorporation.” Therefore, pursuant to the provisions of Article 361, paragraphs 1 and 2 of the Companies Act, we propose that the currently specified amount of remuneration of Directors be abolished and that the maximum amount of remuneration of Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same applies hereafter in this proposal) be set at 400 million yen per year (of which, 80 million yen or less for Outside Directors), taking into consideration the economic climate and other circumstances. Please note that the amount of remuneration of Directors should not include the portion of employee salaries for Directors who serve concurrently as employees. Although there are currently seven (7) Directors (including one (1) Outside Director), upon the approval of Proposals 2 and 3 as drafted, the number of Directors will become six (6) (including one (1) Outside Director).

Proposal 6: Remuneration of Directors Serving as Audit and Supervisory Committee Members

The Company shall transition to a company with an Audit and Supervisory Committee subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation.” Therefore, pursuant to the provisions of Article 361, paragraphs 1 and 2 of the Companies Act, we propose that the maximum amount of remuneration of Directors serving as Audit and Supervisory Committee Members be set at 800 million yen per year, taking into consideration the economic climate and other circumstances. Upon the approval of Proposals 2 and 4 as drafted, the number of Directors Serving as Audit and Supervisory Committee Members will become four (4).

Proposal 7: Payment of Officer Bonuses for the 88th Fiscal Term

To reward officers for their service to the Company during the fiscal year, we request that a total of 36.05 million yen be paid as bonuses to the seven (7) Directors (excluding one (1) Outside Director) in office as of the fiscal year-end, and a total of 1.24 million yen be paid as bonuses to the four (4) Audit & Supervisory Board Members in office as of the fiscal year-end. We propose that the amounts to be paid to each Director and Audit & Supervisory Board Member be determined at the discretion of the Board of Directors and Audit and Supervisory Committee, respectively.

Exercise of Voting Rights via the Internet

To exercise your voting rights as a shareholder via the Internet, please refer to the information below and complete the necessary procedures by 5:00 p.m. Monday, June 22, 2015.

1. Voting Website

You can only exercise your voting rights via the dedicated voting website set up by the Company. This can be found at the following website address: <https://www.net-vote.com/>

2. Handling of votes via the Internet

- (1) When exercising your voting rights via the Internet, input the “login ID” and “Password” provided in the enclosed Voting Rights Exercise Form, and indicate your approval or disapproval by following the on-screen instructions.
- (2) If a shareholder duplicates his or her vote by, for example, exercising their voting rights both by mail and via the Internet, we will consider only the Internet vote to be valid. If you vote more than once over the Internet, we will consider the latest vote to be valid, irrespective of whether it was cast from a personal computer, smartphone, tablet, or cellular phone.
- (3) Any fees to Internet providers and telecommunication companies (including connection fees) incurred by shareholders using the dedicated voting website are to be borne by the shareholders themselves.

3. Handling of “Login ID” and “Password”

- (1) The “Login ID” noted on the enclosed Voting Rights Exercise Form is valid for this meeting only.
- (2) The “Password” is used to confirm the identity of the shareholder when exercising his or her vote and is therefore very important information. Please take adequate precautions to keep it secure.
- (3) If you need to have your password reissued, please follow the on-screen instructions.

4. System’s environment used by shareholder to exercise vote via the Internet

Please confirm that to exercise your vote via the Internet your system’s environment meets the appropriate requirements given below.

- (1) If you plan to exercise your vote by personal computer
 - 1) Screen display resolution
1024 x 768 pixels (minimum resolution)
 - 2) Web-browsing software (“browser”)
Microsoft Internet Explorer, Version 6 SP3 (or higher version)
Firefox 35.0.1
Chrome 40
Note: Cookies must be enabled for all the above browsers.
- (2) If you plan to exercise your vote by smartphone
Models loaded with Android Version 4.0 (or higher version)
iPhone4s (or more recent models)
- (3) If you plan to exercise your vote by tablet computer
Models loaded with iOS8
- (4) If you plan to exercise your vote by cellular phone
Models equipped with i-mode, EZweb, Yahoo!-keitai or 128 bit SSL encrypted

communication security can be used.

Cellular phones and other mobile devices, including smartphones, equipped with full browsing facilities can generally be used but there are some exceptions.

Inquiries for voting via the Internet

If you have any inquiries on how to exercise your vote via the Internet, or any of the above information is not clear please contact:

IR Japan Inc., Stock Transfer Agency Services Department

Helpline: 0120-975-960

Reception: 9:00 a.m. - 5:00 p.m. (excluding Saturdays, Sundays and public holidays)

Information for electronic voting platform

Institutional investors who have already applied to use of the electronic voting platform operated by ICJ, Inc., may also use this platform to exercise their voting rights, in addition to internet platforms listed above.