

Securities code: 5975
June 7, 2016

To our shareholders

Shinichiro Uchigasaki,
Representative Director and President

Topre Corporation

12-2, Nihonbashi 3-chome, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 121TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 121th Ordinary General Meeting of Shareholders (“Meeting”) as detailed below.

If you are unable to attend the Meeting, you may exercise your voting rights in writing. Please review the Reference Documents for the General Meeting of Shareholders below and indicate your vote by filling out the enclosed Form for Exercising Voting Rights and return it ensuring that it reaches us by 5:30 p.m. on Monday, June 27, 2016.

Thank you

- 1. Date and time** 10:00 a.m., Tuesday, June 28, 2016
- 2. Place** Head Office Conference Room, Asahi Bldg. 4th floor
12-2, Nihonbashi 3-chome, Chuo-ku, Tokyo

3. Purpose

Matters to be Reported

1. The Business Report, the Consolidated Financial Statements for the 121th Term (from April 1, 2015 to March 31, 2016) and Audit Reports by the Independent Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
2. The Financial Statements for the 121th Term (from April 1, 2015 to March 31, 2016)

Matters to be Voted on

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Appointment of Fifteen Directors

Proposal No. 3 Decision Regarding Amount and Particulars of Performance-Based Stock Compensation to Directors

If you attend the Meeting in person, please present the enclosed Form for Exercising Voting Rights at the reception desk.

If there are any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Financial Statements and the Consolidated Financial Statements, they will be posted on the Company’s website (<http://www.topre.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal No. 1: Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

Term-end dividends

Taking into account performance in the term under review and in recent years as well as business development going forward and the strengthening of our management structure, we propose to distribute the 121th Term term-end dividends as follows:

- (1) Type of property to be distributed
Cash
- (2) Matters relating to allotment of dividends to shareholders; total amount
20 yen per one common share.
The total amount of dividends in this case will be 1,001,665,820 yen.
Annual dividends including interim dividends (17 yen per share) will be 37 yen per share.
- (3) The date dividends of surplus come into effect
June 29, 2016

Proposal No. 2: Appointment of Fifteen Directors

As of the close of the Meeting, term of office of fourteen directors will expire and we ask that Shareholders appoint fifteen directors.

The director candidates are as follows.

Candidate number	Name (Date of Birth)	Personal history, position and responsibilities at the Company, and major concurrent position(s)	Number of Company shares held
1	Kyohei Ishii (October 30, 1923)	November, 1957 The Company, Director December, 1965 The Company, Representative Director and President June, 1985 The Company, Representative Director and Chairman, June, 2002 The Company, Director and Supreme Adviser (present)	1,418,000 shares
2	Shinichiro Uchigasaki (March 27, 1954)	April, 1978 Joined the Company October, 1999 Celco Plastics Ltd. (Canada), Representative Director and President September, 2002 The Company, Foreign Operations Dept. North America Plant Preparatory Office Manager May, 2003 Topre America Corporation, Representative Director and President April, 2006 The Company, Foreign Operations Dept. Manager June, 2006 The Company, Director The Company, Operation and Planning Dept. Manager June, 2007 The Company, R&D Headquarters General Manager and R&D General Manager January, 2010 The Company, Executive Managing Director June, 2011 The Company, Representative Director and President (present) June, 2013 The Company, Product Business General Manager (present)	33,100 shares
3	Kunikazu Matsuoka (May 30, 1954)	April, 1978 Joined the Company April, 2001 The Company, Human Resources Dept. Manager April, 2002 The Company, Information System Office Manager July, 2004 The Company, President Office Manager April, 2005 The Company, Operation and Planning Dept. Manager June, 2006 The Company, Director The Company, Accounting Dept. Manager April, 2007 The Company, Information System Office Manager May, 2011 The Company, Information System Dept. Manager June, 2012 The Company, Executive Managing Director The Company, Administrative Headquarters General Manager (present) June, 2013 The Company, Representative Executive Managing Director (present)	25,100 shares

Candidate number	Name (Date of Birth)	Personal history, position and responsibilities at the Company, and major concurrent position(s)	Number of shares of the Company held
4	Yoshiharu Yukawa (March 15, 1952)	<p>April, 1972 Joined the Company</p> <p>April, 2002 The Company, Technical Center Manager</p> <p>October, 2002 The Company, Foreign Operations Dept. North America Plant Preparatory Office Manager</p> <p>April, 2005 The Company, Auto Parts Engineering Div. Technology General Manager</p> <p>June, 2008 The Company, Director</p> <p>June, 2009 Tokyo Multifastener Co., Ltd., Representative Director and Vice President (present)</p> <p>May, 2010 The Company, Quality Headquarters Manager</p> <p>June, 2011 The Company, Quality General Manager (present)</p> <p>June, 2012 The Company, Executive Managing Director (present)</p> <p> The Company, R&D Headquarters General Manager</p> <p> The Company, Auto Parts Engineering Div. Manager</p> <p>April, 2013 The Company, Auto Parts Headquarters General Manager and Engineering Business Manager (present)</p> <p>June, 2013 Topre Kyushu Corporation, Representative Director and President (present)</p> <p>(major concurrent positions)</p> <p>Topre Kyushu Corporation, Representative Director and President</p> <p>Tokyo Multifastener Co., Ltd., Representative Director and Vice President</p>	20,200 shares
5	Akihiko Nushi (January 10, 1956)	<p>April, 1979 Joined the Company</p> <p>July, 2001 The Company, Cold Storage Equipment Div. Technology General Manager</p> <p>April, 2005 The Company, Cold Storage Equipment Div. R&D General Manager</p> <p>August, 2006 The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>April, 2007 The Company, Cold Storage Equipment Div. Vice Business Manager</p> <p>May, 2010 The Company, Cold Storage Equipment Div. Manager</p> <p>June, 2010 The Company, Director (present)</p> <p>April, 2013 The Company, Merchandise Headquarters Cold Storage Equipment Div. Manager (present)</p> <p>October, 2014 The Company, Merchandise Headquarters Cold Storage Equipment Div. Quality Control Manager</p>	13,200 shares
6	Yoshinori Tsuyuki (June 9, 1960)	<p>April, 1984 Joined the Company</p> <p>April, 2006 The Company, General Affairs Manager and Secretariat Office Manager</p> <p>June, 2010 Director, the Company (present)</p> <p>June, 2011 The Company, General Affairs and Human Resources Manager and Secretariat Office Manager</p> <p> The Company, Foreign Operations Dept. Asia Manager</p> <p>February, 2012 TOPRE (XIANGYANG) AUTOPARTS CORPORATION, Chairman (present)</p> <p>April, 2013 The Company, General Affairs and Human Resources Manager and Human Resource Development General Manager</p> <p>June, 2014 TOPRE (FOSHAN) AUTOPARTS CORPORATION, Chairman and President (present)</p> <p>(major concurrent positions)</p> <p>TOPRE (FOSHAN) AUTOPARTS CORPORATION, Chairman and President</p> <p>TOPRE (XIANGYANG) AUTOPARTS CORPORATION, Chairman</p>	19,500 shares

Candidate number	Name (Date of Birth)	Personal history, position and responsibilities at the Company, and major concurrent position(s)		Number of shares of the Company held
7	Takashi Sawa (July 24, 1958)	February, 1985 April, 2006 January, 2008 June, 2012 April, 2013 October, 2013	Joined the Company The Company, Auto Parts Engineering Div. Manager belonging to Sales Dept. The Company, Auto Parts Engineering Div. Sales Manager The Company, Director (present) The Company, Auto Parts Headquarters Sales Manager (present) The Company, Auto Parts Headquarters Foreign Operations Dept. North America Manager (present)	10,200 shares
8	Ryosuke Furusawa (February 25, 1957)	April, 1980 April, 2009 July, 2012 April, 2013 June, 2013 October, 2013	Joined the Company The Company, Auto Parts Engineering Div. Manager belonging to Engineering Div. The Company, Auto Parts Engineering Div. Technology General Manager The Company, Auto Parts Headquarters Engineering Div. Technology General Manager (present) The Company, Director (present) The Company, Auto Parts Headquarters Foreign Operations Dept. Asia Manager (present)	6,700 shares
9	Kiminari Imaizumi (January 21, 1958)	April, 1981 July, 2006 November, 2009 June, 2010 June, 2014 May, 2015	Joined the Company The Company, Human Resources Dept. Manager The Company, Foreign Operations Dept. China Preparatory Office Manager TOPRE (FOSHAN) AUTOPARTS CORPORATION, Chairman and President The Company, Director (present) The Company, Administrative Headquarters Human Resource Development General Manager and Management Manager (present) The Company, Administrative Headquarters Global Production Manager (present)	8,300 shares
10	Yutaka Yamamoto (March 10, 1962)	April, 1984 May, 2010 July, 2010 June, 2011 June, 2014 June, 2015 (major concurrent position) Tokyo Metal Pack Co., Ltd., Representative Director and President	Joined the Company The Company, Auto Parts Engineering Div. Sagamihara Plant Manager and Hiroshima Plant Manager The Company, Auto Parts Engineering Div. Sagamihara Plant Manager The Company, Purchasing Headquarters Purchase Manager (present) The Company, Director (present) Tokyo Metal Pack Co., Ltd., Representative Director and President (present)	2,900 shares

Candidate number	Name (Date of Birth)	Personal history, position and responsibilities at the Company, and major concurrent position(s)		Number of shares of the Company held
11	* Katsuro Harata (May 31, 1958)	<p>April, 1977 Joined the Company</p> <p>July, 2001 The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>June, 2006 Tokyo Kinzoku Industry Co., Ltd., Representative Director and President (resigned December, 2011)</p> <p>April, 2007 The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>December, 2011 The Company, Cold Storage Equipment Div. Hiroshima Plant Manager and Auto Parts Engineering Div. Hiroshima Plant Manager</p> <p>April, 2013 The Company, Merchandise Headquarters Cold Storage Equipment Div. Tochigi Plant Manager (present)</p> <p>June, 2013 Tokyo Kinzoku Industry Co., Ltd., Representative Director and President (present)</p> <p>(major concurrent position) Tokyo Kinzoku Industry Co., Ltd., Representative Director and President</p>		4,200 shares
12	* Masao Ohsaki (August 17, 1961)	<p>April, 1985 Joined the Company</p> <p>July, 2012 The Company, Auto Parts Engineering Div. Engineering Div. Manager belonging to Engineering Dept.</p> <p>April, 2013 The Company, Auto Parts Headquarters Engineering Div. Manager belonging to Engineering Dept. (present)</p>		3,400 shares
13	* Hideo Shimizu (July 16, 1963)	<p>April, 1986 Joined the Company</p> <p>July, 2008 The Company, Auto Parts Engineering Div. Production and Management Manager</p> <p>January, 2010 The Company, Auto Parts Engineering Div. Manager belonging to Production and Management</p> <p>April, 2013 Topre America Corporation, Representative Director and President (present)</p>		4,000 shares
14	Tsuyoshi Takada (July 28, 1972)	<p>April, 2000 Admitted as an attorney Torikai Law Office</p> <p>May, 2007 Maruetsu Inc., Outside Corporate Auditor (present)</p> <p>June, 2007 The Company, Corporate Auditor</p> <p>June, 2013 Doctors for Anti-Aging Support Corporation, Outside Corporate Auditor (present)</p> <p>June, 2015 The Company, Director (present)</p> <p>January, 2016 Established Wadakura Gate Law Office (present)</p> <p>(major concurrent positions) Wadakura Gate Law Office, Attorney Maruetsu Inc., Outside Corporate Auditor Doctors for Anti-Aging Support Corporation, Outside Corporate Auditor</p>		0 share

Candidate number	Name (Date of Birth)	Personal history, position and responsibilities at the Company, and major concurrent position(s)	Number of shares of the Company held
15	* Naoshi Ogasawara (August 19, 1965)	<p>April, 1989 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>December, 1991 Joined Grant Thornton Taiyo Inc. (currently Grant Thornton Taiyo Accounting Service Inc.)</p> <p>August, 1992 Registered as a certified public accountant</p> <p>April, 2007 Grant Thornton Taiyo ASG Inc. Representative Member (currently Grant Thornton Taiyo Accounting Service Inc.)</p> <p>October, 2008 Representative, Avantia GP. (present)</p> <p>April, 2010 Director, Center for National University Finance and Management (currently National Institution for Academic Degrees and Quality Enhancement of Higher Education) (present)</p> <p>(major concurrent positions)</p> <p>Representative, Avantia GP. Director, National Institution for Academic Degrees and Quality Enhancement of Higher Education</p>	0 share

Notes:

1. An asterisk denotes a new candidate for director.
2. There are no special interests between any of the director candidates and the Company.
3. Mr. Tsuyoshi Takada and Mr. Naoshi Ogasawara are candidates for outside directors.
4. Reason for nomination of candidates for outside directors
 - (i) The reason for nominating Mr. Tsuyoshi Takada as a candidate for outside director is the expectation that he will utilize the professional knowledge and experience he has cultivated over many years as an attorney to provide appropriate advice from an objective perspective, and the Company's belief that this will lead to even stronger corporate governance. While Mr. Takada does not have direct experience of involvement in company management, because of the foregoing reasons, the Company believes he will be capable of performing his duties as outside director appropriately.
 - (ii) The reason for nominating Mr. Naoshi Ogasawara as a candidate for outside director is the expectation that he will utilize the ample experience and considerable knowledge in finance and accounting he has cultivated as a certified public accountant to provide appropriate advice from an objective perspective, and the Company's belief that this will lead to even stronger corporate governance. While Mr. Ogasawara does not have direct experience of involvement in company management, because of the foregoing reasons, the Company believes he will be capable of performing his duties as outside director appropriately.
5. Mr. Tsuyoshi Takada is currently an outside director of the Company, and as of the close of the Meeting, he will have held his post for one year as an outside director. Mr. Takada was the Company's outside corporate auditor before he assumed his position as an outside director and his term of office as an outside corporate auditor was eight years.
6. In accordance with the stipulations of Paragraph 1, Article 427 of the Companies Act, the Company and Mr. Tsuyoshi Takada have entered into an agreement limiting his liability to compensate the Company for damage pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as set forth in Article 425, Paragraph 1 of the Companies Act. If Mr. Takada is reappointed as an outside director, being approved as proposed, the Company plans to continue the same agreement with him. If Mr. Naoshi Ogasawara is appointed as an outside director, the Company plans to enter into a similar agreement limiting his liability.
7. Mr. Tsuyoshi Takada meets the requirements as an independent officer as stipulated by the Tokyo Stock Exchange and the Company intends to file a notification that he will remain as an independent officer. Further, Mr. Naoshi Ogasawara also meets the requirements as an independent officer as stipulated by the Tokyo Stock Exchange, and if the appointment of Mr. Ogasawara is approved, the Company intends to file a notification as an independent officer.
8. "Number of shares of the Company held" includes the holdings in the officer shareholding association and the employee shareholding association.

Proposal No. 3: Decision Regarding Amount and Particulars of Performance-Based Stock Compensation to Directors

Compensation paid to the Company's directors (excluding outside directors and overseas resident directors; hereinafter the same in this proposal) comprises base compensation and performance-based bonuses, and the Company is now requesting approval for the introduction of a new performance-based stock compensation plan ("Plan") that will grant the Company's shares to the Company's directors according to the status of attainment of performance targets and other factors.

Introduction of the Plan is intended to reinforce the sense of shared interests with shareholders and raise awareness concerning improvement of the Company's financial results over the medium to long-term and raising its corporate value. The Company believes that introduction of the Plan is appropriate.

This Proposal will provide stock compensation to directors separate from the maximum director compensation (up to 350 million yen annually) approved at the 113th Ordinary General Meeting of Shareholders held on June 26, 2008.

The number of directors eligible to receive compensation under the Plan will be 11 if Proposal 2: Appointment of Fifteen Directors is approved as proposed.

Amount and Particulars of Compensation under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan whereby a trust created by the Company acquires the Company's shares using an amount of director compensation contributed by the Company as the source of funds and the Company grants and delivers ("Grant etc.") to directors the Company's shares and monies equivalent to the proceeds from conversion and disposal of the Company's stock ("Company Shares etc.") through that trust (details are set forth in (2) and below).

(i) Persons eligible to receive Grant etc. of Company Shares etc. subject to this Proposal	<ul style="list-style-type: none">Company directors (excluding outside directors and overseas resident directors)
(ii) Impact on the total number of authorized Company shares subject to this Proposal	
Maximum amount of monies to be contributed by the Company (as set forth in (2) below).	<ul style="list-style-type: none">Total of 300 million yen over five fiscal years
Maximum number of shares of Company Shares etc. to be acquired by Directors and method of acquisition of Company shares (as set forth in (2) and (3) below).	<ul style="list-style-type: none">The maximum number of points (number of shares) to be granted to directors during the term of the Trust shall be 22,000 points (shares) annually and a total of 110,000 points (shares) over five years, approximately 0.2% of the total number of authorized shares (as of March 31, 2016, after excluding treasury shares).The Company shares will be acquired from the market or from the Company (disposal of treasury shares).
(iii) Particulars of financial results achievement conditions (as set forth in (3) below).	<ul style="list-style-type: none">To be modified according to the degree of achievement of target values for company performance indicators (consolidated operating profit, ROE, etc.) during each fiscal year.The number of shares is to be determined within a range of 0% to 150%.
(iv) Timing of Grant etc. of Company Shares etc. to directors (as set forth in (4) below).	<ul style="list-style-type: none">At the time of resignation.

(2) Maximum amount of monies to be contributed by the Company

The Plan will cover five consecutive fiscal years (initially, the five fiscal years from the fiscal year ending on the last day of March 2017 to the fiscal year ending on the last day of March 2021, and if the trust term indicated below is extended, then thereafter for periods of five fiscal years; referred to as "Subject Periods").

During each Subject Period, the Company will contribute a maximum total of 300 million yen

as compensation to directors and shall create (including extensions of the trust term specified below; hereinafter the same) a trust ("Trust") with a five-year trust term and Directors who fulfill the beneficiary conditions as beneficiaries. The Trust will acquire Company shares from stock markets or the Company (disposal of treasury shares) in accordance with instructions from the trust administrator using entrusted monies as the source of funds. During the trust term, the Company shall grant points (as set forth in (3) below) to Directors, and the Trust shall Grant etc. Company Shares etc. equivalent to the accumulated number of points granted ("Cumulative Number of Points") when a director resigns (if a director dies, then at the time of death; hereinafter the same).

When the trust term of the Trust expires, instead of creating a new Trust, the Trust may be continued by revising the trust agreement and making an additional entrustment. In this case, the trust term of the Trust shall be extended only for a period equal to the initial trust term, and the Subject Period shall be the five fiscal years from the extension of the trust term.

During each extended trust term, the Company shall make additional contributions of a maximum total of 300 million yen, and the grant of points and Grant etc. of Company Shares etc. to directors shall continue during the extended trust term; provided, however, that in the case where such additional contribution is made, if there is any Company shares (excluding Company shares equivalent to points granted to directors for which Grant etc. was not completed) and monies remaining in the trust assets ("Residual Shares etc.") on the last day of the trust term before extension, the aggregate amount of the Residual Shares etc. and the trust monies additionally contributed shall be no more than 300 million yen.

(3) Method of calculation and maximum number of Company shares to be acquired by directors (including number of shares subject to conversion and disposal)

The number of Company shares to be granted to directors (including the number of shares subject to conversion and disposal) will be determined based on the accumulated number of points specified below. One point is equal to one share, and in the case where the number of Company shares belonging to the Trust increases or decreases as a result of a share split, allotment of shares without contribution, consolidation of shares, or the like, Company shall adjust the number of Company shares to be granted per point (including the number of shares subject to conversion and disposal) according to the ratio of the increase or decrease.

In June of each trust term, directors will be granted points obtained by multiplying the number of base points specified for each rank in advance by a performance-linked variable that changes according to the degree of attainment of financial results during the fiscal year ended on March 31 of the same year.

The points granted in each fiscal year will vary within a range of 0% to 150% of base points according to the degree of achievement of performance indicators for each fiscal year. The indicators for evaluating the degree of attainment of financial results include consolidated operating profit, ROE, etc.

Persons who satisfy the beneficiary conditions will be Granted etc. shares of Company Shares etc. equivalent to the accumulated number of points calculated according to the formula above.

The total number of points that the Trust may grant to directors per one year is up to 22,000.

Further, the number of Company shares that the Trust may acquire to grant to directors is limited to the number of shares equal to the total number of points per year (22,000 points) times the five years of the trust term (110,000 shares). The maximum number of shares that may be granted is set taking into consideration the most recent share prices and other factors based on the maximum trust amount specified in (2) above.

(4) Timing of Grant etc. of Company Shares etc. to Directors

Directors who fulfill the beneficiary conditions shall receive Grants etc. of Company Shares etc. equivalent to the accumulated number of points calculated in accordance with (3) above at the time of resignation as a director. At that time, the relevant director shall receive a grant of Company shares (fractional shares shall be rounded down) equivalent to 70% of that number of points, and with regard to the remainder shall receive a payment of monies equal to the conversion and disposal proceeds following conversion by the Trust.

In the case where a director dies during the trust term, in principle, shares corresponding to the

accumulated number of points at that time shall be converted by the Trust, and the director's heirs shall receive a payment of monies equal to the conversion and disposal proceeds. Further, if a Director becomes a nonresident of Japan during the trust term, in principle, Company shares corresponding to the accumulated number of points at that time shall be converted by the Trust, and the director shall receive a payment from the Trust of monies equal to the conversion and disposal proceeds.

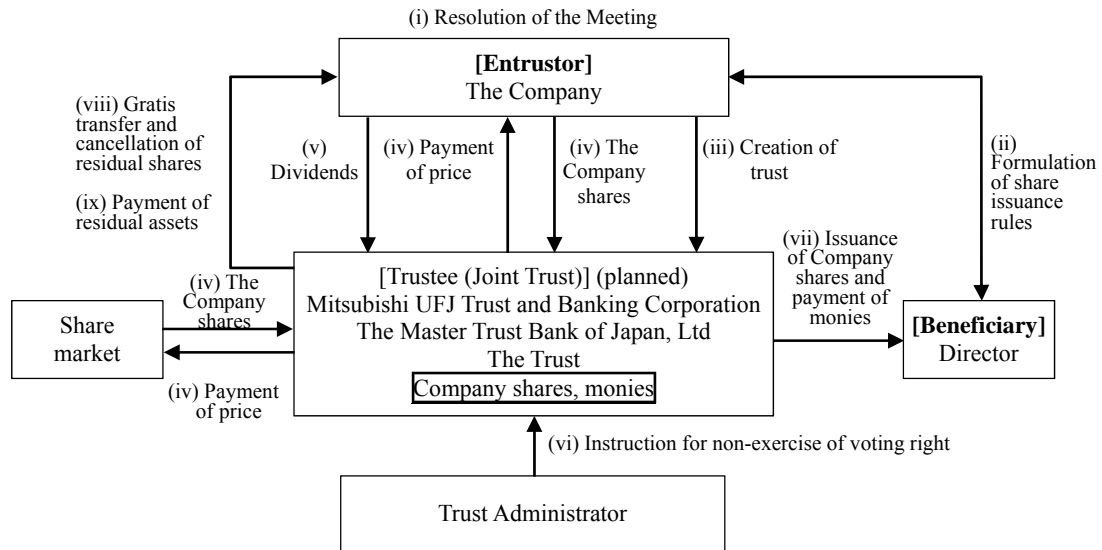
(5) Voting rights concerning Company shares in the Trust

In order to ensure independence from management, the Company shall not exercise voting rights with regard to Company shares held by the Trust (i.e., Company shares before Grant, etc. to directors pursuant to (4) above) during the trust term.

(6) Other details of the Plan

The Board of Directors shall determine other details relating to the Plan when the Trust is created, when the trust agreement is revised, and when additional entrustments are made to the Trust.

(Reference: Abstract from the disclosed material dated May 11, 2016 “Announcement of Implementation of Performance-Based Stock Compensation Plan”)
[Summary of the Plan]



- (i) The Company shall obtain approval of a proposal regarding officer compensation relating to introduction of the Plan at the General Meeting of Shareholders.
- (ii) The Board of Directors shall establish rules regarding the grant of shares relating to officer compensation with regard to the introduction of the Plan by the Company.
- (iii) The Company shall entrust monies within the range approved by the resolution of the General Meeting of Shareholders specified in (i) and shall create a trust (the Trust) with directors who satisfy the beneficiary conditions as beneficiaries.
- (iv) The Trust shall acquire Company shares from the Company (disposal of treasury shares) or from stock markets using the monies entrusted pursuant to (iii) as the source of funds as instructed by the trust administrator. The number of shares to be acquired by the Trust shall be within the range approved by the resolution of the General Meeting of Shareholders specified in (i).
- (v) Dividends shall be paid to the Company shares held by the Trust in the same manner as other shares.
- (vi) Voting rights shall not be exercised with regard to Company held by the Trust during the trust term.
- (vii) During the trust term, a certain number of points shall be granted to director according to the degree of attainment of performance indicators in each fiscal year. Directors who satisfy the beneficiary conditions shall receive grant of Company shares corresponding to a certain ratio of the accumulated points at the time of retirement, and Company shares corresponding to the remaining number of points shall be converted by the Trust in accordance with the trust agreement, and the director shall receive monies equivalent to the conversion and disposal proceeds.
- (viii) In the case where there are residual shares at the time of expiration of the trust term as a result of non-attainment of performance targets in each fiscal year during the trust term or other reasons, the Trust shall be continued through revision of the trust agreement or additional entrustment or the Trust shall make a gratis assignment of the residual shares to the Company and the Company will cancel the shares through a resolution of the Board of Directors.
- (ix) When the Trust terminates, residual assets remaining after distribution to the beneficiaries will belong to the Company to the extent of trust expense reserves after deducting the costs of stock acquisition from the Trust. In addition, the portion that exceeds trust expense reserves will be donated to an organization with no interests with the Company or its directors.

End

(Attached Materials)

Business Report

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

1. Current Condition of the Business Group

(1) Business Developments and Results of Operations

Reviewing the business environment in the consolidated fiscal term under review, in Japan, record high levels in corporate results were achieved and the employment environment continued to improve as a result of effects from various economic and fiscal policies of the government and the Bank of Japan, but there was not necessarily a sense that the economy has entered a virtuous cycle, and consequently, consumer mindsets remained at a standstill and personal consumption was still sluggish. In addition, corporate exports stalled as a result of the high value of the yen, and uncertainty regarding the future remained.

Looking at the situation overseas, in the U.S., automobile sales were firm due to falling gasoline prices resulting from lower crude oil prices, robust personal consumption, and the favorable employment environment. In the Mexican economy, exports increased due to the strong performance of the U.S. economy, and stable growth continued.

In China, sluggishness was observed in personal consumption, and economic growth rate decelerated as a result of excess capacity, confusion in stock markets, and other factors. In Thailand, domestic sales of new vehicles fell, and as a result, automobile production remained slow.

The global economy as a whole continued to undergo a moderate recover, but future rate rise in the U.S., slowing growth and political instability in emerging countries, particularly in China, and other factors continue to be seen as causes for concern.

In this environment, looking at the operating results of the Topre Group (“Group”), net sales were 145,390 million yen, an increase of 24,823 million yen (20.6% increase) over the preceding fiscal year, while operating income was 18,150 million yen, an increase of 4,845 million yen (36.4% increase) over the preceding fiscal year. Ordinary income was 15,391 million yen, a decrease of 1,185 million yen (7.1% decrease) from the preceding fiscal year. As a result, net income attributable to shareholders of the parent company was 10,428 million yen, an increase of 81 million yen (0.8% increase) over the preceding fiscal year.

Report on sales by business segment

< Press-related Products Business >

In the automotive field, the recovery in auto production and sales in Japan remained slow as a result of the effects from the increase in consumption taxes. With regard to light k-cars, the decline in new car sales following the spike in demand prior to the increase in the tax on light k-cars continued. Nevertheless, in overseas business, conditions remained favorable in the U.S., while TOPRE (XIANGYANG) AUTOPARTS CORPORATION, and Topre Autoparts Mexico, S.A. de C.V. which began operations in 2014, reported strong sales, and as a result, overseas sales increased and overall sales in the automotive field were up from the preceding fiscal year. As a result, net sales for Press-related Products Business overall reached 97,315 million yen, an increase of 19,950 million yen (25.8% increase) over the preceding fiscal year. Segment operating income increased 3,607 million yen (37.8% increase) compared to the prior fiscal year, to 13,145 million yen.

< Temperature Controlled Logistics-related Business >

In the refrigerated vehicles area, the truck market remained strong and replacement demand for higher quality products, particularly for mid-size vehicles, was also strong, and the level of both orders and production for the Group was up year-on-year. Net sales for all of the temperature controlled

logistics-related business rose to 39,655 million yen, up 4,663 million yen (13.3% increase) year-on-year, Segment operating income grew to 4,193 million yen, an increase of 1,260 million yen (43.0% increase)

< Other Business >

In the air-conditioning equipment area, effects from the counter reaction to the increase in the consumption tax continued and demand for industrial ventilators remained firm year-on-year. In the electronic equipment area, sales of RealForce keyboards and touch panel related products remained firm, and as a result, total net sales for Other Business was 8,419 million yen, up 209 million yen (2.5% increase) year-on-year, while segment operating income, reflecting the drop in the air-conditioning area, was down by 21 million yen (2.5% decrease) year-on-year, to 812 million yen.

Looking ahead at the future business environment affecting the Group, in Japan, employment remains favorable and wage increases are solid, but personal consumption, which has supported domestic demand, has stalled, and with no visible effects from the negative interest rates by the Bank of Japan, signs of sluggishness in the economy are becoming more apparent. In addition, concerns are rising that businesses will delay capital investment against a backdrop of a high yen and slowdowns in overseas economies. In the automobile industry, crude oil prices continue to fall and manufacturers are shifting their factory back to Japan, but there are still effects from the increase in the consumption tax, and demand, particularly in the auto and housing sectors, remains quite sluggish. Overseas, the U.S. market, particularly for automobiles, remains on a firm footing, but the economic slowdown in China is becoming increasingly prominent, there continues to be a sense of uncertainty regarding future developments as a result of low resource prices and political instability of some emerging countries, among other factors. In this environment, the Group will strive to expand and accelerate production in regions where demand is strong and will strive to enhance its overall global manufacturing and sales structure.

Looking at the environment for the press-related products business, although employment has been maintained as a result of the Abenomics growth strategy and there is a sense of real recovery in some areas of the domestic economy including solid wage increases, there are still effects from the increase in the consumption tax and sluggish conditions are ongoing. Under this environment, Topre Kyushu Corporation's die and mold plant began operation as a new plant in October 2015, Topre Tokai Corporation became a consolidated subsidiary in January 2016, and sales are expected to increase as a result of the effects from the reshoring. However, personal consumption is flagging and sluggish, and as a result we expect that the number of vehicles sold in Japan will be at about the same as in the prior fiscal year. In North America, the U.S. automobile market remains on a strong footing and, in addition, Topre Autoparts Mexico, S.A. de C.V., a key export production base for the Group in North America, has commenced secondary capital investment, but sales in North America overall are expected to decline as a result of the high value of the yen and the decrease in new models. In China, although the tapering off of the rate of economic growth has become conspicuous, TOPRE (XIANGYANG) AUTOPARTS CORPORATION, which began operations in 2014, has been performing well, and results are expected to remain at the previous years' levels. In Thailand, TOPRE (THAILAND) CO., Ltd. began operations in October 2015 and its internal production plant has gotten off to a good start and further increases in production and sales are expected.

Turning to the temperature controlled logistics-related business, the overall truck market, particularly for mid-size vehicles, is expected to expand and solid performance is expected to continue. Also, replacement demand for greater precision of temperature control and other higher grade products is projected, so that overall we are forecasting levels of orders and production exceeding the prior fiscal year.

Looking at our other business, in the air conditioning equipment area, expenditure for property, plant and equipment is expected to stall as a result of weak drivers of domestic demand, there are still effects from the increase in consumption taxes concerning sales of home ventilation systems, and sales

are expected to remain flat. In the electronic equipment area, RealForce keyboards continue to enjoy a strong reputation among high-end users and sales are expected to remain strong.

Looking ahead, we will further strengthen the foundations of our production bases in Japan, and to meet the needs arising from overseas business, which is expected to expand at an increasing pace from this point forward, the Group will further build up its global manufacturing and sales structure, thereby expanding business and increasing profitability in future overseas markets.

In this way we are working to earn the continued support and encouragement of our shareholders.

Net Sales by Business Segments

(Million yen)

Business Segment	Consolidated fiscal year under review			Prior consolidated fiscal year	
	Amount	Percent of sales (%)	Change (%)	Amount	Percent of sales (%)
Press-Related Products Business	97,315	66.9	25.8	77,365	64.2
Temperature Controlled Logistics-Related Business	39,655	27.3	13.3	34,992	29.0
Other Business	8,419	5.8	2.5	8,210	6.8
Total	145,390	100.0	20.6	120,567	100.0

(2) Capital Expenditures

During the consolidated fiscal year under review, the Group's capital expenditures totaled 20,224 million yen. Major capital expenditures are as follows:

① Major capital expenditures completed during the consolidated fiscal year under review

Press-related Products Business

- Dies and molds and assembly production equipment (Topre Corporation)
- Dies and molds (TOPRE (FOSHAN) AUTOPARTS CORPORATION)
- Building, dies and molds and assembly production equipment (Topre Kyushu Corporation)
- Building, dies and molds and assembly production equipment (TOPRE (THAILAND) CO., LTD.)
- Assembly production equipment (Topre America Corporation)
- Assembly production equipment (Topre Autoparts Mexico, S.A. de C.V.)

Temperature Controlled Logistics-Related Business

- Kyoto Service Center Building (Toprec Corporation)

② Major capital expenditures continuing during the consolidated fiscal year under review

Press-related Products Business

- Dies and molds and assembly production equipment (Topre Corporation)
- Dies and molds and assembly production equipment (Topre Kyushu Corporation)
- Dies and molds (TOPRE (FOSHAN) AUTOPARTS CORPORATION)
- Building and assembly production equipment (Topre America Corporation)
- Building and assembly production equipment (Topre Autoparts Mexico, S.A. de C.V.)
- Assembly production equipment (Topre Tokai Corporation)

(3) Financing

During the consolidated term under review a short-term loan for 1,393 million yen was obtained from a financial institution as funding for the press-related products business.

(4) Acquisition or Disposition of Other Company Shares or Other Equity or Share Warrants

As of January 1, 2016, the Company acquired all shares of a consolidated subsidiary of Yachiyo Industry Co., Ltd., YG TECH Co., Ltd., which became the Company's consolidated subsidiary. YG TECH Co., Ltd. changed its trade name to "Topre Tokai Corporation" as of such date.

(5) Challenges

The Group is operating under its 13th Medium-Term Management Plan, for the period from April 2014 to March 2016. The target for net sales of 142,000 million yen for the 2016 fiscal year, the final year of the plan, was achieved one year early. In conjunction with this, the basic policies of the management plan will be maintained, and the target for the 2016 fiscal year was revised upward to 164,000 million yen.

Going forward, we will focus on the new target while accelerating globalization and keeping an eye on market trends. The Group will respond flexibly to the rapidly changing external environment and continue with further growth and expansion of the Group's business.

13th Medium-Term Management Plan Vision

Unite all our capabilities! Enhance on-site strength, technical strength, product strength, and take a new stride forward.

13th Medium-Term Management Plan Policies

- ① Strengthen adaptability to market changes
- ② Promote development and sales of new products
- ③ Re-evaluate existing business in a new light and reconstruct
- ④ Seek to provide the best quality in the industry
- ⑤ Promote development of human resources by encouraging people to take on new challenges

In Japan, the new plant at the Group's wholly owned subsidiary, Topre Kyushu Corporation, began operations in October 2015 as the second domestic die and mold plant. In addition, the steel plate business operated by YG TECH Co., Ltd. and the Yokkaichi Press Plant were acquired from Yachiyo Industry Co., Ltd. in January 2016 and Topre Tokai Corporation became a consolidated subsidiary. Overseas, TOPRE (THAILAND) CO., LTD. began operations in October 2015 as a base in Asia for manufacturing automobile parts, and we established a new plant in the U.S. and began secondary capital investment in Mexico for operation in 2017.

In the Temperature Controlled Logistics-related Business, we are working to expand and enhance service centers that can perform maintenance and other services in order to respond to the expansion of the growing truck market.

The Topre will continue to strive to further develop, refine and expand its core technologies, pursue cost reduction, expand globally and accelerate production in regions where demand is strong in order to more fully respond to our customers' evolving needs.

(6) Changes in Assets and Income

Item	Unit	118 th Term ended March 2013	119 th Term ended March 2014	120 th Term ended March 2015	121 th Term ended March 2016 (Term under review)
Net Sales	Million yen	91,534	111,630	120,567	145,390
Ordinary Income	Million yen	10,303	15,676	16,576	15,391
Net Income of Shareholders of Parent Company	Million yen	5,849	11,577	10,347	10,428
Net Income Per Share	Yen	116.79	231.17	206.63	208.24
Net Assets	Million yen	75,826	90,507	105,062	113,284
Total Assets	Million yen	114,278	138,113	158,613	172,289

Note: Net income per share was calculated based on the average number of outstanding shares (number of shares *less* number of treasury shares) during the term under review.

(7) Material Parent and Subsidiaries

① Parent company

N/A

② Material subsidiaries

	Company name	Capital	Compa ny's stake	Main business
Domestic	Tokyo Metal Pack Co., Ltd.	Million yen 50	% 100	Surface treatment of metal products
	Topre Gifu Corporation	20	100	Manufacture of air-conditioning equipment
	Toprec Corporation	300	50	Sales of refrigerated vehicles
	Toho Transportation Co., Ltd.	282	50	Transport business
	Topre Kyushu Corporation	100	100	Manufacture of auto parts
	Topre Saitama Corporation	100	100	Manufacture of auto parts
	Topre Tokai Corporation	490	100	Manufacture of auto parts
North America	Topre America Corporation	25 (US\$ million)	100	Manufacture of auto parts
	Topre Autoparts Mexico, S.A. de C.V.	327 (Mex\$ million)	100	Manufacture of auto parts
Asia	TOPRE (FOSHAN) AUTOPARTS CORPORATION	2,000	100	Manufacture of auto parts
	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	2,000	100	Manufacture of auto parts
	TOPRE (THAILAND) CO., LTD.	835 (THB million)	100	Manufacture of auto parts

Notes:

- The Company has 13 consolidated subsidiaries, including the 12 above.
- The Company acquired all shares of YG TECH Co., Ltd., which became its consolidated subsidiary on January 1, 2016, and changed its trade name to Topre Tokai Corporation as of such date.

(8) Main Business (as of March 31, 2016)

Business segment	Sales category	Main products
Press-related Products Business	Automotive	Automotive press products
	Dies and Molds	Press dies and molds, resin dies and molds, tools
Temperature Controlled Logistics-related Business	Refrigeration Equipment	Manufacture, sale and construction of reefer containers, refrigeration equipment, chillers and refrigerators, temperature controlled warehousing and logistic centers, etc.
	Refrigerated Transport	
Other Business	Air-conditioning Equipment	Vavcon, fans, clean room equipment, residential ventilation systems
	Electronic Equipment	Keyboards, card readers, touch screens, voucher printers
	Other	Surface treatment business

(9) Major Offices and Plants (as of March 31, 2016)

Domestic	Topre Corporation	Head Office	Chuo-ku, Tokyo
		Sagamihara Office	Chuo-ku, Sagamihara-shi, Kanagawa
		Hiroshima Office	Higashi Hiroshima-shi, Hiroshima
		Tochigi Office	Kaminokawa-machi, Kawachi-gun, Tochigi
		Suzuka Plant	Suzuka-shi, Mie
	Tokyo Metal Pack Co., Ltd.	Head Office Plant	Chuo-ku, Sagamihara-shi, Kanagawa
	Topre Gifu Corporation	Head Office Plant	Kawabe-cho, Kamo-gun, Gifu
	Toprec Corporation	Head Office	Chuo-ku, Tokyo
		Atsugi Service Center	Isehara-shi, Kanagawa
		Osaka Service Center	Settsu-shi, Osaka
		Kyoto Service Center	Kyoto-shi, Kyoto
	Toho Transportation Co., Ltd.	Head Office	Chuo-ku, Sagamihara-shi, Kanagawa
		Kaneda Logistics Center	Atsugi-shi, Kanagawa
	Topre Kyushu Corporation	Head Office Plant	Kurume-shi, Fukuoka
		Engineering Center	Kurume-shi, Fukuoka
Topre Saitama Corporation	Head Office Plant	Tokigawacho, Hikigun, Saitama	
Topre Tokai Corporation	Toin Head Office Plant	Toincho, Inabe-gun, Mie	
	Yokkaichi Plant	Yokkaichi-shi, Mie	
North America	Topre America Corporation	Head Office Plant	Alabama, U.S. A.
	Topre Autoparts Mexico, S.A. de C.V.	Head Office Plant	Queretaro, Mexico
Asia	TOPRE (FOSHAN) AUTOPARTS CORPORATION	Head Office Plant	Guangdong Prov, China
	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	Head Office Plant	Hubei Prov, China
	TOPRE (THAILAND) CO., LTD.	Head Office Plant	Samut Prakarn, Thailand
	PT.TOPRE REFRIGERATOR INDONESIA	Head Office Plant	Banten, Indonesia

(10) Employees (as of March 31, 2016)

① Group employees

Business segment	Number of employees	Change from a year earlier
Press-Related Business	2,315	407
Temperature Controlled Logistics-Related Business	751	-5
Other Business	263	3
Total	3,329	405

Notes:

- Employee numbers do not include temporary employees or employees on probation.
- The increase in the press-related business is due to Topre Tokai Corporation's becoming a consolidated subsidiary in January 2016 and commencement of full-scale mass production at a new plant.

② Company's employees

Number of employees		Change from a year earlier	Average age	Average length of service (years)
Male	1,071	20	39.2	16.9
Female	60	2	33.6	9.8
Total or average	1,131	22	38.9	16.6

Note: Employee numbers do not include temporary employees or employees on probation.

(11) Main Lenders (as of March 31, 2016)

Lender	Loan balance
Resona Bank, Ltd.	412 Million Yen
Mizuho Bank, Ltd.	345 Million Yen
	4.8 Million US Dollars
	40 Million Yuan
Mitsubishi UFJ Trust and Banking Corporation	275 Million Yen
	15.3 Million US Dollars

Note: The settlement date for overseas subsidiaries is Dec 31; thus the loan balances are as of Dec 31.

(12) Other Important Matters Concerning the Current Situation of the Group

N/A

2. Company Shares (as of March 31, 2016)

- Total number of shares authorized to be issued** 81,240,000 shares
- Total number of outstanding shares** 50,083,291 shares (excluding 3,938,533 treasury shares)
- Number of shareholders** 3,964

(4) Major Shareholders

Shareholder	Shares	Shareholding ratio
	Thousands of shares	%
Resona Bank, Ltd.	2,493	4.98
Mitsubishi UFJ Trust and Banking Corporation	2,491	4.97
Nippon Life Insurance Company	2,135	4.26
Naoko Ishii	1,951	3.90
Japan Trustee Services Bank, Ltd. (trust account)	1,626	3.25
Aikawa Co., Ltd.	1,439	2.88
Kyohei Ishii	1,418	2.83
Topre Business Partners' Shareholding Association	1,349	2.69
Sumitomo Life Insurance Company	1,335	2.67
Mizuho Bank, Ltd.	1,265	2.53

Note: The Company owns 3,938,533 treasury shares; however, because these treasury shares are without voting rights, the Company is excluded from the above list of major shareholders. The shareholding ratios are calculated without treasury shares.

(5) Other Important Matters Concerning Shares etc.

N/A.

3. Matters Concerning the Company Share Warrants

Important matters concerning share warrants

Outline of share warrants attached to the Series 2, 130% Call Option Unsecured Convertible Bonds with Share Warrants issued pursuant to a resolution of the September 12, 2014 Board of Directors Meeting

Issue date	October 1, 2014
Number of share warrants attached to the bonds	5,000 units
Type of underlying shares	Common shares
Number of underlying shares	Total amount of the bonds for which conversion is exercised <i>divided by</i> conversion price
Conversion price	2,008.70 yen (however, to be adjusted under certain conditions)
Assets to be contributed upon exercise of share warrants; their value	When share warrants are exercised, contribution will be in the form of the bonds associated with the share warrants, and the value of such bonds shall be the same as their pay-in amount.
Exercise period for share warrants	From November 4, 2014 to September 26, 2019

Note: Because the dividends on surpluses approved at the general meeting of shareholders held on June 25, 2015 fall under the "Special Dividends" specified in the bond terms and conditions of the Series 2 Unsecured Convertible Bonds with Share Warrants, the relevant conversion price was changed on July 10, 2015 in accordance with the conversion price adjustment provision of the bond terms and conditions.

4. Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2016)

Position	Name	Responsibilities at the Company, and major concurrent position(s)
Director and Supreme Adviser	Kyohei Ishii	
President (Representative Director)	Shinichiro Uchigasaki	Product Business General Manager
Executive Managing Director (Representative Director)	Kunikazu Matsuoka	Administrative Headquarters General Manager
Executive Managing Director	Yoshiharu Yukawa	Auto Parts Headquarters General Manager and Engineering Business Manager Quality General Manager Topre Kyushu Corporation Representative Director and President Tokyo Multifastener Co., Ltd. Representative Director and Vice President
Director	Toshio Hashimoto	Air Conditioning Div. General Manager Topre Gifu Corporation Representative Director and President
Director	Hiroshi Chiba	R&D Headquarters General Manager Electronic Equipment Div. General Manager
Director	Akihiko Nushi	Cold Storage Equipment Div. General Manager
Director	Yoshinori Tsuyuki	TOPRE (FOSHAN) AUTOPARTS CORPORATION (China) Chairman and President TOPRE (XIANGYANG) AUTOPARTS CORPORATION (China) Chairman
Director	Tomokatsu Kubo	Auto Parts Headquarters Engineering Div. Production Business Manager Topre Saitama Corporation Representative Director and President Topre Tokai Corporation Representative Director and President
Director	Takashi Sawa	Auto Parts Headquarters Sales Manager and Foreign Operations Dept. North America Manager
Director	Ryosuke Furusawa	Auto Parts Headquarters Engineering Business Technology General Manager and Foreign Operations Dept. Asia Manager
Director	Kiminari Imaizumi	Administrative Headquarters Human Resources Development Dept. Manager, Global Production Manager, and Management Dept. Manager
Director	Yutaka Yamamoto	Purchasing Headquarters General Manager Tokyo Metal Pack Co., Ltd. Representative Director and President
Director	Tsuyoshi Takada	Wadakura Gate Law Office Attorney Maruetsu Inc. Outside Corporate Auditor Doctors for Anti-Aging Support Corporation Outside Director
Full-time Corporate Auditor	Koichi Kitagawa	
Full-time Corporate Auditor	Takuji Saito	
Corporate Auditor	Jun Watanabe	Watanabe Law Office, Attorney
Corporate Auditor	Kazuaki Hosoi	Hosoi Accounting Office CPA, Certified Public Tax Accountant Fujikura Rubber Industry K. K. Outside Corporate Auditor Nippon Denko Co., Ltd. Outside Director

Notes:

1. Director Tsuyoshi Takada is an outside director.
2. Corporate Auditors Jun Watanabe and Kazuaki Hosoi are outside corporate auditors.
3. The Company has determined that Director Tsuyoshi Takada, Corporate Auditors Jun Watanabe and Kazuaki Hosoi do not have any conflicts of interest with general shareholders and are highly independent, and has appointed the three men as independent officers pursuant to the provisions of the Tokyo Stock Exchange and made notification with the TSE.

4. Corporate Auditor Kazuaki Hosoi is a certified public accountant and a certified public tax accountant, who possesses a considerable level of knowledge concerning finance and accounting.
5. Officer changes during the term under review
 - (1) Mr. Tsuyoshi Takada, Corporate Auditor retired upon expiration of his term of office and were newly appointed as directors at the 120th Ordinary General Meeting of Shareholders held June 25, 2015 and assumed their respective positions.
6. In accordance with the stipulations of Paragraph 1, Article 427 of the Companies Act, the Company and all outside directors and corporate auditors have entered into agreements limiting their liability to compensate the Company for damage pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as set forth in Article 425, Paragraph 1 of the Companies Act.

(2) Director and Corporate Auditor Compensation

Category	Number	Compensation	Note
Directors	14	262 million yen	(includes 1 outside director: 6 million yen)
Corporate Auditors	5	51 million yen	(includes 3 outside corporate auditors: 15 million yen)
Total	19	314 million yen	

Notes:

1. Regarding Mr. Tsuyoshi Takada, who as of the close of the 120th Ordinary General Meeting of Shareholders held June 25, 2015, retired as corporate auditor and was newly appointed as director, the above categories of Number and Compensation reflect his respective time and compensation as director and corporate auditor.
2. Director compensation includes bonuses pertaining to the fiscal year under review, and does not include the employee portion of salary for directors who also have employee positions.
3. The Company discontinued the officer retirement benefit plan for directors and corporate auditors as of the close of the 113th Ordinary General Meeting of Shareholders held June 26, 2008 and passed a resolution to pay to each director and corporate auditor who remained in office after the close of such general meeting of shareholders officer retirement benefits for their time in office up the discontinuation, such payment to be made at their retirement. Pursuant to such resolution, the Company will pay officer retirement benefits of 690,000 yen to a corporate auditor who retired during the term under review.

(3) Policy Regarding Decisions on Company Officer Compensation Amounts or Calculation Method

The Company has the following policies in determining the amounts of officer compensation.

- ① Compensation plan that enhances directors' work performance motivation
- ② Compensation plan linked to corporate performance
- ③ Compensation plan that is commensurate with director roles and responsibilities

Monthly director compensation is determined through discussions by representative directors, and monthly corporate auditor compensation is determined through discussions by the Board of Corporate Auditors, and a different compensation amount is determined for each individual. A portion of monthly director compensation is contributed to the Company's officer shareholdings association for purchase of the Company shares, and during their terms, directors are to hold the Company shares thus acquired. However, outside directors contribute to the Company's officer shareholdings association on a voluntary basis.

Director bonuses are determined through discussion by the representative directors, taking into consideration each director's contribution to corporate performance and other factors. No bonuses are paid to outside directors and corporate auditors.

If Proposal 3, "Decision Regarding Amount and Particulars of Performance-Based Stock Compensation to Directors" proposed at the Meeting is passed as proposed, the Company will implement the Performance-Based Stock Compensation Plan which issues the Company shares according to the level of achievement of the performance target etc.

(4) Matters relating to Outside Officers etc.

- ① Relationship between the Company and the companies at which outside corporate auditors have concurrent position(s).

Category	Name	Major concurrent position(s)
Director	Tsuyoshi Takada	Wadakura Gate Law Office Attorney Maruetsu Inc. Outside Corporate Auditor Doctors for Anti-Aging Support Corporation Outside Director
Corporate Auditor	Jun Watanabe	Watanabe Law Office, Attorney
Corporate Auditor	Kazuaki Hosoi	Hosoi Accounting Office CPA, Certified Public Tax Accountant Fujikura Rubber Industry K. K. Outside Corporate Auditor Nippon Denko Co., Ltd. Outside Director

Note: There are no important transactional or other relationships between the companies at which the outside corporate auditors hold concurrent positions and the Company.

- ② Relationship with major business partners and specified related businesses

N/A

- ③ Major activities in the term under review

Category	Name	Major activities
Director	Tsuyoshi Takada	During the term under review, until he retired as corporate auditor on June 25, 2015, Director Takada attended all 4 Board of Directors Meetings and all 4 meetings of the Board of Auditors, he attended. Further, after he was appointed as director on June 25, 2015, of the 13 Board of Directors Meetings held during the term under review, he attended all meetings. On the basis of his professional knowledge and practice as an attorney, he expressed his opinion from the perspective of having no interests with the Company.
Corporate Auditor	Jun Watanabe	Of the 17 Board of Directors Meetings held during the term under review, Corporate Auditor Watanabe attended all meetings and of the 15 meetings of the Board of Auditors, he attended 12 meetings (80%), and on the basis of his experience and knowledge as a legal expert that he has cultivated as prosecutor and attorney, he expressed his opinion from the perspective of having no interests with the Company.
Corporate Auditor	Kazuaki Hosoi	Of the 17 Board of Directors Meetings held during the term under review, Corporate Auditor Hosoi attended 16 meetings (94%) and of the 15 meetings of the Board of Auditors, he attended 14 meetings (93%), and on the basis of his experience and knowledge as a certified public accountant and tax accountant, he expressed his opinion from the perspective of having no interests with the Company.

5. Independent Auditor

- (1) Name of independent auditor**

Grant Thornton Taiyo LLC

- (2) Summary of limitation on liability agreements**

N/A

- (3) Amount of compensation, etc. paid to the independent auditor during the term under review**

	Payment
Amount of compensation, etc. paid to the independent auditor during the term under review	26 million yen
Total amount of money and other property interests payable to the independent auditor by the Company and its subsidiaries	26 million yen

Notes:

1. Because in the contract between the Company and the independent auditor no clear distinction is made between the amounts of compensation for auditing under the Companies Act and for auditing under the Financial Instruments and Exchange Act, and in actuality such a distinction is not possible, the amounts shown above are the total compensation for the two.
2. The Board of Corporate Auditors made the necessary verification of whether the content of the audit plan, status of performance of audit, and grounds for calculating compensation estimates were appropriate, and having done so, judged the amount of compensation for the independent auditor to be appropriate.
3. Some of the overseas subsidiaries of the Company are subject to audit by an independent auditor other than the Company's independent auditor.

(4) Policy regarding decisions on dismissal or non-reappointment of the independent auditor

If the independent auditor has not properly carried out its duties as an independent auditor or has otherwise been negligent in its duties or engaged in misconduct unsuitable as an independent auditor, and the Company believes that its remaining as the company's independent auditor would be a major obstacle for the Company, the Board of Corporate Auditors will dismiss the independent auditor in accordance with the provisions of Article 340 of the Companies Act pursuant to unanimous agreement by Corporate Auditors.

In addition to the case above, if the Board of Corporate Auditors believes the Company's independent auditor is ill-qualified, the particulars of a proposal for dismissal or non-reappointment will be determined.

6. Company Systems and Policies

(1) Systems for ensuring compliance of the execution of duties by Directors with laws, regulations and the Articles of Incorporation and other systems for ensuring the propriety of business operations

The Company adopted a resolution to partially revise the guidelines regarding internal control systems at the Board of Directors Meeting held on April 14, 2015.

Further, the Company adopted a resolution to partially revise the Code of Conduct at the Board of Directors Meeting held on March 11, 2016.

The revised systems for ensuring the propriety of business operations are as follows.

① Fundamental Principles and Code of Conduct of the Topre Group

The Company has formulated the following Fundamental Principles and Code of Conduct as the basic guidelines to be followed by all officers and employees of the Topre Group in the performance of their duties.

Basic Principles

The Topre Group's mission is to create products and services by maximizing its technical expertise in order to contribute positively to the societies in which it conducts business.

The Group will not only pursue excellence in its economic performance, but also carry out business activities as a group of international companies with the highest ethical standards, which will promote a Topre Group image that will be acknowledged and respected.

This philosophy will guide The Topre Groups domestic and international business actions, while also continuously seeking to enhance the Group's long term prosperity and making positive contributions to the societies in which it is engaged.

Code of Conduct

1. Compliance with Laws, Company Rules, and the Moral Code

We will comply with relevant legislation and regulations when conducting our business. Our company rules have been established as a means of fulfilling our business activities with fairness and transparency. We will also continue to conduct our business in an ethical manner. We have in place an internal reporting system (hotline) to prevent and correct any act that breaches or is suspected of breaching the above.

The management are responsible for taking the initiative in complying with the Code of Conduct to establish a highly ethical corporate culture and for maintaining an internal system to prevent situations that breach the Code of Conduct.

2. Contribution to Society

We will contribute to a safe, convenient, and comfortable society through our products and services.

We respect the culture and values of the countries and communities in which our company is based, and actively involve ourselves in local activities and development.

3. Fair and Equal Relationships

We will continue to establish ethical relationships with our business partners.

We will maintain honest business practices with our partners, subcontractors, suppliers, etc. We will have no relationship whatsoever with anti-social forces, and systematically and firmly respond to any unreasonable demands.

We will also disclose our corporate activities and operating information in a timely and proper manner so that our investors can make informed investment decisions.

In addition, we will not engage in any fraudulent, unfair or unjust act in the context of our relationship with politics and administration.

4. Respect for Human Rights and Diversity

We will continue to respect all human rights and will never permit any form of discrimination concerning race, beliefs, gender/sexuality, nationality, physical differences, or language or other various forms of harassment.

5. Environmental Protection and Health and Safety

We will continue to promote the “3Rs” (Reduce, Reuse, Recycle) and energy conservation in conducting our business as an environment-friendly corporation.

Also, we ensure the safety and health of our staff members, we have minimized on-the-job accidents and injuries, and we are committed to continuous improvement of working conditions.

6. Company Asset Protection

We will conduct our business ethically and prohibit any private use or misuse of company assets.

Also, we ensure that company-owned information or assets will neither be leaked without following specified procedures nor be used for unauthorized and improper purposes.

Company assets must be acquired, used, or released in a predefined manner and with full authorization. We will neither act for the benefit of a third party nor allow any staff member to act for the benefit of himself/herself or a third party.

In order to create a “compliant corporate culture” and “compliant structures” on the basis of the Group’s Fundamental Principles and Code of Conduct, we have established the following guidelines concerning internal control systems and will continue to endeavor to ensure proper and efficient execution of business.

② Basic Guidelines for the Establishment of Internal Control Systems

Preface

In accordance with the Companies Act and other relevant laws and regulations, the Company has established the following Basic Guidelines for Internal Controls (Basic Guidelines for Systems for Ensuring the Propriety of Business Operations) which it will continue to review and revise in keeping with future business developments and changes in relevant laws and regulations. The Board of Directors of the Company has promulgated these Basic Guidelines to all of the Group's employees and will work to maintain a corporate environment conducive to the effective functioning of internal controls.

Basic Guidelines for Systems for Ensuring the Propriety of Business Operation

1. Systems to ensure compliance of execution of duties by officers and employees with laws and regulations and the Articles of Incorporation in the Group, including subsidiaries

- 1) The Group officers and employees will strive to understand and implement the Group Fundamental Principles and Code of Conduct.
- 2) The Internal Controls Committee will oversee the development and implementation of internal controls for Group companies and when required will create subcommittees for specific purposes in order to more effectively and smoothly carry out its activities.
- 3) The Audit Department will receive reports from the Compliance Committee on a regular basis and will audit the implementation of compliance procedures.
- 4) If Group officers or employees know of any violations or potential violations of laws or regulations, they may report them to an "Internal Reporting Contact," both inside and outside the Group.
- 5) Every Group officer and employee will steadfastly ensure that any and all relationships with antisocial forces or organizations, which threaten the order and security of civil society, are blocked and eliminated.

2. Rules and systems regarding loss risk management etc. in the Group, including subsidiaries

- 1) Group companies will classify risks associated with its business operations in accordance with its Risk Management Rules and establish units responsible for ongoing monitoring of those risks.
- 2) In order to deal with risks involving the entire company or multiple units, the Risk Management Subcommittee will coordinate the roles and duties of all involved units.
- 3) The Audit Department will receive reports on a regular basis from the Risk Management Subcommittee and audit the implementation of risk management at Group companies.

3. Systems for ensuring the efficient execution of duties by Directors at the Group including subsidiaries

- 1) The Company will maintain a system to ensure that business operations are carried out efficiently, through division of duties, approval authority and other rules based on internal regulations at Group companies.
- 2) The Company has established "Basic Policies" shared by all officers and employees of the Group, and every three years a new Medium-Term Management Plan is formulated in accordance with those policies.
- 3) Performance targets by term for each business unit are established based on the Medium-Term Management Plan of the entire Group, with actual results reported to the Company's Board of Directors on a monthly basis; when targets are not achieved, the relevant business unit makes a report analyzing the reasons why and proposing improvement measures.

4. Systems to preserve and manage information pertaining to the execution of duties by Directors

- 1) Information pertaining to the execution of duties by Directors is filed together with related documents in accordance with the Document Management Regulations.
- 2) If a request is made by a Director or Corporate Auditor to review documents, the relevant documents will be made available at the Head Office within three business days from when the request was made.

5. Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries

- 1) Members of the Internal Control Committee are selected from Group companies and systems are in place to ensure that discussions and information about internal controls are shared and that the communication of directives and requests is done efficiently.
- 2) The Company's Directors will receive reports regarding the status of business operations at the board of directors of each subsidiary, and will report the content thereof to the Company's Board of Directors.

6. Matters concerning Group employees when a Corporate Auditor requests Group employees to assist with duties, matters concerning the independence from Directors of such employees, and matters concerning ensuring the effectiveness of instructions by Corporate Auditors to such employees

- 1) If the Board of Corporate Auditors requests the placement of employees to assist in its duties, in principle such personnel will be placed within three months.
- 2) The appointment, transfer and performance review of Corporate Auditors' assistants requires a prior report from and consent of the full-time Corporate Auditor.
- 3) Corporate Auditors' assistants will perform their duties as instructed by Corporate Auditors.

7. Systems for Directors and employees to report to Corporate Auditors and other reporting systems to Corporate Auditors

Directors and employees of Group companies and corporate auditors of each subsidiary will report promptly to the Company's Corporate Auditors all matters stipulated in the Internal Control Regulations and other matters important from the standpoint of internal controls.

8. Systems for ensuring that persons who report to the Corporate Auditors are not subject to disadvantageous treatment as a result of such reporting

The companies of the Group do not engage in dismissal or other disadvantageous treatment of officers and employees on the grounds that a report was made to the Company's Corporate Auditors in accordance with the preceding item.

9. Matters relating to procedures for advance payment or reimbursement of expenses arising in relation to the performance of duties by the Corporate Auditors and other policies on processing expenses and debts arising in relation to the performance of those duties

The Company budgets in advance for expenses necessary for the performance of duties by the Company's corporate auditors and reimburses such expenses including expenses incurred on a provisional or emergency basis each time such expenses are incurred.

10. Systems to ensure effective audits by the Corporate Auditors

The Board of Corporate Auditors may at its own discretion engage lawyers, certified public accountants and other professionals in order to obtain advice in regard to its audit work.

11. Systems to ensure proper financial reporting

- 1) The Company prepares and revises as needed the rules etc. relating to its Accounting Regulations based on accounting rules and standards, and promotes their dissemination and understanding, and compliance therewith.
- 2) The Financial Report Oversight Committee, in order to promote proper disclosure of financial reports required by the Financial Instrument Exchanges Act, works to ensure the accuracy and uniformity of operations regarding the accounting, cost and finance operations at all Group companies.

Summary of Operational Status of Systems for Ensuring Propriety of Business Operation

1. Measures relating to compliance

- 1) In order to reinforce compliance by the entire Group, the Compliance Committee met twice during the fiscal year under review and took measures to further raise awareness of compliance by officers and employees. The Committee also investigated, reported on, and monitored the status of implementation of compliance procedures and made improvements when necessary.
- 2) Training and awareness-raising regarding compliance is conducted through periodic training prepared for individual ranks.
- 3) An internal reporting system and consultation hotline were established for Group companies, and measures are taken to inform employees about these systems and to create an environment that facilitates their use.
- 4) Internal reports that are periodically distributed include information regarding compliance awareness, and measures are taken to inform personnel about laws and regulations as well as internal rules and so on.

2. Measures relating to risk management

- 1) The Risk Management Committee met twice during the fiscal year under review, investigated risks relating to natural disasters, accidents, and overseas business sites, and reviewed management systems concerning those risks.
- 2) Potential risks in each division of Group companies were re-identified and re-evaluated and countermeasures were taken.

3. Measures relating to increasing the appropriateness and efficiency of the execution of duties by directors

- 1) The Board of Directors met 17 times during the fiscal year under review, made decisions regarding matters specified by laws, regulations, and the Articles of Incorporation as well as significant matters such as business plans and profit plans, and monitored the appropriate performance of duties.
- 2) Directors that have operational duties reported to the Board of Directors concerning the status of the execution of duties in order to ensure the appropriateness of the execution of duties by directors.

4. Measures relating to ensuring the appropriateness of operations in the Group

- 1) The Financial Report Oversight Committee meets to conduct periodic evaluations of asset management and accounting of all Group companies and ensure the appropriateness of finances.
- 2) The Accounting Division Global Training Conference meets to ensure the appropriateness and uniformity of operations in relation to accounting, record keeping, book values, and finances of all Group companies.

5. Measures relating to Audit Systems

- 1) The corporate auditors conduct audits by engaging in close exchanges of information with the Audit Department, attending Board of Directors Meetings and other significant meetings, receiving reports from directors and employees, and conducting on-site investigations.
- 2) The Board of Corporate Auditors met 15 times during the fiscal year under review, requested reports and explanations from representative directors and others as necessary, and conducted audits concerning the execution of duties by directors.
- 3) The corporate auditors conducted financial audits by closely collaborating with the independent auditor, receiving quarterly reports from the independent auditor, receiving explanations as necessary, and exchanging information.

(2) Basic Policy Regarding Control of Stock Company

N/A

Note: With respect to amounts and the number of shares set forth in this business report, fractional numbers were rounded down and shareholding stakes were rounded off to the nearest whole number.

Consolidated Balance Sheet

(As of March 31, 2016)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
Cash and deposits	19,501	Notes payable and accounts payable	27,379
Notes receivable and accounts receivable	32,249	Short-term borrowings	582
Marketable securities	4,932	Long-term borrowings due within a year	2,763
Beneficiary rights to monetary claims	5,400	Corporate taxes payable	1,966
Products and goods	1,720	Bonus reserves	1,516
Works in progress	8,168	Bonus reserves for Officers	70
Raw materials and stored goods	2,535	Reserves for product warranties	195
Deferred tax assets	1,014	Other	8,107
Other	4,641		
Loan-loss reserves	-0	Total current liabilities	42,581
Total current assets	80,162	II Fixed liabilities	
II Fixed assets		Convertible bonds	4,981
1 Tangible fixed assets		Long-term borrowings	1,937
Buildings and structures	22,023	Long-term accounts payable	1,514
Machinery, equipment, and vehicles	24,374	Tax deferred liabilities	5,344
Tools, furniture, and fixtures	5,786	PCB processing reserves	38
Land	8,316	Retirement benefit liabilities	1,284
Lease assets	1,532	Other	1,323
Construction in progress	7,199	Total fixed liabilities	16,423
Total tangible fixed assets	69,233	Total liabilities	59,005
2 Intangible fixed assets	1,353	(Net assets)	
3 Investments and other assets		I Shareholders' equity	
Investment securities	20,877	1 Capital	5,610
Long-term loans	87	2 Capital surplus	4,850
Deferred tax assets	110	3 Earned surplus	90,670
Other	476	4 Treasury stock	-2,476
Loan-loss reserves	-10	Total shareholders' equity	98,654
Total investments and other assets	21,540	II Other accumulated comprehensive income	
Total fixed assets	92,127	1 Valuation difference on available-for-sale securities	4,359
		2 Foreign currency translation adjustment accounts	5,157
		3 Accumulated retirement benefit adjustments	-1,344
		Total other accumulated comprehensive income	8,172
		III Minority interest	6,457
		Total net assets	113,284
Total assets	172,289	Total liabilities and net assets	172,289

Note: Amounts less than 1 million yen were rounded off.

Consolidated Income Statement
(April 1, 2015-March 31, 2016)

(Million yen)

Item		Amount	
I	Net sales		145,390
II	Cost of goods sold		116,520
	Gross income		28,870
III	SG&A expenses		10,719
	Operating income		18,150
IV	Non-operating income		
	Interest income	180	
	Dividend income	501	
	Rent income on fixed assets	125	
	Dividend income from insurance	111	
	Income from subsidy	162	
	Other non-operating income	65	1,147
V	Non-operating expenses		
	Interest expenses	206	
	Rent expenses on fixed assets	33	
	Currency translation losses	3,561	
	Other non-operating expenses	104	3,905
	Recurring income		15,391
VI	Extraordinary income		
	Capital gains on the sale of investment securities	218	
	Capital gains on the sale of fixed assets	507	
	Negative goodwill	609	1,335
VII	Extraordinary losses		
	Losses on the disposal of fixed assets	21	
	Impaired asset losses	10	
	Evaluation loss on inventory assets	15	
	Evaluation loss on investment securities	16	
	Evaluation loss on golf membership	12	
	Other extraordinary losses	1	79
	Net income before income taxes		16,648
	Corporate taxes, resident taxes, and business taxes	4,613	
	Corporate tax adjustments	906	5,520
	Net income		11,128
	Net income attributable to non-controlling shareholders		699
	Net income attributable to shareholders of the parent company		10,428

Note: Amounts less than 1 million yen were rounded off.

Consolidated Shareholders' Equity Statement

(April 1, 2015-March 31, 2016)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Beginning-of-term balance	5,610	4,840	81,841	-2,480	89,812
Changes during the term under review					
Dividends on surpluses			-1,600		-1,600
Net income attributable to shareholders of the parent company			10,428		10,428
Buyback of own shares				-4	-4
Disposal of treasury shares		9		9	19
Beginning-of-term (net) change in items excluding shareholders' equity					—
Total change in the term under review	—	9	8,828	4	8,842
End-of-term balance	5,610	4,850	90,670	-2,476	98,654

(Million yen)

	Total other accumulated comprehensive income				Non-controlling shareholders interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment accounts	Accumulated retirement benefit adjustments	Total other accumulated comprehensive income		
Beginning-of-term balance	5,583	4,645	-859	9,369	5,880	105,062
Changes during the term under review						
Dividends on surpluses						-1,600
Net income attributable to shareholders of the parent company						10,428
Buyback of own shares						-4
Disposal of treasury shares						19
Beginning-of-term (net) change in items excluding shareholders' equity	-1,224	511	-484	-1,197	576	-621
Total change in the term under review	-1,224	511	-484	-1,197	576	8,221
End-of-term balance	4,359	5,157	-1,344	8,172	6,457	113,284

Notes: Amounts less than 1 million yen were rounded off

Notes to Consolidated Financial Statements

1 Notes on essential items which serve as the basis for creating these consolidated financial statements

1. Scope of consolidation

Number of consolidated subsidiaries 13

Tokyo Metal Pack Co., Ltd.
Topre Gifu Corporation
Top Kogyo Co., Ltd.
Toprec Corporation
Toho Transportation Co., Ltd.
Topre Kyushu Corporation
Topre America Corporation
Topre Saitama Corporation
TOPRE (FOSHAN) AUTOPARTS CORPORATION
TOPRE (THAILAND) CO., LTD.
TOPRE (XIANGYANG) AUTOPARTS CORPORATION
Topre Autoparts Mexico, S.A. de C.V.
Topre Tokai Corporation

Number of unconsolidated companies 5

Howa Seiki Co., Ltd.
Topre R&D Co., Ltd.
Tokyo Kinzoku Industry Co., Ltd.
Topre Autoparts Mexico Service, S.A. de C.V.
PT.TOPRE REFRIGERATOR INDONESIA

Information on unconsolidated companies has been omitted since each company is small in terms of total assets, sales, net profits (based on the Company's investment stake) and earned surpluses (based on the Company's investment stake) and since the unconsolidated companies together do not have a substantial influence on consolidated financial accounts.

Topre Tokai Corporation is included in the scope of consolidation, as the Company acquired all its issued shares in the consolidated fiscal year under review.

Further, PT.TOPRE REFRIGERATOR INDONESIA, which was newly established as a joint venture company in the consolidated fiscal year under review, is treated as a non-consolidated subsidiary.

2. Items related to the application of the equity method

The five unconsolidated subsidiaries and one affiliate (Tokyo Multifastener Co. Ltd.), which do not apply the equity method each have a negligible effect on net profits and earned surpluses etc., and are unimportant even when their figures are combined. Accordingly, we apply the cost method instead of the equity method.

3. Items related to the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Topre America Corporation, TOPRE (FOSHAN) AUTOPARTS CORPORATION, TOPRE (THAILAND) CO., LTD., TOPRE (XIANYANG) AUTOPARTS CORPORATION, and Topre Autoparts Mexico, S.A. de C.V. have fiscal years ending December 31. In creating our consolidated financial statements, we use the statements as of December 31 for the above subsidiaries but make consolidated adjustments as necessary for important transactions that occur between January 1 and the consolidated fiscal year-end of March 31.

4. Items related to accounting policy

(1) Valuation standards and valuation methods of important assets

① Marketable securities

Other marketable securities

Those with market value

Valued at market value based on the market price as of the fiscal year-end date (revaluation differences are all included as a component of shareholders equity while cost of sales is determined by the moving average method)

Those with no market value

Cost method or amortized cost method based on the moving average method

② Inventories

Inventories owned for normal selling purposes

The cost method (in which book price is reduced as profitability declines) is used as the valuation method

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

(2) Depreciation method for important depreciable assets

① Tangible fixed assets (Excluding lease assets)

Declining balance method

However, buildings (excluding accompanying facilities) acquired on or after April 1, 1998, and dies and molds included under tools, appliances and fixtures use the straight-line method. Overseas subsidiaries use the straight-line method based on the rules of their respective country's accounting standards. In addition, for tangible fixed assets that have been depreciated to the permissible limit which the Company and its domestic subsidiaries acquired on or before March 31, 2007, the remaining value is depreciated in equal amounts over a five-year period beginning with the year following the completion of depreciation to the permissible limit.

② Intangible fixed assets (excluding lease assets)

Straight-line method

However, software that the Company uses is depreciated using the straight-line method over the estimated in-house working life of five years.

③ Lease assets

Lease assets related to finance lease transactions in which ownership is transferred

The same depreciation method applied to fixed assets owned by the Company is applied.

Lease assets related to finance lease transactions in which ownership is not transferred

Useful life is based on the lease period duration, and straight-line depreciation is applied with an assumed residual value of zero.

(3) Standards for recording important reserves

① Loan-loss reserves

To prepare for losses due to bad debt claims, general claims are treated using the loan loss ratio. For specific loans such as those classified as loans with default possibility, the likelihood of loan recovery is considered individually and an estimated unrecoverable amount is allocated.

② Bonus reserves

To pay employee bonuses, a bonus reserve is allocated based on the expected payment amount.

③ Bonus reserves for Officers

The Company and its domestic consolidated subsidiaries prepare for bonus payments to Directors by allocating Bonus reserves for Officers based on the expected payment amount for the consolidated fiscal year.

④ Reserves for product warranties

Estimated warranty costs based on past results are recorded as reserves to prepare for defect liability of products sold.

⑤ PCB processing reserves

To prepare for the payment of waste processing costs for PCB, etc. that the Company stores, for expenses that can be reasonably estimated, the amounts expected to be incurred going forward are allocated.

(4) Other important items that form the basis for creating consolidated financial statements

Standards for recording of retirement benefit liabilities

In the calculation of employee retirement liabilities, when attributing an estimated amount of retirement benefits to the period up to the end of the consolidated fiscal year concerned, the estimated benefits method is mainly used.

Prior service costs are amortized using the straight-line method over a period based on a set number of years (10 years) equal to or less than the employees' average remaining service years. Actuarial differences are amortized using the straight-line method over a period (10 years) equal to or less than the average remaining service years of employees for the fiscal year in which the differences occurred, commencing with the following consolidated fiscal year.

Actuarial differences and prior service costs yet to be recognized are recorded under shareholders' equity under other accumulated comprehensive income with accumulated retirement benefit adjustments recorded after making tax effect adjustments.

(5) Important methods of account hedging

① Method of account hedging

Interest swap transactions meet the requirements of special processing of interest swap and are thus based on special processing.

② Hedging methods and transactions subject to hedging

Hedging methods

Interest swap transactions

Transactions subject to hedging

Interest payable on specific borrowings

③ Hedging policy

The purpose is to avoid potential losses on borrowings due to interest rate fluctuations

④ Method of evaluating effectiveness

Because it is envisioned that the notional principal of the hedging means and important conditions regarding hedge transactions will be the same and that when hedging begins and subsequently, cash flow fluctuations will be completely offset, evaluation of hedging effectiveness is omitted.

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

Accounting treatment of consumption taxes

Taxes are excluded.

2 Notes on changes in accounting policies

(Adoption of Accounting Standard for Business Combination, etc.)

Starting in the consolidated fiscal period under review, we adopted the Accounting Standard for Business Combination (ASBJ Statement No. 21, September 13, 2013; hereinafter the “Business Combination Standard”), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013; hereinafter the “Consolidated Financial Statements Standard”), Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestitures Standard”), and as a result, when control is maintained, differences arising from changes in the Company’s equity in a subsidiary are recorded as capital surplus and acquisition related expenses are recorded as expenses in the consolidated fiscal year. Also, with regard to business combinations executed after the beginning of the fiscal year under review, the Company changed its treatment to a method where revision of distribution amounts of acquisition costs due to finalization of provisional accounting treatment are reflected in the consolidated financial statements for the consolidated fiscal year in which the day of the business combination occurred. Further, presentation of net income was changed, and a change was made from presentation of minority interests to presentation of equity of non-controlling shareholders.

The Business Combination Standard will be applied starting from the beginning of the consolidated fiscal year under review into the future in accordance with transitional handling stipulated in Clause 58-2(4) of the Business Combination Standard, Clause 44-5(4) of the Consolidated Financial Statements Standard, and Clause 57-4(4) of the Business Divestitures Standard.

Consequently, operating income, recurring income, and net income before tax adjustments each decreased by 8 million yen in the consolidated fiscal year under review.

Further, the impact on net assets per share, earnings per share, and adjusted diluted earnings per share was de minimis.

3 Notes on the Consolidated Balance Sheet

1. Cumulative depreciation on tangible fixed assets 109,372 million yen
2. Fixed asset reduction entries

For tangible fixed assets acquired prior to the business year under review, the reduction entry amount subtracted from the acquisition prices were 14 million yen for Buildings and 1 million yen for Machine Equipment.

4 Notes on the Consolidated Shareholders' Equity Statement

1. Type and number of outstanding shares at the end of the consolidated fiscal year

Common shares 54,021,824 shares

2. Dividends

(1) Dividends paid

Resolutions	Share type	Total dividends (Million yen)	Dividends per share (Yen)	Basis date	Effective date
Ordinary General Meeting of Shareholders of June 25, 2015	Common shares	748	15.00	March 31, 2015	June 26, 2015
Board of Directors Meeting on October 30, 2015	Common shares	851	17.00	September 30, 2015	December 4, 2015
Total		1,600			

(2) Those dividends having a basis date falling in the consolidated fiscal year under review and an effective date in the next term

The following proposal for dividends on common shares will be proposed at the Ordinary General Meeting of Shareholders to be held on June 28, 2016.

Total dividends 999 million yen
Dividends per share 20.00 yen
Basis date March 31, 2016
Effective date June 29, 2016
Dividends are to be sourced from earned surplus.

5 Notes on financial products

1. Situation regarding financial products

(1) Handling of financial products

The Group invests its funds in highly safe financial assets and procures necessary funds from financial institutions in accordance with its capital investment plan. We make use of derivatives to avoid risks discussed later, but not for speculative purposes.

(2) Details of financial products and their risks

Notes and accounts receivable (trade receivables) are exposed to customers' credit risk.

Marketable securities and beneficiary rights to monetary claims are mainly bonds etc., while investment securities are mainly equities, and both securities are exposed to market fluctuation risk.

Notes and accounts payable (trade payables) come due within a year.

Borrowings are mainly made for procuring funds for capital investments and the repayment date is four years from the settlement date at the latest.

Derivative transactions are interest rate swap transactions for hedging against interest rate fluctuation risk related to borrowings as well as currency forward transactions for hedging against foreign fluctuation risk related to foreign currency-denominated borrowings. We engage in these transactions only to the extent of actual demand in accordance with each company's internal rules and accompanying regulations. Please see "Important methods of account hedging" under "Items related to accounting policy" mentioned earlier for hedging methods, transactions subject to hedging, hedging policy, and for the method of evaluating the effectiveness of hedging.

(3) Risk control systems related to financial products

Regarding trade receivables, sales control division of each business division regularly monitors the status of the transaction counterparty, manages the dates and balances for each counterparty, and takes steps as early as possible to detect and reduce the counterparty's collection risk due to deterioration in its financial situation. For marketable securities and beneficiary rights to monetary claims, credit risk is negligible since the bonds are mostly high-grade ones based on each company's internal company rules and accompanying regulations. The market prices of shares, which is one of the investment securities are regularly monitored and reported to the Board of Directors. Additionally, while trade payables and borrowings are exposed to liquidity risk, the division in charge manages them by drafting a funding plan as necessary based on the reports of each division.

(4) Supplementary explanation on financial product prices

The prices of financial products include the prices calculated based on market prices, and if there is no market price, a price reasonably calculated is used. Since the calculation of such prices include variables, prices may fluctuate from time to time due to the adoption of different assumptions. As for the contracted amount of derivatives as mentioned in the notes regarding derivatives transactions, the amount itself does not indicate the market risk of the derivative transaction.

2. Market prices of financial products etc.

The following are amounts provided in the Consolidated Balance Sheet as of March 31, 2016, market prices, and the differences between the two. Those for which it is extremely difficult to obtain market prices are not included in the table (please see Note 2).

(Million yen)

	Amount recorded on the Consolidated Balance Sheet	Market price	Difference
(1) Cash and deposits	19,501	19,501	—
(2) Notes receivable and accounts receivable	32,249		
Loan-loss reserves (*1)	-0		
	32,248	32,248	—
(3) Marketable securities and investment securities			
(a) Other marketable securities	25,270	25,270	—
(4) Beneficiary rights to monetary claims	5,400	5,400	—
(5) Long-term loans	87	87	—
Total assets	82,508	82,508	—
(1) Notes payable and accounts payable	27,379	27,379	—
(2) Short-term borrowings	582	582	—
(3) Corporate taxes payable	1,966	1,966	—
(4) Convertible Bonds with Share Warrants	4,981	5,974	993
(5) Long-term borrowings	4,701	4,783	81
(6) Long-term accounts payable			
Long-term accounts payable (installment)	1,482	1,375	-106
Long-term accounts payable (other long-term accounts payable)	474	475	0
Total liabilities	41,567	42,536	969
Derivatives transactions (*2)	(191)	(191)	—

(*1) Loan-loss reserves recorded under notes receivable and accounts receivable are excluded.

(*2) Receivables and payables recorded in derivatives transactions are shown on a net basis, and those which are net payable overall are shown in parentheses.

Note 1: Methods for calculating the market price of financial products, as well as items related to marketable securities and derivatives transactions

Assets

(1) Cash and deposits, and (2) notes receivable and accounts receivable

Since these are settled over the short term and market prices are close to the book price, the book prices themselves are used.

(3) Marketable securities, investment securities, and (4) beneficiary rights to monetary claims

The prices of these are based on share prices of the stock exchange, while those for bonds and beneficiary rights are based on the price provided by the financial institution with which the transaction is made.

(5) Long-term loans

For long-term loans, loans to employees are regularly updated based on variable interest rates and thus the market value is very similar to the book value. Accordingly, the book value is used.

Liabilities

(1) Notes payable and accounts payable and (2) short-term borrowings, (3) corporate taxes payable

Since these are settled over the short term and the market price is close to the book price, the book prices themselves are used.

(4) Convertible Bonds with Share Warrants

The current price of convertible bonds with share warrants depends on prices on exchanges.

(5) Long-term borrowings and (6) Long-term accounts payable (installment)

The price of these is the present value of total principal and interest discounted by the interest rate assumed if similar borrowings, etc. were to take place again. Long-term borrowings based on variable interest rates are subject to special processing via interest rate swaps (please see derivatives transactions below), and are calculated by discounting the total amount of principal and interest processed as part of the interest rate swap concerned by the interest rate reasonably estimated if a similar borrowing was to take place.

(6) Long-term accounts payable (other long-term accounts payable)

The price of long-term accounts payable is the present value calculated by discounting the government bond interest rate based on the payment date which is reasonably estimated.

Derivatives transactions

Please see “6 Derivatives transactions”

Note 2: Financial products for which ascertaining the market price is recognized as extremely difficult

(Million yen)	
Category	Amount recorded on consolidated balance sheet
Non-listed shares	539

We recognize that ascertaining the price of the above securities is extremely difficult since there is no market price. We therefore have not included them under (3) Marketable securities and investment securities.

6 Derivatives transactions

1. Derivatives transactions for which hedge accounting is not applicable

Currency related

Category	Transaction type	Contract amount (Million yen)	Those exceeding one (Million yen)	Market price (Million yen)	Valuation gains/losses (Million yen)
Non-market transactions	Currency forward transactions (Yen- denominated)	1,105	—	-191	-191

Notes: Method for calculating price
The price is calculated based on the price, etc. provided by the financial institution with which the transaction took place.

2. Derivatives transactions for which hedge accounting is applicable

Interest-rate related Special treatment of interest rate swaps

Category	Transaction type	Main transactions subject to hedging	Contract amount (Million yen)	Contracts exceeding one year (Million yen)	Market price (Million yen)
Special treatment of interest rate swaps	Interest rate swap (Paid/fixed and received/floating)	Long-term borrowings	1,190	105	-2

Notes: Method for calculating price

The price is calculated based on the price, etc. provided by the counterparty financial institution.

7 Notes regarding per share information

1. Net assets per share 2,132.98 yen
2. EPS 208.24 yen

8 Other notes

Amounts less than 1 million yen were rounded off.

Balance Sheet
(As of March 31, 2016)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
Cash and deposits	8,350	Notes payable	1,798
Notes receivable	2,558	Accounts payable	16,244
Accounts receivable	19,549	Long-term borrowings due within a year	1,376
Marketable securities	3,898	Lease obligations	23
Beneficiary rights to monetary claims	2,400	Accounts payable	994
Goods	326	Accrued expenses	1,220
Works in progress	4,299	Corporate taxes payable	897
Raw materials	832	Consumption taxes payable	81
Stored goods	94	Advances received	27
Prepaid expenses	66	Deposits received	11,165
Deferred tax assets	567	Bonus reserves	963
Accrued revenues	3,355	Bonus reserves for Officers	35
Short-term loans receivable	1,163	Reserves for product warranties	188
Other current assets	100	Equipment-related notes payable	83
Total current assets	47,563	Total current liabilities	35,098
II Fixed assets		II Fixed liabilities	
1 Tangible fixed assets		Convertible bonds with new share warrants	4,981
Buildings	2,200	Long-term borrowings	573
Structures	228	Lease obligations	44
Machinery and equipment	1,976	Long-term account payables	274
Vehicles	57	Tax-deferred liabilities	2,069
Tools, furniture, and fixtures	2,081	PCB processing reserves	38
Land	2,289	Long-term deposits received	384
Lease assets	63	Total fixed liabilities	8,366
Construction in progress	2,798	Total liabilities	43,464
Total tangible fixed assets	11,696		
2 Intangible fixed assets		(Net assets)	
Leaseholds	73	I Shareholders' equity	
Software	74	1 Capital	5,610
Right of utilization	10	2 Capital surplus	
Total intangible fixed assets	158	Capital reserves	4,705
3 Investments and other assets		Other capital surpluses	11
Investment securities	17,354	Total capital surplus	4,717
Stocks of subsidiaries and affiliates	12,493	3 Earned surplus	
Investments	1	Retained earnings	1,197
Long-term loans	22,547	Dividend reserves	400
Guarantee deposits	55	Reserves for land reduction	534
Prepaid pension expenses	495	Reserves for reduction entry of replaced assets	144
Other investments	102	Reserves for reduction entry of replaced assets special subaccount	220
Loan-loss reserves	-3	Special reserves	18,914
Total investments and other assets	53,048	Earned surplus carried over	36,793
Total fixed assets	64,902	Total earned surplus	58,204
		4 Treasury stock	-3,826
		Total shareholders' equity	64,705
		II Valuation and translation adjustments	
		Valuation difference on available-for-sale securities	4,296
		Total valuation and translation differences	4,296
		Total net assets	69,001
Total assets	112,466	Total liabilities and net assets	112,466

Note: Amounts less than 1 million yen were rounded off.

Income Statement
(April 1, 2015-March 31, 2016)

(Million yen)

Item		Amount	
I	Net sales		72,481
II	Cost of goods sold		60,605
	Gross income		11,875
III	SG&A expenses		4,376
	Operating income		7,498
IV	Non-operating income		
	Interest income	505	
	Dividend income	1,033	
	Rent income on fixed assets	262	
	Dividend income from insurance	80	
	Other non-operating income	62	
			1,945
V	Non-operating expenses		
	Interest expenses	17	
	Rent expenses on fixed assets	75	
	Currency translation losses	1,628	
	Other non-operating expenses	20	
			1,741
	Recurring income		7,702
VI	Extraordinary income		
	Capital gains on the sale of investment securities	154	
	Capital gains on the sale of fixed assets	443	
			598
VIII	Extraordinary losses		
	Losses on the disposal of fixed assets	11	
	Impaired asset losses	10	
	Evaluation loss on inventory assets	15	
	Evaluation loss on investment securities	16	
	Other extraordinary losses	4	
			58
	Net income before income taxes		8,241
	Corporate taxes, resident taxes, and business taxes	2,169	
	Corporate taxes from past years		
	Corporate tax adjustments	211	
	Net income		5,861

Note: Amounts less than 1 million yen were rounded off.

Shareholders' Equity Statement

(April 1, 2015-March 31, 2016)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus			Earned surplus
		Capital reserves	Other capital surplus	Total capital surplus	Legal retained earnings
Beginning-of-term balance	5,610	4,705	1	4,707	1,197
Changes during the current term					
Dividends on surpluses					
Net income					
Reserves for reduction entry of replaced property					
Reversals of replaced property reduction entry reserves					
Reserves for replaced property reduction entry special subaccount					
Reversals of replaced property reduction entry special subaccount					
Adjustment in reserves due to change in tax rate					
Buyback of own shares					
Disposal of treasury shares			9	9	
(Net) change in items excluding shareholders' equity in the consolidated fiscal year					
Total change in the current term	—	—	9	9	—
End-of-term balance	5,610	4,705	11	4,717	1,197

(Million yen)

	Shareholders' Equity					
	Earned surplus					
	Other earned surplus					Retained earnings brought forward
	Dividend reserves	Reserves for land price reduction	Reserves for replaced asset reduction	Replaced asset reduction entry special subaccount	Special reserves	
Beginning-of-term balance	400	521	—	138	18,914	32,774
Changes during the current term						
Dividends on surpluses						-1,602
Net income						5,861
Reserves for reduction entry of replaced property			151			-151
Reversals of replaced property reduction entry reserves			-7			7
Reserves for replaced property reduction entry special subaccount				220		-220
Reversals of replaced property reduction entry special subaccount				-138		138
Adjustment in reserves due to change in tax rate		12				-12
Buyback of own shares						
Disposal of treasury shares						
(Net) change in items excluding shareholders' equity in the fiscal year						
Total change in the current term	—	12	144	82	—	4,019
End-of-term balance	400	534	144	220	18,914	36,793

(Million yen)

	Shareholders' Equity			Valuation and translation differences		Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation differences	
	Total retained earnings					
Beginning-of-term balance	53,945	-3,831	60,432	5,501	5,501	65,933
Changes during the current term						
Dividends on surpluses	-1,602		-1,602			-1,602
Net income	5,861		5,861			5,861
Reserves for reduction entry of replaced property	—		—			—
Reversals of replaced property reduction entry reserves	—		—			—
Reserves for replaced property reduction entry special subaccount	—		—			—
Reversals of replaced property reduction entry special subaccount	—		—			—
Adjustment in reserves due to change in tax rate	—		—			—
Buyback of own shares		-4	-4			-4
Disposal of treasury shares		9	19			19
(Net) change in items excluding shareholders' equity in the fiscal year				-1,205	-1,205	-1,205
Total change in the current term	4,258	4	4,272	-1,205	-1,205	3,067
End-of-term balance	58,204	-3,826	64,705	4,296	4,296	69,001

Note: Amounts less than 1 million yen were rounded off.

Notes to Standalone Financial Statements

1 Notes to matters relating to important accounting standards

1. Valuation standards and valuation methods of assets

(1) Marketable securities

- (a) Shares in subsidiaries and affiliates
cost method based on the moving average method

- (b) Other marketable securities

Those with market value

Valued at market value based on the market price as of the business year-end date (revaluation differences are all included as a component of shareholders' equity while cost of sales is determined by the moving average method)

Those with no market value

Cost method or amortized cost method based on the moving average method

(2) Inventories

Inventories owned for normal selling purposes

The cost method (in which book price is reduced as profitability declines) is used as the valuation method

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

2. Depreciation method for important fixed assets

(1) Tangible fixed assets (excluding lease assets)

Declining balance method

However, buildings (excluding accompanying facilities) acquired on or after April 1, 1998, and dies and molds included under tools, appliances and fixtures use the straight-line method. In addition, for tangible fixed assets that have been depreciated to the permissible limit which the Company acquired on or before March 31, 2007, the remaining value is depreciated in equal amounts over a five-year period beginning with the year following the completion of depreciation to the permissible limit.

(2) Intangible fixed assets (excluding lease assets)

Straight-line method

Software that the Company uses is depreciated using the straight-line method over the estimated in-house working life of five years.

(3) Lease assets

Lease assets related to finance lease transactions in which ownership is not transferred

Useful life is based on the lease period duration, and straight-line depreciation is applied with an assumed residual value of zero.

3. Standards for recording reserves

(1) Loan-loss reserves

To prepare for losses due to bad debt claims, general claims are treated using the loan loss ratio. For specific loans such as those classified as loans with default possibility, the likelihood of loan recovery is considered individually and the estimated unrecoverable amount is allocated.

(2) Bonus reserves

To pay employee bonuses, a bonus reserve is allocated based on the expected payment amount.

(3) Bonus reserves for Officers

The Company prepares for bonus payments to Officers by allocating bonus reserves for Officers based on the expected payment amount for the business year.

(4) Reserves for product warranties

Estimated guarantee costs based on past results are recorded as reserves to prepare for defect liability of products sold.

(5) Retirement benefit reserves

To prepare for employee retirement benefits, reserves are recorded based on estimated retirement benefit liabilities and pension assets as of the end of the business year concerned. If the estimated pension assets amount exceeds the estimated retirement benefits liabilities amount at the end of the fiscal year, the surplus amount is recorded as prepaid pension expenses.

Prior service costs are amortized using the straight-line method over a period based on a set number of years (10 years) equal to or less than the employees' average remaining service years. Actuarial differences are amortized using the straight-line method over a period (10 years) equal to or less than the average remaining service years of employees for the business year in which the differences occurred, commencing with the following business year.

(6) PCB processing reserves

To prepare for payment of waste processing costs for PCB, etc. that the Company stores, reasonably estimated funds expected to be accessed in the future are allocated.

4. Methods of account hedging

(1) Method of account hedging

Interest swap transactions meet the requirements of special processing of interest swap and are thus based on special processing.

(2) Hedging methods and transactions subject to hedging

Hedging methods

Interest swap transactions

Transactions subject to hedging

Interest payable on specific borrowings

(3) Hedging policy

The purpose is to avoid potential losses on borrowings due to interest rate fluctuations

(4) Method of evaluating Hedging effectiveness

Because it is envisioned that the notional principal of the hedging methods and important conditions regarding hedge transactions will be the same and that when hedging begins and subsequently, cash flow fluctuations will be completely offset, evaluation of hedging effectiveness is omitted.

5. Other important matters in preparing the financial statements

Accounting treatment of consumption taxes
Taxes are excluded.

2 Notes on changes in accounting policies

(Adoption of Accounting Standard for Business Combination)

Starting in the fiscal year under review, we adopted the Accounting Standard for Business Combination (ASBJ Statement No. 21, September 13, 2013; hereinafter the “Business Combination Standard”), Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestitures Standard”), etc. and as a result, we changed the method of recording in which acquisition related expenses are recorded as expenses in the fiscal year. Also, with regard to business combinations executed after the beginning of the fiscal year under review, the Company adopted the method of reflecting review of distribution amounts of acquisition costs due to finalization of provisional accounting treatment in the financial statements for the fiscal year in which the day of the business combination occurred.

We applied the Business Combination Standard from the beginning of the fiscal year under review into the future in accordance with transitional handling stipulated in Clause 58-2(4) of the Business Combination Standard and Clause 57-4(4) of the Business Divestitures Standard.

There was no impact on the financial statements as a result of these changes.

3 Notes on the Balance Sheet

1. Cumulative depreciation on tangible fixed assets	64,641 million yen
2. Short-term claims against affiliates	15,591 million yen
Long-term claims against affiliates	22,488 million yen
Short-term debts owed to affiliates	14,968 million yen
Long-term debts owed to affiliates	3 million yen
3. Guarantee obligations	

The Company provides guarantees for the trade payables, accountants payable and loans from financial institutions for the following companies.

Trade payables	
TOPRE (XIANGYANG) AUTOPARTS CORPORATION	185 million yen
Accounts payable	
TOPRE (FOSHAN) AUTOPARTS CORPORATION	511 million yen
TOPRE (XIANGYANG) AUTOPARTS CORPORATION	929 million yen
Loans from financial institutions	
Topre America Corporation	1,307 million yen
Topre Tokai Corporation	105 million yen
TOPRE (FOSHAN) AUTOPARTS CORPORATION	863 million yen
TOPRE (XIANGYANG) AUTOPARTS CORPORATION	369 million yen
PT.TOPRE REFRIGERATOR INDONESIA	70 million yen
Total	4,343 million yen

4. Fixed asset reduction entries

For tangible fixed assets acquired up to the business year under review, the reduction entry amount subtracted from the acquisition price was 14 million yen for Buildings.

4 Notes on Income Statement

Trade volume with affiliates

Sales	34,220 million yen
Purchases	22,891 million yen
Trade volume other than business trades	1,485 million yen

5 Notes on Shareholders' Equity Statement

1. Type and number of outstanding shares at the end of the business year under review

Common shares	54,021,824 shares
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2. Type and number of treasury shares at end of the business year under review

Commons shares	3,938,533 shares
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6 Notes relating to deferred tax assets and liabilities

(breakdown of the major causes of deferred tax assets and deferred tax liabilities)

(1) Deferred tax assets

Current assets

Bonus reserves	341	million yen
Unpaid business taxes	70	
Inventory asset impairment loss	36	
Estimated product warranty amount	50	
Reserves for product warranties	57	
Other	11	
Total	567	

Fixed assets

Impairment loss	25
Evaluation loss on investment securities	185
Over depreciation	42
Long-term accounts payable	83
PCB processing reserve	11
Other	25
Total	374

Deferred tax asset total	941
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(2) Deferred tax liabilities

Fixed liabilities

Land reduction entry reserves	235	million yen
Reserves for replaced property reduction	63	
Reserves for replaced property reduction entry special subaccount	98	
Valuation difference on available-for-sale securities	1,894	
Prepaid pension expenses	151	
Total	2,443	
Deferred tax liability total	2,443	
Net deferred tax assets (liabilities)	-1,501	

7 Notes on transactions with related parties

(subsidiaries etc.)

Type	Name of company etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
Subsidiary	Toho Transportation Co., Ltd.	Directly own 50%	Outsourcing of transport services	Outsourcing of transport services etc.	1,053	Accounts payable	22
			Investment fund management Concurrent officers	—	—	Unpaid expenses Deposits	110 3,000
Subsidiary	Toprec Corporation	Directly own 50%	Purchaser of goods and supplier and concurrent officers Concurrent officers	Product sale	24,329	Accounts receivable	10,732
Subsidiary	Topre Gifu Corporation	Directly own 100%	Company supplier	Product purchase	4,152	Accounts payable	404
			Investment fund management	Entrustment of funds	260	Deposits	2,160
			Concurrent officers	Return of funds	330		
Subsidiary	Topre Kyushu Corporation	Directly own 100%	Parts arrangements etc.	Supply of parts	3,843	Accounts receivable	983
			Company supplier	Component purchase	10,772	Accounts payable	1,612
			Investment fund management	Entrustment of funds	100	Deposits	3,400
			Concurrent officers	Return of funds	1,700		

Type	Name of company etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
Subsidiary	Topre America Corporation	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	5,783	Accounts receivable	645
			Financial assistance	Lending of funds	2,195	Long-term loans	3,741
				Collection of funds	2,313		
				Guarantee of obligations	1,307	—	—
			Concurrent officers				
Subsidiary	Topre Saitama Corporation	Directly own 100%	Arrangements for parts etc.	Supply of parts etc.	1,833	Accounts receivable	195
			Company supplier	Component purchase	2,745	Accounts payable	362
			Concurrent officers				
Subsidiary	TOPRE (FOSHAN) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	915	Accounts receivable	637
			Financial assistance	Collection of funds	1,105	Long-term loans	1,237
				Guarantee of obligations	1,375	—	—
			Concurrent officers				
Subsidiary	TOPRE (THAILAND) CO., LTD.	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	1,433	Accounts receivable	62
			Financial assistance	Lending of funds	5,531	Long-term loans	6,698
			Concurrent officers				
Subsidiary	Topre Autoparts Mexico, S.A. de C.V.	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	1,268	Accounts receivable	292
			Financial assistance	Lending of funds	1,766	Short-term loans	500
				Collection of funds	751	Long-term loans	7,183
			Concurrent officers				
Subsidiary	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	377	Accounts receivable	158
			Financial assistance	Lending of funds	615	Short-term loans	563
				Collection of funds	1,079	Long-term loans	3,299
				Guarantee of obligations	1,484	—	—
			Concurrent officers				
Subsidiary	Topre Tokai Corporation	Directly own 100%	Arrangements for parts etc.	Supply of parts etc.	1,908	Accounts receivable	1,358
			Company supplier	Component purchase	2,938	Accounts payable	1,127
			Concurrent officers	Guarantee of obligations	105	—	—

Notes:

1. Of the above amounts, transaction amounts do not include consumption taxes etc., and end-of-term balances include consumption taxes etc.
2. Transaction conditions and method of deciding transaction conditions
 - (i) For equipment arrangements and supply of parts, component purchase and product purchase, the Company presents its desired price, taking into account market price and overall costs, and prices are determined through negotiations.
 - (ii) For component, dies and molds and equipment sales and product sales, the Company presents its desired price, taking into account market price and overall costs, and prices are determined through negotiations.
 - (iii) For lending of funds, market interest rates are taken into account and interest rate reasonably decided.

8 Notes regarding per share information

- | | |
|-------------------------|--------------|
| 1. Net assets per share | 1,377.74 yen |
| 2. EPS | 117.04 yen |

9 Other notes

Amounts less than 1 million yen were rounded off.