

Securities code: 5975

June 5, 2019

To : Shareholders

Shinichiro Uchigasaki,
Representative Director and President

Topre Corporation

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

**NOTICE OF CONVOCATION OF
THE 124TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 124th 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 or online. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights in accordance with the Guide to Exercise of Voting Rights.

- 1. Date and time** 10:00 a.m., Wednesday, June 26, 2019 (reception starts at 9:00 a.m.)
- 2. Place** KKR Hotel Tokyo, 10th floor, Zuiho
4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(For directions, please refer to the map provided at the end of this Notice of Convocation.)

3. Purpose

**Matters to be
Reported**

1. The Business Report, the Consolidated Financial Statements for the 124th Term (from April 1, 2018 to March 31, 2019) and Audit Reports by the Independent Auditor and the Board of Auditors on the Consolidated Financial Statements
2. The Financial Statements for the 124th Term (from April 1, 2018 to March 31, 2019)

Matters to be Voted on

- Proposal No. 1 Appropriation of Surplus
Proposal No. 2 Appointment of 2 Auditors and 1 Substitute Auditor

- 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/>).
- You are invited to attend the Business briefing session to be held in the same location after the General Meeting of Shareholders. Refreshments will be served.

Guide to Exercise of Voting Rights

Voting rights may be exercised using one of the following three methods.

Attending the General Meeting of Shareholders



Please present the Voting Form to the reception desk.

Date and
time

10:00 a.m., Wednesday, June 26, 2019 (reception starts at 9:00 a.m.)

Place

KKR Hotel Tokyo, 10th floor, Zuiho
4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(For directions, please refer to the map provided at the end of this Notice of
Convocation.)

Voting in writing (by mail)



Please indicate agree or disagree on the proposals and mail the form; no stamp is needed.

Exercise
deadline

Forms must be received by 5:30 p.m., Tuesday, June 25, 2019

Voting online



Please access the voting website (<http://evote.tr.mufg.jp/>) using your computer, smart phone or mobile phone, enter your “Login ID” and “Temporary Password” indicated on the enclosed Voting Form, and vote agree or disagree on the proposals by following the instructions on the screen.

Exercise
deadline

Voting must be completed by 5:30 p.m., Tuesday, June 25, 2019

If you vote more than once, the last vote will be deemed the valid vote. When you vote in duplicate using both a computer and a mobile phone, the last vote will be deemed valid.
When you vote in duplicate both in writing and online, the online vote will be deemed valid.

To institutional investors:

The Company participates in the electronic voting platform for Institutional Investors operated by ICJ, Inc.

Guide to Exercise of Voting Rights Online

By Scanning Your QR Code

You can log in to the voting website without entering your Login ID and Temporary Password indicated on the duplicate form of the Voting Form.

1. Please scan the QR code on the bottom right of the Voting Form.



* QR code is a registered trademark of Denso Wave Inc.

2. Please follow the instructions on the screen and enter your vote for or against the proposal.



You can log in using the QR code one time only.

If you vote a second time or exercise your voting rights without using your QR code, please enter your Login ID and Temporary Password shown at the right.

For questions regarding the exercise of the voting rights online—that is, by computer, smartphone or mobile phone—please contact:

By Entering Your Login ID and Temporary Password

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

1. Please access the voting website.
2. Please enter the Login ID and Temporary Password indicated on the Voting Form and click on “Login”.



Enter your Login ID and Temporary

Click on “Login”

3. Please set up a new password.



Enter a new password

Click on “Submit”

4. Please follow the instructions on the screen and enter your vote for or against the proposal.

Mitsubishi UFJ Trust and Banking Corporation
Security Representative Services Department
Helpdesk
0120-173-027
(Toll free: Hours: 9 a.m. to 9 p.m.)

Institutional investors can use the electronic voting platform for Institutional Investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

Re: 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 124th Term term-end dividends as follows:

Type of property to be distributed	Cash
Matters relating to allotment of dividends to shareholders and total amount	30 yen per common share of the Company. The total amount of dividends will be 1,577,540,970 yen. Annual dividends including interim dividends (30 yen per share) will be 60 yen per share.
The date dividends of surplus come into effect	June 27, 2019

Proposal No. 2**Appointment of 2 Auditors and 1 Substitute Auditor**

The term of the auditors Jun Watanabe and Kazuaki Hosoi will expire at the end of the Meeting, and the term of appointment for the substitute auditor Masahiko Sato expires at the commencement of the Meeting and thus the Company would like to appoint two (2) auditors and one (1) substitute auditor.

The submission of this proposal has been approved by the Board of Auditors.

The auditor candidates and substitute auditor candidate are as follows.

Auditor candidates

Candidate number	Name (Date of birth)	CV, positions and important concurrent positions	Number of Company shares held
1	Jun Watanabe (November 1, 1947)	April 1973 Appointed as a prosecutor August 1995 Resigned October 1995 Registered as an attorney May 2002 Established Watanabe Law Office (current position) June 2007 Outside auditor of the Company (current position)	0
Reasons for appointment as an outside auditor: The Company wishes to appoint Mr. Watanabe as an outside auditor so that he can reflect his wealth of experience and broad knowledge as a law expert which he has accumulated through his work as a prosecutor and attorney to audits of the Company. Mr. Watanabe will have been an outside auditor of the Company for 12 years as of the end of the Meeting.			

Candidate number	Name (Date of birth)	CV, positions and important concurrent positions		Number of Company shares held
3	Masahiko Sato (April 2, 1963)	October 1988 August 1992 July 2007 May 2011 June 2015 July 2017 July 2017	Joined Chuo Shinko Audit Corporation Registered as a certified public accountant Transferred to ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC) Registered as a tax accountant Established Sato Accountant Office (current position) Substitute Auditor, the Company (current position) Auditor, Kubojima Clinic Medical Corporation (current position) Auditor, Oshima Clinic Medical Corporation (current position)	0

Notes:

1. There are no special interests between the substitute auditor candidate and the Company.
2. Masahiko Sato is an outside auditor candidate and qualifies as an independent officer pursuant to the rules of the Tokyo Stock Exchange, Inc.
3. Although Masahiko Sato has never been involved in management of a company directly, we wish to appoint him as a substitute auditor so that he can reflect the broad knowledge in account and tax which he has accumulated through his work as a certified public accountant and tax accountant to the audit system of the Company.
4. If Masahiko Sato is appointed as an auditor, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to execute an agreement with him under which his liability for damages under Article 423, Paragraph 1 of the same act is limited to the minimum liability amount set forth in Article 425, Paragraph 1 of the same act.

End

(Attached Materials)

Business Report

(From April 1, 2018 to March 31, 2019)

1. Current Condition of the Business Group

(1) Business Developments and Results of Operations

Reviewing the consolidated operating results of the Topre Group (the “Group”) for the consolidated fiscal year under review, net sales were 201,365 million yen, an increase of 10,176 million yen (5.3% increase) over the preceding fiscal year, while operating income was 19,954 million yen, an increase of 3,784 million yen (15.9% decrease) over the preceding fiscal year. Ordinary income was 21,704 million yen, a decrease of 2,961 million yen (12.0% decrease) from the preceding fiscal year. As a result, net income attributable to shareholders of the parent company was 15,372 million yen, a decrease of 1,515 million yen (9.0% decrease) over the preceding fiscal year.

Net Sales 201,365 million yen An increase of 5.3% from the preceding consolidated fiscal year ▲	Ordinary Income 21,704 million yen A decrease of 12.0% from the preceding consolidated fiscal year ▼
Operating Income 19,954 million yen A decrease of 15.9% from the preceding consolidated fiscal year ▼	Net Income Attributable to Shareholders of the Parent Company 15,372 million yen A decrease of 9.0% from the preceding consolidated fiscal year ▼

Next, we would like to report on sales by business segment

Sales: 142,424 million yen
(year-on-year change: up 9.5%)
Percentage of sales: 70.7%

In the automotive field, new model launches at Topre Autoparts Mexico, S.A. de C.V., volume increases at Topre (Xiangyang) Autoparts Corporation, and strong performances elsewhere at overseas locations lifted overall sales for the press-related products business to 142,424 million yen, up 12,318 million yen (9.5% increase) on the year. However, new model launch expenses and heavy costs of mold production increased the cost of sales, and a new location launch required additional selling and administrative expenses. As a result, segment operating income totaled 12,702 million yen, down 2,235 million yen from the preceding year (15.0% decrease)



Temperature Controlled Logistics-Related Business
Sales: 48,847 million yen
(year-on-year change: down 6.0%)
Percentage of sales: 24.3%

In the refrigerated vehicles area, even while sales of smaller vehicles grew chiefly in the courier industry, sales of midsize vehicles declined as a surge in demand ahead of the implementation of tighter emissions regulations that was seen the year earlier tapered off; accordingly, orders and production at the Group as a whole decreased year-on-year. As a result, sales for the temperature controlled logistics-related business totaled 48,847 million yen, down 3,138 million yen on the year (6.0% decrease). Segment income came to 6,030 million yen, down 1,743 million yen from the preceding year (22.4% decrease).



Other Business
Sales: 10,092
million yen
(year-on-year
change: up 10.9%)
Percentage of sales:
5.0%

The air-conditioning equipment area remained robust, chiefly for building air-conditioning systems, and in the electronic equipment area, touch screens grew and “REALFORCE” keyboards recorded strong sales, particularly in overseas markets; these drove a solid overall performance. As a result, sales for Other Business reached 10,092 million yen, up 995 million yen year-on-year (10.9% increase). Segment income rose to 1,220 million yen, up 192 million yen from the preceding year (18.7% increase).



Looking ahead at the future business environment affecting the Group, in regard to the economy in Japan, even though export and production show partial weakness, as government policies have an impact, a gradual recovery is expected to continue against a backdrop of improvement in employment and income. Nonetheless, due to uncertainty surrounding the U.S.-China trade conflict, the Chinese economic outlook, overseas economic trends and policies, and fluctuations in financial and capital markets, the outlook remains unclear.

In this environment, in the press-related products business, although sales of automobiles in Japan are expected to see softer demand as the impact of the economic expansion tapers off, measures to alleviate the environmental performance-based tax that is expected to replace automobile acquisition tax are expected to provide support, keeping domestic demand roughly flat; still, given our plans to turn Mitsuike Corporation into a subsidiary and other factors, sales are expected to exceed year-earlier levels.

In the North American region, even though the U.S.-China trade frictions are an impact in the U.S., consumer spending remains solid, and while new-vehicle sales are unlikely to record a sharp increase, they are expected to remain at a certain level. In Mexico, although domestic automobile sales edged down in fiscal year 2018, exports hit a record, Topre Autoparts Mexico, S.A. de C.V. is expected to remain solid with plans for new model launches. Given these factors, sales in the North American region are projected to top the level of a year earlier.

Turning to the Asian region, in China, the economy is slowing down in conjunction with the U.S.-China trade tensions, and sales are expected to be somewhat weaker than a year before. With solid output of parts for new auto models and other factors, TOPRE (THAILAND) CO., Ltd. is expected to continue showing strong performance. With respect to income, given depreciation of new equipment being installed both in and outside Japan, and preparation expenses for new locations slated to open, operating income is expected to stay roughly flat from a year earlier, although sales are forecast to increase. Topre (Wuhan) Autoparts Corporation and PT. Topre Indonesia Autoparts, which were formed in March 2019 in China and Indonesia, respectively, will incur expenses related to their establishment but it is thought that this will have a limited impact on consolidated earnings.

Turning to the temperature-controlled logistics-related business, demand for small reefers for parcel delivery businesses is expected to remain solid; however, demand for replacing mid-to large vehicles ahead of the 2017 implementation of stricter emissions regulations has run its course, and thus orders and production for fiscal year 2018 fell far below the year-earlier levels. In fiscal year 2019, while demand for small reefers will likely remain solid, the market is expected to decline chiefly against the backdrop of the scheduled consumption tax hike, and thus orders and production are expected to remain unchanged from the year-earlier levels.

Looking at our other business, in the air conditioning equipment area, with respect to home ventilation systems, concerns about oversupply as shown in rising vacancy rates for rentals linger; however, housing starts are showing signs of a rebound. Moreover, corporate capital expenditures are

expected to continue increasing, and thus the air conditioning equipment area as a whole is expected to show strength exceeding the year-earlier level. The electronic equipment area continues to enjoy the effects of the makeover of RealForce keyboard products, gaining an even more favorable 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.

(2) Capital Expenditures

During the consolidated fiscal year under review, the Group's capital expenditures totaled 38,786 million yen. Major capital expenditures are as follows:

(i) Major capital expenditures completed during the consolidated fiscal year under review

Press-related Products Business

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

Temperature Controlled Logistics-Related Business

- Building (Topre Corporation)

(ii) Major capital expenditures continuing during the consolidated fiscal year under review

Press-related Products Business

- Building, dies and molds and assembly production equipment (Topre Corporation)
- Dies and molds and assembly production equipment (Topre Kyushu Corporation)
- Dies and molds and assembly production equipment (Topre (Foshan) Autoparts Corporation)
- Building and assembly production equipment (Topre America Corporation)
- Assembly production equipment (Topre Autoparts Mexico, S.A. de C.V.)
- Building, dies and molds and assembly production equipment (Topre India Pvt. Ltd.)
- Building, dies and molds and assembly production equipment (Topre (Wuhan) Autoparts Corporation)

(3) Financing

During the consolidated fiscal year under review, a short-term loan for 3,250 million yen and a long-term loan of 4,277 million yen were 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

N/A

(5) Challenges

The Group unveiled its 14th Medium-Term Management Plan for the fiscal years 2017 to 2019, and is implementing its basic policies with the vision of “Continue to submit proposals that customer needs and make it as foundation for growth”. Under this plan, the numerical targets for fiscal year 2019, which is the final year of the plan, are consolidated sales of 200 billion yen, consolidated operating profit of 24 billion yen and ROE of 11.0%. 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.

14th Medium-Term Management Plan Vision: Continue to submit proposals that customer needs and make it as foundation for growth.

14th Medium-Term Management Plan Policies:

- (i) Have a customer perspective, continue to issue technological innovations and proposals to make customers competitive
- (ii) Establish standardization of plant management in preparation for entering the new base (Packaging)
- (iii) Promote the growth of employee, develop human resource with anticipation on future management executive
- (iv) Pursue quality No.1 in the industry

In the press-related products business, Topre Kyushu Corporation commenced operations at the new Kanda Plant, in January 2019. Overseas, Topre (Wuhan) Autoparts Corporation, a third Chinese base of operations for the Topre Group, will be established, and will supply parts to automobile manufacturers in the Wuhan area in collaboration with the existing operations, with the aim of expanding business and securing profitability in China.

In the temperature controlled logistics-related business, although there may be a surge of last-minute demand before the on gas emission are introduced, we are working to expand our service network to enable maintenance and other services that respond to the solid market of delivery truck and the diverse requirements of our customers.

The Topre Group is working to strengthen the foundations of its production bases in Japan and, at the same time, is aiming to build the global manufacturing and sales organization needed to meet the requirements of overseas expansion, which in the future is projected to continue at an increasing pace, in order to accelerate business expansion and profitability in overseas markets.

(6) Changes in Assets and Income

Item	Unit	121 st Term ended March 2016	122 nd Term ended March 2017	123 rd Term ended March 2018	124 th Term ended March 2019 (Consolidated fiscal year under review)
Net Sales	Million yen	145,390	163,368	191,189	201,365
Ordinary Income	Million yen	15,391	19,678	24,665	21,704
Net Income of Shareholders of Parent Company	Million yen	10,428	13,655	16,887	15,372
Net Income Per Share	Yen	208.24	272.75	327.89	292.91
Net Assets	Million yen	113,284	126,111	148,695	159,269
Total Assets	Million yen	172,289	192,179	217,669	239,172

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. The “Officer Compensation BIP Trust” was introduced in the 122nd Term, and Company shares held by said trust are included in treasury shares for computation.

(7) Material Parent and Subsidiaries

(i) Parent company

N/A

(ii) Material subsidiaries

	Company name	Capital	Company stake	Main business
Domestic	Tokyo Metal Pack Co., Ltd.	Million yen 50	% 100	Surface treatment of metal products
	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 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 10 above.

(8) Main Businesses (as of March 31, 2019)

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
	Other	Surface treatment business

(9) Major Offices and Plants (as of March 31, 2019)

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
		Gifu Office	Kawabe-cho, Kamo-gun, Gifu
		Saitama Plant	Tokigawa-cho, Hiki-gun, Saitama
	Tokyo Metal Pack Co., Ltd.	Head Office Plant	Chuo-ku, Sagamihara-shi, Kanagawa
	Toprec Corporation	Head Office	Chuo-ku, Tokyo
		Saitama Service Center	Kawaguchi-shi, Saitama
		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
		Kanda Plant	Kanda-machi, Miyako-gun, Fukuoka
	Topre Tokai Corporation	Toin Head Office Plant	Toincho, Inabe-gun, Mie
		Yokkaichi Plant	Yokkaichi-shi, Mie
		Suzuka Plant	Suzuka-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, 2019)

(i) Group employees

Business segment	Number of employees	Change from a year earlier
Press-related business	3,088	379
Temperature controlled logistics-related business	895	10
Other business	265	3
Total	4,248	392

Notes:

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

(ii) Company's employees

Number of employees		Change from a year earlier	Average age	Average length of service (years)
Male	1,396	27	37.8	14.8
Female	88	5	33.2	8.5
Total or average	1,484	32	37.5	14.5

Notes:

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

(11) Major Lenders (as of March 31, 2019)

Lender	Loan balance
Resona Bank, Ltd.	3,248 Million Yen 2.25 Million US Dollars
Mizuho Bank, Ltd.	411 Million Yen 26.00 Million US Dollars 126 Million RMB
MUFG Bank, Ltd.	1,947 Million Yen 46 Million RMB

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

N/A

2. Company Shares (as of March 31, 2019)

- (1) **Total number of shares authorized to be issued** 81,240,000 shares
- (2) **Total number of outstanding shares** 52,584,699 shares (excluding 1,437,125 treasury shares)
- (3) **Number of shareholders** 5,096

(4) Major Shareholders

Shareholder	Shares (Thousands of shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	3,065	5.82
The Master Trust Bank of Japan, Ltd. (trust account)	2,924	5.56
Naoko Ishii	2,660	5.05
Resona Bank, Ltd.	2,493	4.74
Mitsubishi UFJ Trust and Banking Corporation	2,491	4.73
Nippon Life Insurance Company	2,135	4.06
Sumitomo Life Insurance Company	1,429	2.71
Topre Corporation Client Stock Ownership	1,380	2.62
Mizuho Bank, Ltd.	1,265	2.40
Nippon Steel & Sumitomo Metal Corporation	994	1.89

Note: The Company owns 1,437,125 treasury shares; however, because these treasury shares are without voting rights, the Company is excluded from the above list of major shareholders. The 1,437,125 treasury shares do not include the 101,663 Company shares owned by the Officer Compensation BIP Trust Account. The shareholding ratios are calculated without treasury shares.

(5) Other Important Matters Concerning Shares, etc.

N/A

3. Matters Concerning the Company Officers**(1) Directors and Auditors** (as of March 31, 2019)

Position	Name	Responsibilities at the Company, and major concurrent position(s)
President (Representative Director)	Shinichiro Uchigasaki	Development General Manager
Executive Managing Director (Representative Director)	Kunikazu Matsuoka	Administrative Headquarters General Manager
Executive Managing Director	Takashi Sawa	Auto Parts Headquarters General Manager, Sales Manager,

Position	Name	Responsibilities at the Company, and major concurrent position(s)
		Production Business Dept. Manager, and Foreign Operations Dept. Asia Manager
Executive Managing Director	Yutaka Yamamoto	Product Business Dept. Air Conditioning Equipment Div. Manager, and Electronic Equipment Div. Manager
Director	Yoshinori Tsuyuki	Purchasing General Manager
Director	Ryosuke Furusawa	Quality General Manager
Director	Kiminari Imaizumi	Auto Parts Headquarters (in charge of Topre Tokai) Topre Tokai Corporation, Representative Director and President
Director	Katsuro Harata	Product Business Dept. Cold Storage Equipment Div. Manager
Director	Masao Ohsaki	Auto Parts Headquarters Engineering Div. Manager and Technology Manager
Director	Hideo Shimizu	Auto Parts Headquarters Foreign Operations Dept. North America Manager Topre America Corporation Representative Director and President
Director	Tsuyoshi Takada	Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc. Outside Auditor Doctors for Anti-Aging Support Corporation Outside Supervisor
Director	Naoshi Ogasawara	Avantia GP, Legal Representative National Institution for Academic Degrees and Quality Enhancement of Higher Education Part-Time Supervisor TSUZUKI DENKI CO., LTD. Outside Auditor
Full-time Auditor	Koichi Kitagawa	
Auditor	Jun Watanabe	Watanabe Law Office, Attorney
Auditor	Kazuaki Hosoi	Hosoi Accounting Office CPA, Certified Public Tax Accountant Fujikura Rubber Industry K. K. Outside Auditor Nippon Denko Co., Ltd. Outside Director

Notes:

1. Director Tsuyoshi Takada and Naoshi Ogasawara are outside directors.
2. Auditors Jun Watanabe and Kazuaki Hosoi are outside auditors.
3. The Company has determined that Director Tsuyoshi Takada, Director Naoshi Ogasawara, Auditors Jun Watanabe and Kazuaki Hosoi do not have any conflicts of interest with general shareholders and are highly independent, and has appointed the four officers as independent officers pursuant to the rules of the Tokyo Stock Exchange and filed with the TSE as such.
4. 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. In accordance with the stipulations of Paragraph 1, Article 427 of the Companies Act, the Company and all outside directors and 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 Auditor Compensation

Category	Number	Compensation	Note
Directors	14	261 million yen	(includes 2 outside directors: 19 million yen)
Auditors	3	38 million yen	(includes 2 outside auditors: 17 million yen)
Total	17	299 million yen	

Notes:

1. The above figures include the two directors who left their positions as of the conclusion of the 123rd Ordinary General Meeting of Shareholders held on June 27, 2018 and the fixed compensation amounts paid to such two persons.
2. Director compensation includes bonuses pertaining to the term under review, and does not include the employee portion of salary for directors who also have employee positions.
3. The Company recorded 1 million yen in provision of reserves for one director (director who lives overseas) for the term under review with respect to the performance-linked stock compensation approved by the 121st Ordinary General Meeting of Shareholders held on June 28, 2016.
4. In addition to the foregoing, the Company recorded 10 million yen in provision of reserves for two directors who

retired during the term under review with respect to the performance-linked stock compensation approved by the 121st Ordinary General Meeting of Shareholders held on June 28, 2016.

5. In addition to the foregoing, the Company recorded 18 million yen in provision of reserves for 9 directors (excluding outside directors and those who live overseas) for the term under review with respect to the performance-linked stock compensation approved by the 121st Ordinary General Meeting of Shareholders held on June 28, 2016.

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

(i) Basic Policy

The Company has the following policies with respect to the determination of officer compensation amounts.

- (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

In accordance with these policies, director compensation is comprised of base compensation, compensation linked to short-term corporate performance and compensation linked to medium- to long-term corporate performance. Auditor compensation consists only of base compensation.

(ii) Director Compensation

Types of Compensation	Description
Base compensation	Monthly director compensation is determined through discussions by the Compensation Committee, which is a non-statutory decision-making body made up of representative directors and outside directors; an independent compensation amount is respectively determined for each individual.
Compensation linked to short-term corporate performance	Bonuses linked to performance in a fiscal year are determined through discussions by the Compensation Committee, which is a non-statutory decision-making body made up of representative directors and outside directors, taking into consideration each director's contribution to corporate performance and other factors; an independent compensation amount is respectively determined for each individual.
Compensation linked to medium- to long-term corporate performance	Company shares, etc. are issued based on the cumulative number of points rewarded according to the level of achievement of performance targets for each business year.

Compensation for outside directors consists solely of base compensation, which is not linked to corporate performance, from the perspective of their performing the function of supervising management from a position independent from the execution of business.

(iii) Auditor Compensation

An independent compensation amount is respectively determined for each individual through consultations by Auditors. From the perspective of their performing the function of auditing the directors' execution of their duties, auditors are not paid performance-linked compensation.

(4) Matters relating to Outside Officers, etc.

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

Category	Name	Major concurrent position(s)
Director	Tsuyoshi Takada	Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc. Outside Auditor Doctors for Anti-Aging Support Corporation Outside Auditor
Director	Naoshi Ogasawara	Avantia GP, Legal Representative National Institution for Academic Degrees and Quality Enhancement of Higher Education Part-Time Auditor TSUZUKI DENKI CO., LTD. Outside Auditor
Auditor	Jun Watanabe	Watanabe Law Office, Attorney
Auditor	Kazuaki Hosoi	Hosoi Accounting Office CPA, Certified Public Tax Accountant Fujikura Composite Industry K. K. Outside Auditor Nippon Denko Co., Ltd. Outside Director

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

- (ii) Relationship with major business partners and specified related businesses

N/A

- (iii) Major activities in the term under review

Category	Name	Major activities
Director	Tsuyoshi Takada	Director Takada attended 13 out of 14 Board of Directors Meetings (93%) held during the term under review, and on the basis of his professional knowledge and experience as an attorney, he expressed his opinion from the perspective of having no interests in the Company.
Director	Naoshi Ogasawara	Director Ogasawara attended 13 out of 14 (93%) Board of Directors Meetings held during the term under review, and on the basis of the experience and knowledge that he has cultivated as a certified public accountant, he expressed his opinion from the perspective of having no interests in the Company.
Auditor	Jun Watanabe	Auditor Watanabe attended all of the Board of Directors Meetings and all of the Board of Auditors Meetings held during the term under review, 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 in the Company.
Auditor	Kazuaki Hosoi	Auditor Hosoi attended all of the Board of Directors Meetings and all of the Board of Auditors Meetings held during the term under review, 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 in the Company.

4. 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	36 million yen
Total amount of money and other property interests payable to the independent auditor by the Company and its subsidiaries	36 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 amount of compensation paid to the independent auditor during the term under review is the total compensation for the two.
2. The Board of 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 Auditors will dismiss the independent auditor in accordance with the provisions of Article 340 of the Companies Act pursuant to unanimous agreement by them.

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

5. Company System 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 regarding the said systems at the Board of Directors Meeting as follows.

(i) 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.

(ii) 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 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 an 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 Auditors to such employees

- 1) If the Board of 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 Auditors' assistants requires a prior report from and consent of the full-time Auditor.
- 3) Auditors' assistants will perform their duties as instructed by Auditors.

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

Directors and employees of Group companies and auditors of each subsidiary will report promptly to the Company's 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 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 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 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 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 Auditors

The Board of 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 term 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 term 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 14 times during the term 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 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 Auditors met 15 times during the term 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 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

Notes:

With respect to amounts, the number of shares and the ratio of shareholding set forth in this business report, decimal numbers were rounded down and ratios were rounded off to the nearest whole number.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2019)

(Million yen)

Item		Amount	Item		Amount
(Assets)			(Liabilities)		
I	Current assets		I	Current liabilities	
	Cash and deposits	25,825		Notes payable and accounts payable	42,930
	Notes receivable and accounts receivable	47,052		Short-term borrowings	3,242
	Marketable securities	2,548		Long-term borrowings due within a year	2,220
	Products and goods	2,605		Corporate taxes payable	3,609
	Works in progress	13,717		Bonus reserves	1,895
	Raw materials and stored goods	3,306		Bonus reserves for Officers	77
	Other	6,697		Reserves for product warranties	139
	Loan-loss reserves	-46		Other	13,627
				Total current liabilities	67,742
	Total current assets	101,707	II	Fixed liabilities	
II	Fixed assets			Long-term borrowings	6,273
1	Tangible fixed assets			Long-term accounts payable	88
	Buildings and structures	33,434		Tax deferred liabilities	3,703
	Machinery, equipment, and vehicles	31,641		PCB processing reserves	104
				Reserves for stock grant to Officers	62
	Tools, furniture, and fixtures	13,508		Retirement benefit liabilities	523
	Land	9,293		Other	1,404
	Lease assets	1,399		Total fixed liabilities	12,160
	Construction in progress	22,989		Total liabilities	79,903
	Total tangible fixed assets	112,266			
2	Intangible fixed assets	1,619		(Net assets)	
3	Investments and other assets		I	Shareholders' equity	
	Investment securities	21,775	1	Capital	5,610
	Long-term loans	194	2	Capital surplus	8,251
	Deferred tax assets	1,171	3	Earned surplus	130,688
	Other	446	4	Treasury stock	-1,110
	Loan-loss reserves	-9		Total shareholders' equity	143,439
	Total investments and other assets	23,578	II	Other accumulated comprehensive income	
			1	Valuation difference on available-for-sale securities	4,295
			2	Foreign currency translation adjustment accounts	2,148
			3	Accumulated retirement benefit adjustments	-555
				Total other accumulated comprehensive income	5,888
			III	Minority interest	9,941
	Total fixed assets	137,465		Total net assets	159,269
	Total assets	239,172		Total liabilities and net assets	239,172

Notes:

Amounts less than 1 million yen were rounded down.

Consolidated Income Statement

(April 1, 2018-March 31, 2019)

(Million yen)

Item		Amount	
I	Net sales		201,365
II	Cost of goods sold		168,285
	Gross income		33,079
III	SG&A expenses		13,125
	Operating income		19,954
IV	Non-operating income		
	Interest income	261	
	Dividend income	440	
	Rent income on fixed assets	108	
	Foreign exchange gains	509	
	Dividend income from insurance	133	
	Income from subsidy	188	
	Investment return using equity method	387	
	Other non-operating income	104	2,132
V	Non-operating expenses		
	Interest expenses	175	
	Rent expenses on fixed assets	23	
	Currency translation losses	44	
	Waste disposal expenses	65	
	Other non-operating expenses	75	382
	Recurring income		21,704
VI	Extraordinary income		
	Capital gains on the sale of investment securities	1,993	
	Capital gains on the sale of fixed assets	170	
	Other extraordinary gains		2,164
VII	Extraordinary losses		
	Losses on the disposal of fixed assets	89	
	Impaired asset losses	195	
	Losses on stock valuations of subsidiary corporations	78	
	Loss on valuation of investment securities	12	
	Loss on valuation of golf club membership	13	
	Other extraordinary losses		389
	Net income before income taxes		23,479
	Corporate taxes, resident taxes, and business taxes	6,824	
	Corporate tax adjustments	2	6,827
	Net income		16,652
	Net income attributable to non-controlling shareholders		1,279
	Net income attributable to shareholders of the parent company		15,372

Notes:

Amounts less than 1 million yen were rounded down.

Consolidated Shareholders' Equity Statement

(April 1, 2018-March 31, 2019)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Beginning-of-term balance	5,610	8,251	116,461	-1,118	129,204
Changes during the term under review					
Dividends on surpluses			-3,155		-3,155
Net income attributable to shareholders of the parent company			15,372		15,372
Buyback of own shares				-1	-1
Disposal of treasury shares		0		10	10
Reduction in earned surplus due to increase of consolidated subsidiaries			2,009		2,009
Beginning-of-term (net) change in items excluding shareholders' equity					—
Total change in the term under review	—	0	14,226	8	14,235
End-of-term balance	5,610	8,251	130,688	-1,110	143,439

(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	6,947	4,374	-669	10,652	8,839	148,695
Changes during the term under review						
Dividends on surpluses						-3,155
Net income attributable to shareholders of the parent company						15,372
Buyback of own shares						-1
Disposal of treasury shares						10
Changes due to changes in fiscal period of consolidated subsidiaries						2,009
Beginning-of-term (net) change in items excluding shareholders' equity	-2,652	-2,226	114	-4,764	1,102	-3,661
Total change in the term under review	-2,652	-2,226	114	-4,764	1,102	10,573
End-of-term balance	4,295	2,148	-555	5,888	9,941	159,269

Notes:

Amounts less than 1 million yen were rounded down.

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

- (1) Number of consolidated subsidiaries: 13 Toprec Corporation
Toho Transportation Co., Ltd.
Tokyo Metal Pack Co., Ltd.
Top Kogyo Co., Ltd.
Topre Kyushu Corporation
Topre Tokai Corporation
Topre America Corporation
Topre Autoparts Mexico, S.A. de C.V.
TOPRE (FOSHAN) AUTOPARTS CORPORATION
TOPRE (XIANGYANG) AUTOPARTS CORPORATION
TOPRE (WUHAN) AUTOPARTS CORPORATION
TOPRE (THAILAND) CO., LTD.
Topre India Private Limited

Among the foregoing, Topre (Wuhan) Autoparts Corporation was newly established and hence was included in the scope of consolidated subsidiaries.

- (2) Number of unconsolidated companies: 6

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.

2. Items related to the application of the equity method

- (1) The number of affiliates to which the equity method applied: 1 Marujun Co., Ltd.
- (2) With regard to the investments in six unconsolidated subsidiaries which do not apply the equity method, the aggregate net profits and earned surpluses etc. corresponding to our equity in these companies will have only a negligible effect on the consolidated net profits and consolidated 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 business years of consolidated subsidiaries

Previously, with respect to the consolidated subsidiaries having fiscal years ending December 31, the Group used individual financial statements as of December 31 and incorporated material transactions made prior to the consolidated book-closing date by making necessary adjustments for consolidated accounting. However, in order to disclose consolidated financial statements in a more appropriate manner, the book-closing date of Topre America Corporation and TOPRE (THAILAND) CO., LTD. was changed to March 31 for the fiscal year under review and onward; with respect to Topre Autoparts Mexico, S.A. de C.V., TOPRE (FOSHAN) AUTOPARTS CORPORATION, and TOPRE (XIANGYANG) AUTOPARTS CORPORATION, a provisional book-closing was carried out for consolidated accounting on the consolidated book-closing date of March 31 under a new system. In conjunction with these book-closing date changes, for the fiscal year under review, profit and loss at

these consolidated subsidiaries for the three months from January 1, 2018 to March 31, 2018 were adjusted under retained earnings for consolidated accounting.

A provisional accounting was also carried out for Topre (Wuhan) Autoparts Corporation, which was formed during the fiscal year under review, on the consolidated book-closing date of March 31.

4. Items related to accounting policy

(1) Valuation standards and valuation methods of important assets

(i) 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 shareholder 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

(ii) Derivative transactions

Market value method

(iii) Inventory assets

Inventories owned for normal sales 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

(i) Tangible fixed assets (excluding lease assets)

Straight-line method

(ii) 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.

(iii) 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

(i) 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.

(ii) Bonus reserves

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

(iii) Bonus reserves for Officers

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

(iv) Reserves for stock grant to Officers

The Company prepares for the grant of Company stock to Company Directors under the stock-granting plan by recording reserves for grant of stock based on the expected stock-granting obligations as of the end of the relevant consolidated fiscal year under review.

(v) Reserves for product warranties

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

(vi) PCB processing reserves

To prepare for the payment of costs for processing PCBs and other waste that the Company stores, for expenses that can be reasonably estimated, the amounts expected to be incurred going forward are recorded.

(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 under review, 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

(i) Method of account hedging

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

(ii) Hedging methods and transactions subject to hedging

Hedging methods
Interest swap transactions

Transactions subject to hedging
Interest payable on specific borrowings

(iii) Hedging policy

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

(iv) 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 the Consolidated Balance Sheet

1. Cumulative depreciation on tangible fixed assets 129,850 million yen

2. Treatment of bills due on the last day of the consolidated fiscal year

The bills due on the last day of the consolidated fiscal year are settled on their clearing days and payment days. Please note that because the last day of the consolidated fiscal year under review was a bank holiday, the following bills due on the last day of the consolidated fiscal year are included in the end-of-term balance.

Bills receivable and accounts receivable: 401 million yen
Bills payable and accounts payable: 1,526 million yen

3. Guarantee obligations

The Company provides guarantees for the accounts payable and loans from financial institutions for the following companies.

Accounts payable	
PT. TOPRE REFRIGERATOR INDONESIA	2 million yen
Loans from financial institutions	
PT. TOPRE REFRIGERATOR INDONESIA	23 million yen
Total	25 million yen

4. Fixed asset reduction entries

For tangible fixed assets acquired prior to the consolidated fiscal 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.

3 Notes on the Consolidated Shareholders' Equity Statement

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

Common shares 54,021,824 shares

2. Dividends

(1) Dividends paid

Resolutions	Share type	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders of June 27, 2018	Common shares	1,577	30.00	March 31, 2018	June 28, 2018
Board of Directors Meeting on November 14, 2018	Common shares	1,577	30.00	September 30, 2018	December 4, 2018
Total		3,155			

(Note)

1. The total dividend amount approved at the Ordinary General Meeting of Shareholders held on June 27, 2018, includes the 2 million yen in dividends on the 106,850 Company shares owned by the Officer Compensation BIP Trust Account.

2. The total dividend amount approved by the Board of Directors meeting held on November 14, 2018, includes the 3 million yen in dividends on the 101,663 Company shares owned by the Officer Compensation BIP Trust Account.

(2) Those dividends having a record 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 26, 2019.

Total dividends	1,577 million yen
Dividends per share	30.00 yen
Record date	March 31, 2019
Effective date	June 27, 2019

Dividends are to be sourced from earned surplus.

(Note) The total dividend amount above includes the 3 million yen in dividends on the 101,663 Company shares owned by the Officer Compensation BIP Trust Account.

4 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 bonds, 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 and currency swap transactions for hedging against forex 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 and bonds, 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, 2019, 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	25,825	25,825	—
(2) Notes receivable and accounts receivable	47,052	47,052	—
(3) Short-term loans	155		
Loan-loss reserves (*1)	-46		
	109	109	—
(4) Marketable securities and investment securities			
Other marketable securities	21,748	21,748	—
Affiliate shares	2,143	1,384	-759
(5) Long-term loans	194	204	9
Total assets	97,074	96,325	-749
(1) Notes payable and accounts payable	42,930	42,930	—
(2) Short-term borrowings	3,242	3,242	—
(3) Corporate taxes payable	3,609	3,609	—
(4) Long-term borrowings	8,494	8,570	46
(5) Long-term accounts payable			
Long-term accounts payable (installment)	298	294	-3
Long-term accounts payable (other long-term accounts payable)	36	36	0
Total liabilities	58,611	58,684	72
Derivatives transactions (*2)	(307)	(307)	—

(*1) Loan-loss reserves recorded in the short-term loans have been deducted.

(*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, (2) notes receivable and accounts receivable and (3) short-term loans

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

(4) Marketable securities and investment securities

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

(5) Long-term loans

The loan amounts of long-term loans to subsidiaries are calculated by discounting to present value the anticipated principal and interest collection amount reflecting loan recoverability at an interest rate

for the remaining loan period having a high level of safety. 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) Long-term borrowings and (5) 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.

- (5) 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 “5 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	431

We recognize that ascertaining the price of the above securities is extremely difficult since there is no market price. We therefore have not included these under (4) Marketable securities and investment securities.

5 Derivatives transactions

1. Derivatives transactions for which hedge accounting is not applicable

Currency related

Category	Transaction type	Contract amount (Million yen)	Those exceeding one year (Million yen)	Market price (Million yen)	Valuation gains/losses (Million yen)
Non-market transactions	Currency forward transactions				
	Short Commitment THB	698	418	-110	-110
	Long Commitment Yen	1,373	1,075	-197	-197
Total		2,071	1,494	-307	-307

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

Hedge Accounting Method	Transaction type	Main transactions subject to hedging	Contract amount, etc. (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	661	449	-3

Notes: Method for calculating price

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

6 Notes regarding per share information

1. Net assets per share 2,845.25 yen
2. EPS 292.91 yen

Notes: The Company shares remaining in the Officer Compensation BIP Trust Account and recorded as treasury stock under net assets are included in treasury stock, which is deducted from the total number of issued shares as of the end of a fiscal year, for the purpose of calculating net assets per share, and are likewise included in treasury stock, which is deducted from the average number of issued shares during a fiscal year, for the purpose of calculating EPS. The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 101,663, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 103,031.

7 Notes concerning significant subsequent events

Corporate combination by acquisition

At the Board of Directors Meeting held on April 12, 2019, the Company resolved to enter into a capital alliance agreement with Mitsuike Corporation (“Mitsuike”) and subscribe to Mitsuike shares in a private placement, thus making Mitsuike a Company subsidiary, and such acquisition was executed on May 9, 2019.

- (1) Summary of corporate combination
 - (i) Name of acquired company and its business description
Name of acquired company: Mitsuike Corporation
Business description: manufacture and sales of automotive press parts
 - (ii) Main reason for corporate combination
Mitsuike is an automotive press parts manufacturer in Yokohama, Kanagawa Prefecture that since its foundation has carried out direct transactions with automakers with its strengths in technology standards that have met customers' high-level quality needs and proposal-based development and production.
By turning Mitsuike, which mainly produces automotive press parts as with the Company, into a subsidiary, we seek to enhance our competitiveness in greater Tokyo, and we think use of the Mitsuike Group facilities will supplement the Group's production activity and generate manufacturing synergies.
 - (iii) Corporate combination date: May 9, 2019
 - (iv) Legal method of corporate combination: Share acquisition through subscription in a private placement
 - (v) Corporate name after corporation combination: No name change was made.
 - (vi) Percentage of voting rights acquired
Percentage of voting rights owned prior to corporate combination: --%
Percentage of voting rights acquired on corporate combination date: 51.6%
Percentage of voting rights after acquisition: 51.6%
 - (vii) Primary grounds for approving the acquired company
The Company's share acquisition with cash as consideration.
- (2) Main acquisition-related expenses: description and amount
Due diligence expenses, etc.: 25 million yen
- (3) Goodwill amount incurred, cause, amortization method and amortization period
Not finalized at this point.
- (4) Amounts of assets and obligations succeeded on the corporate combination date and chief breakdown
Not finalized at this point.

8 Other notes

Amounts less than 1 million yen were rounded down.

Financial Statements

Balance Sheet (As of March 31, 2019)

(Million yen)

Item (Assets)	Amount	Item (Liabilities)	Amount
I Current assets		I Current liabilities	
Cash and deposits	4,111	Notes payable	16,203
Notes receivable	3,679	Accounts payable	13,214
Accounts receivable	34,184	Long-term borrowings due within a year	1,793
Marketable securities	1,197	Lease obligations	12
		Accounts payable	796
Goods	1,554	Accrued expenses	1,779
Works in progress	6,904	Corporate taxes payable	2,288
Raw materials	1,126	Consumption taxes payable	56
Stored goods	107	Deposits received	7,323
Prepaid expenses	114	Advances received	105
		Bonus reserves	1,196
Accrued revenues	5,198	Bonus reserves for Officers	33
Short-term loans receivable	3,039	Reserves for product warranties	132
Other current assets	188	Equipment-related notes payable	1,520
Loan-loss reserves	-46	Total current liabilities	46,457
Total current assets	61,361	II Fixed liabilities	
II Fixed assets		Long-term borrowings	4,034
1 Tangible fixed assets		Lease obligations	8
Buildings	5,313	Long-term account payables	8
Structures	1,066	Tax-deferred liabilities	1,331
		PCB processing reserves	104
Machinery and equipment	3,489	Reserves for stock grant to Officers	62
Vehicles	99	Long-term deposits received	332
Tools, furniture, and fixtures	3,920	Total fixed liabilities	5,881
Land	2,721		
Lease assets	19	Total liabilities	52,338
Construction in progress	1,348		
Total tangible fixed assets	17,979	(Net assets)	
2 Intangible fixed assets		I Shareholders' equity	
Software	177	1 Capital	5,610
Right of utilization	11	2 Capital surplus	
Total intangible fixed assets	188	Capital reserves	4,705
		Other capital surpluses	2,552
3 Investments and other assets		Total capital surplus	7,258
Investment securities	14,265	3 Earned surplus	
Stocks of subsidiaries and affiliates	17,274	Retained earnings	1,197
Investments	1	Dividend reserves	400
Long-term loans	38,904	Reserves for land reduction	730
		Reserves for reduction entry of replaced assets	251
Guarantee deposits	55	Reserves for reduction entry of replaced assets special subaccount	8
Prepaid pension expenses	350	Reserves for reduction entry of fixed assets	56
Other investments	73	Special reserves	18,914
Loan-loss reserves	Δ2	Earned surplus carried over	61,034
Total investments and other assets	70,922	4 Total earned surplus	82,592
		Treasury stock	-1,601
		II Total shareholders' equity	93,860
		Valuation and translation adjustments	
		Valuation difference on available-for-sale securities	4,254
		Total valuation and translation differences	4,254
Total fixed assets	89,091	Total net assets	98,114
Total assets	150,452	Total liabilities and net assets	150,452

Notes: Amounts less than 1 million yen were rounded down.

Income Statement
(April 1, 2018-March 31, 2019)

(Million yen)

Item		Amount	
I	Net sales		112,073
II	Cost of goods sold		96,462
	Gross income		15,611
III	SG&A expenses		5,979
	Operating income		9,631
IV	Non-operating income		
	Interest income	896	
	Dividend income	1,575	
	Rent income on fixed assets	157	
	Foreign exchange gains	1,062	
	Dividend income from insurance	104	
	Other non-operating income	154	3,952
V	Non-operating expenses		
	Interest expenses	21	
	Rent expenses on fixed assets	36	
	Currency translation losses	39	
	Waste disposal expenses	65	
	Other non-operating expenses	28	190
	Recurring income		13,393
VI	Extraordinary income		
	Capital gains on the sale of investment securities	1,990	
	Capital gains on the sale of fixed assets	152	2,142
VIII	Extraordinary losses		
	Losses on the disposal of fixed assets	76	
	Impaired asset losses	44	
	Subsidiary stock valuation losses	195	
	Loss on valuation of golf club membership	25	343
	Net income before income taxes		15,192
	Corporate taxes, resident taxes, and business taxes	4,002	
	Corporate tax adjustments	79	4,082
	Net income		11,110

Notes: Amounts less than 1 million yen were rounded down.

Shareholders' Equity Statement

(April 1, 2018-March 31, 2019)

(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	2,552	7,258	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					
Reversals of replaced property reduction entry special subaccount					
Reserves for fixed property reduction entry					
Reversals of fixed property reduction entry reserves					
Buyback of own shares					
Disposal of treasury shares					
(Net) change in items excluding shareholders' equity in the consolidated fiscal year					
Total change in the current term	—	—	—	—	—
End-of-term balance	5,610	4,705	2,552	7,258	1,197

(Million yen)

	Shareholders' Equity					
	Earned surplus					
	Other earned surplus					
	Dividend reserves	Reserves for land price reduction	Reserves for replaced asset reduction	Replaced asset reduction entry special subaccount	Reserves for fixed asset reduction	Special reserves
Beginning-of-term balance	400	730	194	—	35	18,914
Changes during the current term						
Dividends on surpluses						
Net income						
Reserves for reduction entry of replaced property			66			
Reversals of replaced property reduction entry reserves			-9			
Reversals for replaced property reduction entry special subaccount				8		
Reserves for fixed property reduction entry					23	
Reversals of fixed property reduction entry reserves					-1	
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	—	—	56	8	21	—
End-of-term balance	400	730	251	8	56	18,914

(Million yen)

(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	
	Retained earnings brought forward	Total retained earnings					
Beginning-of-term balance	53,165	74,637	-1,609	85,896	6,899	6,899	92,796
Changes during the current term							
Dividends on surpluses	-3,155	-3,155		-3,155			-3,155
Net income	11,110	11,110		11,110			11,110
Reserves for reduction entry of replaced property	-66	—		—			—
Reversals of replaced property reduction entry reserves	9	—		—			—
Reversals for replaced property reduction entry special subaccount	-8	—		—			—
Reserves for fixed property reduction entry	-23	—		—			—
Reversals of fixed property reduction entry reserves	1	—		—			—
Buyback of own shares		—	-1	-1			-1
Disposal of treasury shares		—	10	10			10
(Net) change in items excluding shareholders' equity in the fiscal year					-2,645	-2,645	-2,645
Total change in the current term	7,869	7,955	8	7,963	-2,645	-2,645	5,318
End-of-term balance	61,034	82,592	-1,601	93,860	4,254	4,254	98,114

Notes: Amounts less than 1 million yen were rounded down.

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

(i) Shares in subsidiaries and affiliates

Cost method based on the moving average method

(ii) 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) Inventory assets

Inventory owned for normal sales 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)

Straight-line method

(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 recorded.

(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 term under review.

(4) Reserves for stock grant to Officers

The Company prepares for the grant of Company stock to Company Directors under the stock-granting plan by recording reserves for grant of stock based on the expected stock-granting obligations as of the end of the term under review.

(5) Reserves for product warranties

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

(6) 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 term under review. If the estimated pension assets amount exceeds the estimated retirement benefits liabilities amount at the end of the business 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.

(7) PCB processing reserves

To prepare for payment of costs for processing PCBs and other waste 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

Currency forward transactions meeting the requirements for deferral hedge accounting are accounted for by deferral hedge accounting, and interest swap transactions meeting the requirements for special processing are accounted for using special processing.

(2) Hedging methods and transactions subject to hedging

Hedging methods

Currency forward transactions, Interest rate swaps

Transactions subject to hedging

Foreign currency loans, Interest payable on specific borrowings

(3) Hedging policy

Pursuant to internal rules relating to derivative transactions, currency fluctuation risk and interest fluctuation risk are hedged to a certain extent.

(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 the Balance Sheet

1. Cumulative depreciation on tangible fixed assets	64,040 million yen
2. Short-term claims against affiliates	30,039 million yen
Long-term claims against affiliates	38,255 million yen
Short-term debts owed to affiliates	14,357 million yen

3. Guarantee obligations

The Company provides guarantees for accounts payable and loans from financial institutions for the following companies.

Accounts payable	
TOPRE (XIANGYANG) AUTOPARTS CORPORATION	193 million yen
PT.TOPRE REFRIGERATOR INDONESIA	2 million yen
Loans from financial institutions	
Topre Tokai Corporation	178 million yen
Topre America Corporation	2,220 million yen
TOPRE (FOSHAN) AUTOPARTS CORPORATION	267 million yen
PT.TOPRE REFRIGERATOR INDONESIA	23 million yen
Total	2,885 million yen

4. Fixed asset reduction entries

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

5. Treatment of bills due on the last day of the business year

The bills due on the last day of the business year are settled on their clearing days and payment days. Please note that because the last day of the term under review was a bank holiday, the following bills due on the last day of the business year are included in the end-of-term balance.

Bills receivable and accounts receivable:	2,962 million yen
Bills payable and accounts payable:	405 million yen

3 Notes on Profit/Loss Statement

Trade volume with affiliates	
Sales	43,408 million yen
Purchases	43,196 million yen
Trade volume other than business trades	2,146 million yen

4 Notes on Statements of Changes in Net Asset

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

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

Common shares	1,538,788 shares
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5 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

Bonus reserves	365	million yen
Unpaid business taxes	56	
Inventory asset impairment loss	142	
Reserves for product warranties	48	
Loan-loss reserves	79	
Accounts payable	40	
Impairment loss	14	
Evaluation loss on investment securities	53	
Over depreciation	172	
PCB processing reserves	32	
Reserves for stock grant to Officers	18	
Subsidiary corporation impairment loss	37	
Other	50	
Total	1,113	
Deferred tax asset total	1,113	

- (2) Deferred tax liabilities

Fixed liabilities

Land reduction entry reserves	321	million yen
Reserves for replaced property reduction entry special subaccount	2	
Reserves for advanced depreciation of noncurrent assets	112	
Reserves for fixed assets reduction entry	24	
Valuation difference on available-for-sale securities	1,875	
Prepaid pension expenses	107	
Total	2,444	
Deferred tax liability total	2,444	
Net deferred tax assets (liabilities)	-1,331	

6 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	Toprec Corporation	Directly own 50%	Purchaser of goods Concurrent officers	Product sale	30,238	Accounts receivable	15,575
Subsidiary	Toho Transportation Co., Ltd.	Directly own 50%	Outsourcing of transport services	Outsourcing of transport services, etc.	1,487	Accounts payable	7
			Entrustment of operating funds Sale of fixed assets	Entrustment of funds	500	Unpaid expenses Deposits	150 3,900
Subsidiary	Topre Kyushu Corporation	Directly own 100%	Equipment arrangements, etc. Company supplier Investment fund management Concurrent officers	Equipment arrangements, supply of parts, etc. Component purchase Entrustment of funds	6,247 21,226 2,200	Accounts receivable Accounts payable Deposits	689 3,256 1,200

Subsidiary	Topre Tokai Corporation	Directly own 100%	Equipment arrangements, etc.	Supply of parts, etc.	11,521	Accounts receivable	2,971
			Company supplier	Component purchase	16,546	Accounts payable	1,847
			Financial assistance	Lending of funds	6,620		
				Collection of funds	300	Long-term loans	7,303
			Concurrent officers	Guarantee of obligations	178	—	—
Subsidiary	Topre America Corporation	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	6,013	Accounts receivable	3,013
			Financial assistance	Lending of funds	15,610	Short-term loans	2,886
				Collection of funds	4,533	Long-term loans	14,431
				Guarantee of obligations	2,220	—	—
			Concurrent officers				
Subsidiary	Topre Autoparts Mexico, S.A. de C.V.	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	3,974	Accounts receivable	3,133
			Financial assistance	Lending of funds	-	—	—
				Collection of funds	1,906	Long-term loans	7,941
			Concurrent officers				
Subsidiary	TOPRE (FOSHAN) AUTOPARTS CORPORATION	Directly own 100%	Financial assistance	Lending of funds	500	-	-
				Collection of funds	205	Long-term loans	1,071
				Guarantee of obligations	267	—	—
			Concurrent officers				
Subsidiary	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	Directly own 100%	Financial assistance	Lending of funds	-	-	-
				Collection of funds	1,305	Long-term loans	2,318
				Guarantee of obligations	193	—	—
			Concurrent officers				
Subsidiary	TOPRE (THAILAND) CO., LTD	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	1,181	Accounts receivable	725
			Financial Assistance	Loan of funds	-	Long-term loans	-
			Concurrent officers	Collection of funds	791		4,478
Subsidiary	TOPRE (INDIA) PVT., LTD	Directly own 100%	Financial Assistance	Loan of funds	1,300	-	-
			Concurrent officers	Collection of funds	-	Long-term loans	1,300
Affiliate	MARUJUN Co., Ltd.	Directly own 19.9%	Company supplier	Component purchase	2,552	Accounts payable	406
			Concurrent			Notes payable	1,173

			officers				
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Note 1: Of the foregoing amounts, the transaction amount does not include consumption taxes, whereas the balance at the end of term does include consumption taxes.

Note 2: Transaction terms and a policy etc. for deciding the transaction terms

- (1) Decisions on the arrangement of equipment, supply etc. of materials, purchase of components and products are made by presenting the Company's desired price taking in the market price and the total costs into consideration and through negotiation.
- (2) Decisions on the sale of components, dies and molds and equipment, sales of products are made by presenting the Company's desired price taking the market price and the total costs into consideration and through negotiation.
- (3) The interest rate for loans is reasonably decided by taking the market interest rate into consideration.

7 Notes regarding per share information

1. Net assets per share 1,869.45 yen

2. EPS 211.70 yen

Note: The Company shares remaining in the Officer Compensation BIP Trust Account and recorded as treasury stock under net assets are included in treasury stock, which is deducted from the total number of issued shares as of the end of a fiscal year, for the purpose of calculating net assets per share, and are likewise included in treasury stock, which is deducted from the average number of issued shares during a fiscal year, for the purpose of calculating EPS.

The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 101,663, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 103,031.

8 Notes concerning significant subsequent events

Corporate combination by acquisition

At the board of directors meeting held April 12, 2019, the Company resolved to enter into a capital alliance agreement with Mitsuike Corporation (“Mitsuike”) and subscribe to Mitsuike shares in a private placement, thus making Mitsuike a Company subsidiary. and such acquisition was executed on May 9, 2019.

For a summary, please refer to the Consolidated Financial Statements, 7. Notes concerning significant subsequent events.

9 Other notes

Amounts less than 1 million yen were rounded down.